



\$348,175,000

METROPOLITAN TRANSPORTATION AUTHORITY
Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008B
 consisting of

\$100,000,000 Subseries 2008B-1

\$100,000,000 Subseries 2008B-2

\$100,000,000 Subseries 2008B-3

\$48,175,000 Subseries 2008B-4

DATED: Date of Delivery**DUE: November 1, 2034**

The Subseries 2008B-1 Bonds, Subseries 2008B-2 Bonds, Subseries 2008B-3 Bonds and Subseries 2008B-4 Bonds (collectively, the Series 2008B Bonds) are being issued to refund certain outstanding Dedicated Tax Fund Bonds.

The Series 2008B Bonds—

- are MTA's special, not general, obligations, payable solely from the State taxes and fees 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 2008B Bonds will constitute Variable Interest Rate Obligations and will bear interest from their date of delivery in the Weekly Mode as herein described. The Series 2008B Bonds will bear interest from the date of delivery to and including August 13, 2008 at rates established on the day prior to the closing and, thereafter, at rates determined by the Remarketing Agent as herein described. MTA reserves the right at any time to convert to an Auction Rate Mode, Commercial Paper Mode, Daily Mode, Fixed Rate Mode or Term Rate Mode. **This official statement is intended to provide disclosure only to the extent the Series 2008B Bonds remain in the Weekly Mode.**

The payment of the principal of and interest on, as well as the Purchase Price (as defined herein) on any Purchase Date (as defined herein) relating to the respective Subseries of the Series 2008B Bonds is secured as follows: the Subseries 2008B-1 Bonds are secured by an irrevocable direct-pay letter of credit issued by The Bank of Nova Scotia, acting through its New York Agency (Scotiabank); the Subseries 2008B-2 Bonds are secured by an irrevocable direct-pay letter of credit issued by BNP Paribas, acting through its New York Branch (BNP Paribas); the Subseries 2008B-3 Bonds are secured by an irrevocable direct-pay letter of credit issued by Lloyds TSB Bank plc, acting through its New York Branch (Lloyds); and the Subseries 2008B-4 Bonds are secured by an irrevocable direct-pay letter of credit issued by KBC Bank N.V., acting through its New York Branch (KBC, and together with Scotiabank, BNP Paribas, and Lloyds, referred to individually as an Initial Credit Facility Issuer and collectively as the Initial Credit Facility Issuers). Each irrevocable direct-pay letter of credit is individually referred to herein as an Initial Credit Facility and collectively as the Initial Credit Facilities. Each Initial Credit Facility is scheduled to expire on August 5, 2011, unless extended or earlier terminated pursuant to its terms. See "DESCRIPTION OF SERIES 2008B BONDS – Initial Credit Facilities" herein. In the event any Initial Credit Facility Issuer terminates its Initial Credit Facility in accordance with the terms of the related Reimbursement Agreement as described herein, the related Series 2008B Bonds will be subject to mandatory purchase as described herein. Payment of Purchase Price is not an obligation of MTA.



Price – 100%

The Bank of New York Mellon is the Trustee, Paying Agent and Tender Agent for the Series 2008B Bonds.

In the opinion of Nixon Peabody LLP, Bond Counsel to MTA, under existing law and relying on certain representations by MTA and assuming compliance by MTA with certain covenants, interest on the Series 2008B 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 certain corporations under the federal corporate alternative minimum tax.*

Also in Bond Counsel's opinion, under existing law interest on the Series 2008B Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State, including The City of New York.

The Series 2008B Bonds are subject to mandatory and optional tender for purchase as described herein, including mandatory tender for purchase prior to the expiration or termination of an Initial Credit Facility.

The Series 2008B Bonds are subject to redemption prior to maturity as described herein.

The Series 2008B 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 August 7, 2008.

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 2008B 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.

LEHMAN BROTHERS

SUMMARY OF TERMS RELATING TO WEEKLY MODE*

INTEREST PAYMENT DATES AND CALCULATION PERIOD	The first Business Day of each month, commencing September 2, 2008, on actual days over a 365-day year (366 in years when February has 29 days)
RECORD DATE	Opening of business on the Business Day preceding an Interest Payment Date
OWNERS' RIGHTS TO TENDER	On any Business Day by irrevocable written notice (or by irrevocable telephonic notice, promptly confirmed in writing) of tender to the Tender Agent and Remarketing Agent at their respective addresses specified below at least seven calendar days prior to the Purchase Date
NOTICE OF MODE CHANGE; MODE CHANGE DATE; REVOCABILITY	Trustee to mail notice to Owners not later than 20 days before the Mode Change Date, which can be any Business Day. MTA may rescind a conversion notice up to one Business Day before the Mode Change Date
MANDATORY TENDER FOR PURCHASE	On each Mode Change Date, Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Date and Substitution Date
RATE DETERMINATION DATE	Each Wednesday, unless such Wednesday is not a Business Day, in which case the rate shall be set on the Business Day next preceding such Wednesday
RATE ADJUSTMENT DATE	Thursday of each week
TENDER AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE	The Bank of New York Mellon 101 Barclay Street 7-W New York, New York 10286 Attention: Frederic Belen Phone: (212) 815-2588 Fax: (212) 815-5595
REMARKETING AGENT FOR SUBSERIES 2008B BONDS – ADDRESS FOR DELIVERY OF TENDER NOTICE	Lehman Brothers Inc. 745 7 th Avenue, 7 th Floor New York, New York 10019 Attention: Municipal Short Term Trading

The Underwriter may effect transactions that stabilize or maintain the market price of the Series 2008B Bonds at a level above that which might otherwise prevail in the open market. The Underwriter is not obligated to do this and is free to discontinue it at any time.

* So long as the Series 2008B Bonds are registered in the name of Cede & Co., as Bondholder and Securities Depository Nominee of DTC, mechanics for tender and redemption will be in accordance with procedures established by DTC.

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

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

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

NIXON PEABODY LLP
New York, New York
Bond Counsel

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

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SUMMARY OF TERMS

MTA has prepared this Summary of Terms to describe the specific terms of the Series 2008B 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 the 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 Revenue Variable Rate Refunding Bonds, Series 2008B.										
CUSIP Numbers	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Subseries</u></th> <th style="text-align: left;"><u>CUSIP Number*</u></th> </tr> </thead> <tbody> <tr> <td>2008B-1</td> <td>59259NWB5</td> </tr> <tr> <td>2008B-2</td> <td>59259NWC3</td> </tr> <tr> <td>2008B-3</td> <td>59259NWD1</td> </tr> <tr> <td>2008B-4</td> <td>59259NWE9</td> </tr> </tbody> </table>	<u>Subseries</u>	<u>CUSIP Number*</u>	2008B-1	59259NWB5	2008B-2	59259NWC3	2008B-3	59259NWD1	2008B-4	59259NWE9
<u>Subseries</u>	<u>CUSIP Number*</u>										
2008B-1	59259NWB5										
2008B-2	59259NWC3										
2008B-3	59259NWD1										
2008B-4	59259NWE9										
Purpose of Issue	To refund certain outstanding Dedicated Tax Fund Bonds.										
Maturity and Rates	The Series 2008B Bonds are Variable Interest Rate Obligations that initially bear interest in the Weekly Mode as herein described and mature on November 1, 2034.										
Denominations in Weekly Mode.....	\$100,000 or any integral multiple of \$5,000 in excess thereof.										
Interest Payment Dates in Weekly Mode	The first Business Day of each month, commencing September 2, 2008.										
Redemption	See “DESCRIPTION OF SERIES 2008B BONDS – Redemption Provisions During the Weekly Mode” in Part I for redemption information.										
Tender	See “DESCRIPTION OF SERIES 2008B BONDS – Tender, Presentation and Purchase Provisions of the Series 2008B Bonds During the Weekly Mode” in Part I for tender provisions.										
Sources of Payment and Security	MTA’s pledged State taxes and fees.										

* Copyright 2008, American Bankers Association. CUSIP data herein is provided by Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. MTA, the Trustee and the Underwriter do not assume any responsibility for the accuracy of such numbers.

Credit Enhancement and Liquidity Support	The payment of the principal of and interest on, as well as the Purchase Price (as defined herein) on any Purchase Date (as defined herein) relating to the respective Subseries of the Series 2008B Bonds is secured as follows: the Subseries 2008B-1 Bonds are secured by an irrevocable direct-pay letter of credit issued by The Bank of Nova Scotia, acting through its New York Agency (Scotiabank); the Subseries 2008B-2 Bonds are secured by an irrevocable direct-pay letter of credit issued by BNP Paribas, acting through its New York Branch (BNP Paribas); the Subseries 2008B-3 Bonds are secured by an irrevocable direct-pay letter of credit issued by Lloyds TSB Bank plc, acting through its New York Branch (Lloyds); and the Subseries 2008B-4 Bonds are secured by an irrevocable direct-pay letter of credit issued by KBC Bank N.V., acting through its New York Branch (KBC, and together with Scotiabank, BNP Paribas, and Lloyds, referred to individually as an Initial Credit Facility Issuer and collectively as the Initial Credit Facility Issuers). Each irrevocable direct-pay letter of credit is individually referred to herein as an Initial Credit Facility and collectively as the Initial Credit Facilities. The Initial Credit Facilities are scheduled to expire on August 5, 2011, unless extended or earlier terminated pursuant to their respective terms. See “DESCRIPTION OF SERIES 2008B BONDS – Initial Credit Facilities” herein.																																							
Registration of the Bonds	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.																																							
Trustee and Tender Agent	The Bank of New York Mellon, New York, New York.																																							
Bond Counsel	Nixon Peabody LLP, New York, New York.																																							
Tax Status	See “TAX MATTERS” in Part III.																																							
Ratings	<table border="1"> <thead> <tr> <th><u>Rating Agency</u></th> <th><u>Subseries</u></th> <th><u>Short-Term</u></th> <th><u>Long-Term</u></th> <th><u>Underlying</u></th> </tr> </thead> <tbody> <tr> <td rowspan="4">Standard & Poor’s:</td> <td>2008B-1</td> <td>A-1+</td> <td>AA</td> <td>AA</td> </tr> <tr> <td>2008B-2</td> <td>A-1+</td> <td>AA+</td> <td>AA</td> </tr> <tr> <td>2008B-3</td> <td>A-1+</td> <td>AA</td> <td>AA</td> </tr> <tr> <td>2008B-4</td> <td>A-1+</td> <td>AA</td> <td>AA</td> </tr> <tr> <td rowspan="4">Fitch:</td> <td>2008B-1</td> <td>F1+</td> <td>AA+</td> <td>A+</td> </tr> <tr> <td>2008B-2</td> <td>F1+</td> <td>AAA</td> <td>A+</td> </tr> <tr> <td>2008B-3</td> <td>F1+</td> <td>AAA</td> <td>A+</td> </tr> <tr> <td>2008B-4</td> <td>F1+</td> <td>AA+</td> <td>A+</td> </tr> </tbody> </table>	<u>Rating Agency</u>	<u>Subseries</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Underlying</u>	Standard & Poor’s:	2008B-1	A-1+	AA	AA	2008B-2	A-1+	AA+	AA	2008B-3	A-1+	AA	AA	2008B-4	A-1+	AA	AA	Fitch:	2008B-1	F1+	AA+	A+	2008B-2	F1+	AAA	A+	2008B-3	F1+	AAA	A+	2008B-4	F1+	AA+	A+
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Financial Advisor	See “RATINGS” in Part III. Goldman, Sachs & Co.																																							
Underwriter/Remarketing Agent	See cover page and inside cover. Lehman Brothers Inc. is the Underwriter and Remarketing Agent for the Series 2008B Bonds.																																							
Purchase Price/Underwriters’ Discount	See “UNDERWRITING” in Part III.																																							
Counsel to the Underwriters	Orrick, Herrington & Sutcliffe LLP, New York, New York.																																							

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- ***No Unauthorized Offer.*** This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2008B 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 2008B 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 2008B Bonds being offered, or anything else related to this bond issue.
 - ***Information Subject to Change.*** Information and expressions of opinion are subject to change without notice, and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of, nor any sale made under, this official statement shall under any circumstances create any implication that there has been no change in MTA's affairs or in any other matters described herein.
 - ***Forward-Looking Statements.*** Many statements contained in this official statement, including the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on MTA's beliefs, as well as assumptions made by, and information currently available to, the management and staff of MTA. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this official statement.
 - ***Projections.*** The projections set forth in this official statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of MTA's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of MTA. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this official statement are cautioned not to place undue reliance on the prospective financial information. Neither MTA's independent auditors, nor any other independent 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 Underwriter.*** The Underwriter has provided the following sentence for inclusion in this official statement: The Underwriter has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.
 - ***Initial Credit Facility Issuers Information.*** Other than with respect to information concerning the Initial Credit Facility Issuers contained in Attachments 4-7 of this official statement, none of the information in this official statement has been supplied or verified by the Initial Credit Facility Issuers and the Initial Credit Facility Issuers do not make any representation or warranty, express or implied, as to
 - the accuracy or completeness of information it has neither supplied nor verified,
 - the validity of the Series 2008B Bonds, or
 - the tax-exempt status of the interest on the Series 2008B Bonds.

- ***SEC Rule 15c2-12.*** SEC Rule 15c2-12 does not require MTA to enter into a written agreement for the benefit of holders of the Series 2008B Bonds to provide continuing disclosure during the period that such Series 2008B Bonds bear interest in the Weekly Mode. MTA regularly files continuing disclosure in connection with other debt offerings.
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Attachment 5	–	Information Relating to BNP Paribas, acting through its New York Branch
Attachment 6	–	Information relating to Lloyds TSB Bank plc, acting through its New York Branch
Attachment 7	–	Information Relating to KBC Bank N.V., acting through its New York Branch

Information Included by Specific Cross-reference. The following portions of MTA’s 2008 Combined Continuing Disclosure Filings, dated April 29, 2008, and filed with the repositories identified in the “INTRODUCTION” to this official statement, are included by specific cross-reference in this official statement, along with material that updates this official statement and that is either filed with those repositories or, in the case of official statements, filed with the Municipal Securities Rulemaking Board (MSRB) prior to the delivery date of the Series 2008B 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, 2007 and 2006

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

- Summary of Certain Provisions of the Dedicated Tax Fund Resolution (DTF Resolution)
- Definitions and Summary of Certain Provisions of the Standard Resolution Provisions

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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 MTA’s service region (the MTA Commuter Transportation District), which consists of New York City and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out some of those responsibilities by operating the Transit and Commuter Systems through its subsidiary and affiliate entities: the New York City Transit Authority and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority; the Staten Island Rapid Transit Operating Authority; The Long Island Rail Road Company; the Metro-North Commuter Railroad Company; the Metropolitan Suburban Bus Authority (MTA Long Island Bus); the MTA Bus Company; and MTA Capital Construction Company. MTA issues debt obligations to finance a substantial portion of the capital costs of these systems, other than MTA Long Island Bus.

Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels), another affiliate of MTA, is a public benefit corporation empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. MTA Bridges and Tunnels issues debt obligations to finance the capital costs of its facilities and the Transit and Commuter Systems. MTA Bridges and Tunnels’ surplus amounts are used to fund certain transit and commuter operations and capital projects.

The board members of MTA serve as the board members of MTA’s affiliates and subsidiaries, which, together with MTA, are referred to herein as the Related Entities. MTA and the other Related Entities are described in detail in **Appendix A** to MTA’s 2008 Combined Continuing Disclosure Filings (Appendix A), which is included by specific cross-reference in this official statement.

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

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

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

Where to Find Information

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

- This **Introduction** provides a general description of certain recent developments, as well as the MTA Dedicated Tax Fund.
- **Part I** provides specific information about the Series 2008B Bonds.
- **Part II** describes the sources of payment and security for all MTA Dedicated Tax Fund Bonds, including the Series 2008B Bonds.
- **Part III** provides miscellaneous information relating to the Series 2008B Bonds.
- **Attachment 1** sets forth certain provisions applicable to the book-entry-only system of registration to be used for the Series 2008B Bonds.
- **Attachment 2** sets forth certain defined terms used in this official statement.
- **Attachment 3** is the form of opinion of Bond Counsel in connection with the Series 2008B Bonds.
- **Attachment 4** sets forth certain information relating to The Bank of Nova Scotia, acting through its New York Agency.
- **Attachment 5** sets forth information relating to BNP Paribas, acting through its New York Branch.
- **Attachment 6** sets forth information relating to Lloyds TSB Bank plc, acting through its New York Branch.
- **Attachment 7** sets forth information relating to KBC Bank N.V., acting through its New York Branch.
- **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 (NRMSIRs). Documents filed by MTA should be available from those repositories designated as such at the time of the filing. The repositories may charge a fee for access to those documents. The current repositories are as follows:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: munis@bloomberg.com

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

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

Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

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 the specified portions of those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2008B Bonds.**

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

The MTA Dedicated Tax Fund

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

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

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

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

- a 3/8 of one percent district sales tax (1/4 of one percent of which was imposed prior to June 1, 2005 and an additional 1/8 of one percent of which was imposed effective June 1, 2005),
- 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 2008B Bonds, issued by MTA and secured by moneys in such Fund (the bonds issued under the DTF Resolution, including the Series 2008B Bonds, are referred to collectively herein as the Bonds). That legislation also requires that MMTOA Receipts deposited into the MTA Dedicated Tax Fund be applied, to the extent that MTTF Receipts are not sufficient to meet those requirements, to meet debt service requirements of the Bonds. MTTF Receipts and MMTOA Receipts not used to meet those requirements are transferred to the Operating and Capital Costs Account to be used to pay operating and capital costs of the Transit System operated by MTA New York City Transit and its subsidiary, MaBSTOA, and MTA Staten Island Railway, and the Commuter System operated by MTA's subsidiaries, MTA Long Island Rail Road and MTA Metro-North Railroad.

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

Recent Developments Affecting MTA

Recent Financial Developments. On July 23, 2008, MTA released its July Financial Plan for 2009-2012 and the 2009 Preliminary Budget. The Plan includes updated projections that reflect recent economic changes

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

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

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

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

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

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

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

The ability of MTA to achieve the 2009 balanced budget and reduced projected budget gaps in 2010 to 2012 reflected in the July Financial Plan for 2009-2012 is dependent upon a number of factors including general economic, market and employment conditions in the State, the City and the MTA Commuter Transportation District and future actions by third parties, including MTA's governmental partners. Fuel and energy costs and other expenses beyond MTA's control are likely to remain volatile. Revenues from real estate related taxes are forecast to drop substantially and revenues from other State taxes supporting MTTTF Receipts and MMTOA Receipts are also forecast to decline, but both could be reduced further than currently projected if economic conditions were to worsen. Any such worsening economic conditions could also adversely affect projected fare receipts from the Transit and Commuter Systems and toll revenues from MTA Bridges and Tunnels. The same economic conditions could also negatively affect the ability and willingness of the State and the City to undertake the actions assumed to be taken by them in the July Financial Plan or other actions needed to achieve the results projected in the July Financial Plan.

The State's First Quarterly Update to the Financial Plan, released July 30, 2008 (the "Updated State Financial Plan"), revises the State's fiscal projections for the 2008-09 through 2011-12 State fiscal years that were set forth in the Enacted Budget Financial Plan issued on May 1, 2008. The Updated State Financial Plan reflects, among other things, updated receipt and disbursement estimates based on the Division of the Budget's revised economic forecasts for the nation and State and operating results through the first three months of the State's 2008-09 fiscal year. Information included in the Updated State Financial Plan indicates that taxes supporting MTTTF Receipts and MMTOA Receipts pledged as support for the Series 2008B Bonds are currently projected to decrease by approximately an additional \$80 million from amounts included in MTA's July Plan for calendar year 2008. The Updated State Financial Plan also projects additional reductions in collections of such taxes in calendar year 2009.

The impact of such projected reductions on actual MTTF Receipts and MMTOA Receipts for 2008 and 2009 cannot be predicted with certainty at this time.

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

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

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

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

PART I. SERIES 2008B BONDS

Part I of this official statement, together with the Summary of Terms, provides specific information about the Series 2008B Bonds.

FINANCING PLAN AND APPLICATION OF PROCEEDS

Use of Proceeds

The Series 2008B Bonds are being issued to refund on August 11, 2008, \$100,000,000 of Subseries 2004B-3 and \$145,000,000 of Subseries 2004D-1 Dedicated Tax Fund Bonds; and on August 29, 2008, \$100,000,000 of Subseries 2004B-5 Dedicated Tax Fund Bonds (collectively the Refunded Bonds) at the redemption price of 100%.

The proceeds of the Series 2008B Bonds (net of certain financing, legal, credit facilities and miscellaneous expenses of approximately \$3,175,000), along with other available monies, will be held in the Proceeds Account and used to redeem the Refunded Bonds.

DESCRIPTION OF SERIES 2008B BONDS

Unless the context otherwise indicates, references in the following description to the "Series 2008B Bonds" apply to the Subseries 2008B-1 Bonds, Subseries 2008B-2 Bonds, Subseries 2008B-3 Bonds and the Subseries 2008B-4 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.

General

Variable Rate Bonds. The Series 2008B Bonds will be dated their date of delivery, mature on November 1, 2034, constitute Variable Interest Rate Obligations and bear interest initially from their date of delivery in the Weekly Mode. The Series 2008B Bonds will bear interest from the date of issuance to and including August 13, 2008 at rates established on the day prior to the closing and, thereafter, at rates determined by the Remarketing Agent as described below. **This official statement is intended to provide disclosure only to the extent the Series 2008B Bonds remain in the Weekly Mode. In the event MTA elects to convert the Series 2008B Bonds to a different Mode, it expects to circulate a revised disclosure document relating thereto.**

Interest on the Series 2008B Bonds is paid in arrears and is computed upon the basis of a 365-day year (366 in years when February has 29 days), for the number of days actually elapsed. The maximum rate of interest on the Series 2008B Bonds (other than Bank Bonds, as hereinafter described) at any time, whether before or after the maturity thereof, is 12% per annum (the Maximum Rate). "Bank Bonds" are Series 2008B Bonds held by any Initial Credit Facility Issuer or any successor or assign (collectively, the "Credit Facility Issuer") as a result of a draw on any respective Initial Credit Facility or any replacement thereof (collectively, the "Credit Facility") to pay the Purchase Price (as hereinafter defined) of Series 2008B Bonds that have been tendered and not remarketed and may bear interest at a rate of up to 25% per annum.

MTA has appointed Lehman Brothers Inc. as Remarketing Agent in connection with the remarketing of each Subseries of the Series 2008B Bonds. The Remarketing Agent will determine the interest rate on each Subseries of Series 2008B Bonds and will remarket the Series 2008B Bonds tendered or required to be tendered for purchase on a best efforts basis. The Remarketing Agent may be removed or replaced by MTA in accordance with the Remarketing Agreements. Pursuant to each Remarketing Agreement, the Remarketing Agent may suspend its obligation to remarket the related Subseries of Series 2008B Bonds upon the occurrence of a default of the related Credit Facility Issuer under the related Credit Facility or termination of the related Credit Facility.

Payment of Series 2008B Bonds Purchase Price. The Purchase Price of the Series 2008B Bonds that are tendered and not remarketed on any Purchase Date is payable pursuant to four direct-pay letters of credit issued pursuant to four Reimbursement Agreements by and between the respective Initial Credit Facility Issuer and MTA with respect to each Subseries of the Series 2008B Bonds (each, a Reimbursement Agreement, and collectively, the

Reimbursement Agreements): the Series 2008B-1 Bonds are secured by an irrevocable direct-pay letter of credit issued by The Bank of Nova Scotia, acting through its New York Agency (Scotiabank); the Subseries 2008B-2 Bonds are secured by an irrevocable direct-pay letter of credit issued by BNP Paribas, acting through its New York Branch (BNP Paribas); the Subseries 2008B-3 Bonds are secured by an irrevocable direct-pay letter of credit issued by Lloyds TSB Bank plc, acting through its New York Branch (Lloyds); and the Subseries 2008B-4 Bonds are secured by an irrevocable direct-pay letter of credit issued by KBC Bank N.V., acting through its New York Branch (KBC, and together with Scotiabank, BNP Paribas, and Lloyds, referred to individually herein as an Initial Credit Facility Issuer and collectively as the Initial Credit Facility Issuers). Each irrevocable direct-pay letter of credit is individually referred to herein as an Initial Credit Facility and collectively as the Initial Credit Facilities.

For more information relating to the Initial Credit Facility Issuers, see **Attachments 4-7**.

The Purchase Price of each Subseries of the Series 2008B Bonds is payable solely from the proceeds of remarketing such Subseries by the Remarketing Agent and from the proceeds from draws under the applicable Initial Credit Facility. Although MTA has the option to purchase Series 2008B Bonds that have been neither remarketed nor purchased by an Initial Credit Facility Issuer, it is not obligated to do so. Payment of the Purchase Price is not an obligation of MTA, the Trustee, the Tender Agent or the Remarketing Agent and failure to make such payment shall not constitute an Event of Default under the DTF Resolution. See “—Source of Funds for Purchase of Series 2008B Bonds” below.

The Initial Credit Facilities are each scheduled to expire on August 5, 2011, unless extended or earlier terminated (in certain cases without notice) in accordance with their respective terms. See “—Credit Facility” below.

Credit Enhancement. Payment of the principal of and interest on the Subseries 2008B-1 Bonds, Subseries 2008B-2 Bonds, Subseries 2008B-3 Bonds and the Subseries 2008B-4 Bonds, when due, is also secured by the respective Initial Credit Facilities.

Book-Entry-Only System. The Series 2008B 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 2008B Bonds. During the period during which the Series 2008B Bonds bear interest in the Weekly Mode, individual purchases will be made in book-entry-only form, in the principal amount of \$100,000 or any integral multiple of \$5,000 in excess thereof (Authorized Denominations). So long as DTC is the registered owner of the Series 2008B Bonds, all payments on the Series 2008B 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 2008B Bonds is payable on the first Business Day of each month, commencing September 2, 2008. So long as DTC is the sole registered owner of all of the Series 2008B 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 2008B Bonds are fully registered in Authorized Denominations.

Transfers and Exchanges. So long as DTC is the securities depository for the Series 2008B Bonds, it will be the sole registered owner of the Series 2008B Bonds, and transfers of ownership interests in the Series 2008B Bonds will occur through the DTC Book-Entry-Only System.

Trustee, Paying Agent and Tender Agent. The Bank of New York Mellon is Trustee, Paying Agent and Tender Agent with respect to the Series 2008B Bonds.

Terms Relating to the Weekly Mode

Determination of Interest Rate in the Weekly Mode. The interest rate for the Series 2008B Bonds in a Weekly Mode shall be determined by the Remarketing Agent on each Wednesday or, if such Wednesday is not a Business Day, the Business Day next preceding such Wednesday (the Rate Determination Date). The interest rate

shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Series 2008B Bonds on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The interest rate shall be effective on Thursday and shall continue in effect through the next succeeding Wednesday (the Interest Period), provided that if any Series 2008B Bonds subject to a Weekly Mode shall be converted to another Mode prior to such Wednesday, such Weekly Mode for such Series 2008B Bond shall continue in effect only until the day preceding the applicable Mode Change Date.

In the event the Remarketing Agent fails to determine the interest rate or the method of determining the interest rate is held to be unenforceable by a court of law of competent jurisdiction, the Series 2008B Bonds will bear interest at the Alternate Rate for subsequent Interest Periods until such time as the Remarketing Agent again makes such determination or until there is delivered to MTA and the Trustee a Favorable Opinion of Bond Counsel.

The Alternate Rate is 110% of:

- the SIFMA Index (The Securities Industry and Financial Markets Association Municipal Swap Index released by Municipal Market Data to its subscribers), or
- if the SIFMA Index is no longer published, the S&P Weekly High-Grade Index (the rate determined on the basis of the S&P Weekly High-Grade Index announced on Tuesday or the next preceding Business Day and as published by Standard and Poor's), or
- if neither the SIFMA Index nor the S&P Weekly High-Grade Index are published, an index or a rate selected or determined by the Remarketing Agent and consented to by MTA, the Trustee and the Credit Facility Issuers;

provided however, (a) if there has been a failure to pay the Purchase Price of the Series 2008B Bonds tendered or deemed tendered for purchase, and (b) if there is no Remarketing Agent or the Remarketing Agent has suspended the remarketing pursuant to the terms of the Remarketing Agreement, the Alternate Rate will be the Maximum Rate.

No Series 2008B Bond (other than a Bank Bond) may at any time bear interest at a rate that is in excess of 12%. No Bank Bond may at any time bear interest at a rate that is in excess of 25%.

Binding Effect. Each determination of the interest rate for the Series 2008B Bonds, as provided herein, shall be conclusive and binding upon the holders of the Series 2008B Bonds of such Subseries, MTA, the Remarketing Agent, the Tender Agent, the Credit Facility Issuer and the Trustee.

Changes in Mode

General. Any Series 2008B Bonds may be changed to any other Mode at the times and in the manner as summarized below.

Notice of Intention to Change Mode. MTA shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (the Current Mode) to another Mode (the New Mode) specified in such written notice, together with the proposed effective date of such change in the Mode (the Mode Change Date). Such notice shall be given at least 20 days prior to the Mode Change Date.

General Provisions Applying to Changes from One Mode to Another.

1. The Mode Change Date must be a Business Day.
2. On or prior to the date MTA provides the notice to the Notice Parties, MTA shall deliver to the Trustee (with a copy to all other Notice Parties) a letter from Bond Counsel addressed to the

Trustee to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Change Date.

3. No change in Mode will become effective unless all conditions precedent thereto have been met and the following items shall have been delivered to the Trustee and the Remarketing Agent by 10:00 a.m., or such later time as is acceptable to MTA, the Trustee and the Remarketing Agent, on the Mode Change Date:
 - a Favorable Opinion of Bond Counsel dated the Mode Change Date,
 - unless the existing Tender Agency Agreement and Remarketing Agreement is effective on the Mode Change Date, a Tender Agency Agreement, an Auction Agreement and/or 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 2008B Bonds of the Subseries tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the principal amount thereof.
4. If all conditions to the Mode change are met, the interest period for the New Mode shall commence on the Mode Change Date and the interest rate shall be determined by the Remarketing Agent.
5. In the event the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and the Series 2008B Bonds of a Subseries that are the subject of the Mode change:
 - will be subject to mandatory tender for purchase, and
 - will continue to be in the Weekly Mode.

Rescission of Election to Change from One Mode to Another. MTA may rescind any election by it to change Mode as described above prior to the Mode Change Date by giving written notice thereof to the Notice Parties prior to 10:00 A.M. on the Business Day preceding such Mode Change Date. If the Tender Agent receives notice of such rescission prior to the time the Tender Agent has given notice to the holders of the Bonds, then such notice of change in Mode shall be of no force and effect. If the Tender Agent receives notice from the MTA of rescission of a Mode Change Date after the Tender Agent has given notice thereof to the holders of the Bonds, then if the proposed Mode Change Date would have been a Mandatory Purchase Date, such date shall continue to be a Mandatory Purchase Date. If the proposed change in Mode was from the Weekly Mode, the Bonds shall remain in the Weekly Mode.

Tender, Presentation and Purchase Provisions of the Series 2008B Bonds During the Weekly Mode

Purchase on Demand of Owners of Series 2008B Bonds in Weekly Mode. The Owners of the Series 2008B Bonds that are not Bank Bonds may elect to have such Series 2008B Bonds (or portions thereof in Authorized Denominations) purchased on a Business Day at a price (the Purchase Price) equal to the principal amount so tendered plus accrued interest (if the Purchase Date is not an Interest Payment Date) upon delivery of a written notice of tender by the Owner (the Tender Notice), or telephonic notice of tender to the Tender Agent and the Remarketing Agent, promptly confirmed in writing to the Tender Agent and the Remarketing Agent at their respective principal offices, not later than 4:00 p.m. on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner. The Tender Notice, once transmitted to the Tender Agent and the Remarketing Agent, shall be irrevocable with respect to the tender for which such Tender Notice was delivered and that tender shall occur on the Purchase Date specified in that Tender Notice. The Tender Agent shall notify the Trustee by the close of business on the next succeeding Business Day of the receipt of any Tender Notice.

During any period that Series 2008B Bonds are registered in the name of DTC or a nominee thereof pursuant to the DTF Resolution,

- any Tender Notice delivered as described in the immediately preceding paragraph shall identify the DTC Participant through whom the beneficial owner will direct transfer,
- on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC Participant, cause its DTC Participant to direct) the transfer of said Series 2008B Bond on the records of DTC, and
- it shall not be necessary for Series 2008B Bonds to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such Series 2008B Bonds had been so delivered, and the Purchase Price thereof shall be paid to DTC.

In accepting a notice of tender as provided above, the Trustee and the Tender Agent may conclusively assume that the person providing that notice of tender is the beneficial owner of Series 2008B Bonds tendered and therefore entitled to tender them. The Trustee and Tender Agent assume no liability to anyone in accepting a notice of tender from a person whom it reasonably believes to be such a beneficial owner of Series 2008B Bonds.

Mandatory Purchase on any Mode Change Date. Except for Bank Bonds, the Series 2008B Bonds to be changed to any Mode from any other Mode are subject to a mandatory tender for purchase on the Mode Change Date at the Purchase Price equal to the principal amount thereof.

Mandatory Purchase Upon Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Date and Substitution Date. Except for Bank Bonds, the Series 2008B Bonds are subject to mandatory tender for purchase on:

- the second Business Day preceding the Expiration Date of a Credit Facility, which second Business Day is hereinafter referred to as an Expiration Tender Date;
- the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of a Credit Facility, which fifth calendar day is hereinafter referred to as a Termination Tender Date, if the Credit Facility permits a draw thereon on the Termination Tender Date;
- the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) following the receipt by the Trustee of a written notice from the Credit Facility Issuer that the Credit Facility will not be reinstated (in respect of interest) to an amount equal to the interest component of the Credit Facility required with respect to the Series 2008B Bonds, which fifth calendar day is hereinafter referred to as an “Interest Non-Reinstatement Tender Date”; and
- the Substitution Date for a Credit Facility.

A “Substitution Date” means:

- the date that is specified in a written notice given by MTA to the Trustee and the Tender Agent as the date on which an Alternate Credit Facility is to be substituted for the then-existing Credit Facility (even if the substitution fails to occur on that date), and
- the second Business Day preceding the date that is specified in a written notice given to the Trustee and the Tender Agent in accordance with the Credit Facility as the date on which the assignment of the obligation of the Credit Facility Issuer under the Credit Facility is effective (even if the assignment fails to occur on that date).

Notice of Mandatory Tender for Purchase. The Trustee shall, at least fifteen (15) days prior to the Expiration Tender Date with respect to the Series 2008B Bonds, give notice of the mandatory tender on such Expiration Tender Date if it has not theretofore received confirmation that the Expiration Date has been extended.

Upon receipt of a written notice from the Credit Facility Issuer or MTA that the Credit Facility supporting the Series 2008B Bonds will terminate or the obligation of such Credit Facility Issuer to purchase the Series 2008B Bonds will terminate prior to its Expiration Date, the Trustee shall within one (1) Business Day give notice of the mandatory tender of the Series 2008B Bonds that is to occur on such Termination Tender Date if it has not theretofore received from the Credit Facility Issuer or MTA a notice stating that the event which resulted in the Credit Facility Issuer or MTA giving a notice of the Termination Date has been cured and that the Credit Facility Issuer or MTA has rescinded its election to terminate the Credit Facility. Notwithstanding anything to the contrary described below, such notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in this paragraph shall be conclusively presumed to have been duly given, whether or not actually received by each Owner.

Upon receipt of a written notice from the Credit Facility Issuer that the Credit Facility will not be reinstated (in respect of interest) to an amount equal to the interest component of the Liquidity and Credit Amount required with respect to the Series 2008B Bonds, the Trustee shall within one (1) Business Day give notice of the mandatory tender of the Series 2008B Bonds on such Interest Non-Reinstatement Tender Date if it has not theretofore received from the Credit Facility Issuer a notice stating that the Credit Facility has been reinstated to an amount equal to the interest component of the Liquidity and Credit Amount. Notwithstanding anything to the contrary described below, such notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in this paragraph shall be conclusively presumed to have been duly given, whether or not actually received by each Owner. For purposes of this official statement, the term Liquidity and Credit Amount shall mean an amount equal to the principal of the Series 2008B Bonds plus an interest amount equal to 46 days' interest thereon calculated at the Maximum Rate on the basis of a 365 day year for the actual number or days elapsed.

The Trustee shall, at least fifteen (15) days prior to the Substitution Date with respect to a Credit Facility, give notice of the mandatory tender of the Series 2008B Bonds on the Substitution Date.

The Trustee shall, at least fifteen (15) days prior to any Mode Change Date, give notice to the Notice Parties of the mandatory tender for purchase of the Series 2008B Bonds that is to occur on such date.

Except as provided in the fourth immediately preceding paragraph, notice of any mandatory tender of Series 2008B Bonds shall be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of Series 2008B Bonds at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase, and specify:

- the Mandatory Purchase Date,
- the Purchase Price,
- the place and manner of payment,
- that the Owner has no right to retain such Series 2008B Bond, and
- that no further interest will accrue from and after the Mandatory Purchase Date to such Owner.

Each notice of mandatory tender for purchase caused by a change in the Mode applicable to the Series 2008B Bonds shall in addition specify the conditions that have to be satisfied pursuant to the DTF Resolution in order for the New Mode to become effective and the consequences that the failure to satisfy any of such conditions would have.

In the event a mandatory tender of Series 2008B Bonds shall occur at or prior to the same date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase shall control. Any notice mailed as described above shall be conclusively presumed to have been duly

given, whether or not the Owner of any Series 2008B Bond receives the notice, and the failure of such Owner to receive any such notice shall not affect the validity of the action described in such notice. Failure by the Trustee to give a notice as provided under this caption would not affect the obligation of the Tender Agent to purchase the Series 2008B Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

Remarketing of Series 2008B Bonds

The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for (i) the Series 2008B Bonds of a Subseries or portions thereof as to which a Tender Notice has been given and (ii) all Series 2008B Bonds of a Subseries required to be tendered for purchase. To the extent that the Credit Facility is a direct-pay Credit Facility (which includes the Initial Credit Facilities), any Series 2008B Bonds purchased with the proceeds of the Credit Facility shall not be remarketed unless such Credit Facility has been reinstated to the Liquidity and Credit Amount. No Series 2008B Bond shall be remarketed (x) to MTA, or any affiliate of MTA, nor shall any Bank Bonds be remarketed unless the Credit Facility has been or will be, immediately upon such remarketing, reinstated by the amount of the reduction that occurred when such Series 2008B Bonds became Bank Bonds, and (y) at a price that is less than the Purchase Price of such Series 2008B Bonds.

Pursuant to each Remarketing Agreement, the Remarketing Agent may suspend remarketing of the related Subseries of Series 2008B Bonds upon the occurrence of a default by the related Credit Facility Issuer under the related Credit Facility or upon the termination or suspension of the related Credit Facility.

Source of Funds for Purchase of Series 2008B Bonds

On or before 3:00 p.m. on the Purchase Date or the Mandatory Purchase Date with respect to Series 2008B Bonds of a Subseries, the Tender Agent shall purchase such Series 2008B Bonds from the Owners at the Purchase Price. Funds for the payment of such Purchase Price shall be derived in the order of priority indicated:

- immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of Series 2008B Bonds; and
- immediately available funds transferred by the Trustee to the Tender Agent derived from the Credit Facility for the Purchase Price.

Notwithstanding the foregoing, MTA shall have the option, but shall not be obligated, to transfer immediately available funds to the Tender Agent for the payment of the Purchase Price of any Series 2008B Bond that is tendered or deemed tendered as described in this official statement and the Purchase Price of which is not paid on the Purchase Date or Mandatory Purchase Date from any of the sources identified above. None of the MTA, the Trustee, the Tender Agent nor the Remarketing Agent shall have any liability or obligation to pay or, except from the sources identified above, make available such Purchase Price. The failure to pay any such Purchase Price for Series 2008B Bonds that have been tendered or deemed tendered for purchase from any of the sources identified above shall not constitute an Event of Default under the DTF Resolution and in the case of such failure such Series 2008B Bonds shall not be purchased and shall remain in the Weekly Mode.

Delivery of Remarketed Series 2008B Bonds

Except as otherwise required or permitted by DTC's book-entry-only system, remarketed Series 2008B Bonds sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Remarketed Bonds by 3:00 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be.

Delivery and Payment for Purchased Series 2008B Bonds; Undelivered Series 2008B Bonds

Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, remarketed Series 2008B Bonds purchased as set forth above shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date or Mandatory Purchase 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 2008B Bond

purchased shall be made only if such Series 2008B 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 2008B Bonds 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 2008B Bonds in trust in a separate account uninvested, and shall pay such funds to the former bondholders upon presentation of the Series 2008B Bonds subject to tender. Undelivered Series 2008B Bonds are deemed tendered and cease to accrue interest as to the former bondholders on the Mode Change Date if moneys representing the Purchase Price shall be available against delivery of those Series 2008B 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 2008B 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 2008B 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 2008B Bonds. The Tender Agent shall authenticate a replacement Series 2008B Bond for any undelivered Series 2008B Bond which may then be remarketed by the Remarketing Agent.

Special Considerations Relating to the Series 2008B Bonds

The Remarketing Agent is Paid By MTA. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Series 2008B Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the DTF Resolution and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by MTA and is paid by MTA for its services. As a result, the interests of the Remarketing Agent may differ from those of existing bondholders and potential purchasers of Series 2008B Bonds.

The Remarketing Agent Routinely Purchases Series 2008B Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2008B Bonds for its own account and, in its sole discretion, may routinely acquire such tendered Series 2008B Bonds in order to achieve a successful remarketing of the Series 2008B Bonds (i.e., because there otherwise are not enough buyers to purchase the Series 2008B Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 2008B Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2008B Bonds by routinely purchasing and selling Series 2008B Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2008B Bonds. The Remarketing Agent may also sell any Series 2008B Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2008B Bonds. The purchase of Series 2008B Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2008B Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2008B Bonds being tendered in a remarketing.

Series 2008B Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the DTF Resolution and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2008B Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Series 2008B Bonds (including whether the Remarketing Agent is willing to purchase Series 2008B Bonds for its own account). There may or may not be Series 2008B Bonds tendered and remarketed on an interest rate determination date and the Remarketing Agent may or may not be able to remarket any Series 2008B Bonds tendered for purchase on such date. The Remarketing Agent may sell Series 2008B Bonds other than

tendered Series 2008B Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2008B Bonds at the remarketing price. In the event a Remarketing Agent owns any Series 2008B Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2008B Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

The Ability to Sell the Series 2008B Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agent may buy and sell Series 2008B Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Series 2008B Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series 2008B Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2008B Bonds other than by tendering the Series 2008B Bonds in accordance with the tender process.

The Remarketing Agent May Resign Without a Successor Being Named. The Remarketing Agent may resign upon 30 days notice if a successor Remarketing Agent has been appointed and accepted such appointment. If no successor Remarketing Agent has been appointed, MTA has paid to the Remarketing Agent all fees payable pursuant to the Remarketing Agreements at the time required, and it is not then illegal under applicable law for the Remarketing Agent to serve as Remarketing Agent, such 30-day period will be extended to the earlier of the date a new Remarketing Agent has been appointed and accepted such appointment or 90 days from the date notice of resignation was delivered.

Redemption Provisions During the Weekly Mode

The Series 2008B Bonds are redeemable prior to maturity on such dates and at such prices during the Weekly Mode as are set forth below.

Mandatory Sinking Fund Redemption. Each Subseries of the Series 2008B Bonds is 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 Subseries of Series 2008B Bonds specified for each of the years shown below:

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Sinking Fund Installments

<u>November 1</u>	Subseries <u>2008B-1</u>	Subseries <u>2008B-2</u>	Subseries <u>2008B-3</u>	Subseries <u>2008B-4</u>
2009	\$ 590,000	\$ 590,000	\$ 590,000	\$ 285,000
2010	620,000	620,000	620,000	295,000
2011	650,000	650,000	650,000	305,000
2012	725,000	725,000	725,000	345,000
2013	710,000	710,000	710,000	345,000
2014	745,000	745,000	745,000	355,000
2015	780,000	780,000	780,000	370,000
2016	815,000	815,000	815,000	395,000
2017	900,000	900,000	900,000	425,000
2018	1,725,000	1,725,000	1,725,000	825,000
2019	5,405,000	5,405,000	5,405,000	2,605,000
2020	5,650,000	5,650,000	5,650,000	2,725,000
2021	5,570,000	5,570,000	5,570,000	2,690,000
2022	5,625,000	5,625,000	5,625,000	2,710,000
2023	5,745,000	5,745,000	5,745,000	2,775,000
2024	5,695,000	5,695,000	5,695,000	2,740,000
2025	5,775,000	5,775,000	5,775,000	2,785,000
2026	5,820,000	5,820,000	5,820,000	2,810,000
2027	2,865,000	2,865,000	2,865,000	1,375,000
2028	5,975,000	5,975,000	5,975,000	2,885,000
2029	12,790,000	12,790,000	12,790,000	6,155,000
2030	13,085,000	13,085,000	13,085,000	6,305,000
2031	8,965,000	8,965,000	8,965,000	4,320,000
2033	1,435,000	1,435,000	1,435,000	695,000
2034*	1,340,000	1,340,000	1,340,000	655,000

* Final maturity

Each Subseries of the Series 2008B Bonds shall be redeemed with the proceeds from such Sinking Fund Installments *pro rata*, subject to rounding in accordance with authorized denominations unless MTA directs a different application.

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 2008B Bonds of each 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 2008B 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 as directed by the MTA. MTA may direct the credit as against any Subseries of the Series 2008B Bonds.
- If MTA purchases or redeems term Series 2008B 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 the MTA may direct. MTA may direct the credit as against any Subseries of the Series 2008B Bonds.

Optional Redemption. The Series 2008B Bonds are subject to redemption prior to maturity as a whole or in part (in accordance with procedures of DTC, so long as DTC is the Owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper), on any Business Day, subject to applicable notice, at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest up to but not including the redemption date. If any such optional redemption shall occur, MTA will redeem Bank Bonds first.

State and City Redemption. Pursuant to the MTA Act, the State, upon providing sufficient funds, may require MTA to redeem the Series 2008B 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 2008B Bonds, at 105% of their face value and accrued interest or at such lower redemption price provided for the Series 2008B 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 2008B Bonds, as a whole, but only in accordance with the terms upon which the Series 2008B Bonds are otherwise redeemable.

Redemption of Bank Bonds. The Bank Bonds shall be subject to optional and mandatory redemption under the same terms and conditions as provided with respect to other Series 2008B Bonds of a Subseries. The Bank Bonds shall also be subject to mandatory redemption at the times and under the terms and conditions as provided in the respective Credit Facility relating to such Bank Bonds.

Redemption in Part; Bank Bonds To Be Redeemed First. In the event of a redemption of less than all the Series 2008B Bonds of a Subseries, the Trustee shall in accordance with the DTF Resolution first select for redemption all then outstanding Bank Bonds prior to selecting for redemption any Series 2008B Bonds of such Subseries which are not Bank Bonds unless the respective Credit Facility Issuer shall be in default under its Credit Facility, in which case, the Trustee shall at the written direction of MTA, select for redemption all then outstanding Series 2008B Bonds of such Subseries in accordance with such direction.

Redemption Notices. So long as DTC is the securities depository for the Series 2008B Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Series 2008B 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 2008B 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 2008B 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 2008B Bonds, then on the redemption date the Series 2008B 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 2008B Bonds called for redemption, thereafter, no interest will accrue on those Series 2008B Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2008B Bonds.

Amendments

The provisions of the DTF Resolution, with respect to a Subseries of the Series 2008B Bonds, may be modified or amended pursuant to the DTF Resolution by obtaining, when required by the DTF Resolution, the consent of the Owners of all Series 2008B Bonds of such Subseries and the Credit Facility Issuer. All Owners of the Series 2008B Bonds of a Subseries will be deemed to have consented to a modification or amendment if on the 30th day (or if such day is not a Business Day, on the next succeeding Business Day) after the date on which the Trustee mailed notice of such proposed modification or amendment to the Owners of the Series 2008B Bonds of such Subseries there is delivered to the Trustee –

- a certificate of the Tender Agent to the effect that all Series 2008B Bonds of such Subseries that have been optionally tendered for purchase by their Owners after the date on which the Trustee mailed such notice of the proposed modification or amendment have been purchased at a price equal to the Purchase Price thereof,

- a written consent of the Remarketing Agent to the proposed modification or amendment, and
- a Favorable Opinion of Bond Counsel.

Credit and Liquidity Facility

Unless the context otherwise indicates, references in the following description to the “Series 2008B Bonds” apply to the Subseries 2008B-1, Subseries 2008B-2, Subseries 2008B-3 and Subseries 2008B-4 independently, as appropriate.

General Description. The Initial Credit Facilities are four separate irrevocable direct-pay letters of credit that provide both credit and liquidity support for the respective Subseries of Series 2008B Bonds. The payment of the principal of and interest on, as well as the Purchase Price on any Purchase Date relating to the respective Subseries of the Series 2008B Bonds is secured as follows: Series 2008B-1 Bonds are secured by an irrevocable direct-pay letter of credit issued by Scotiabank; the Subseries 2008B-2 Bonds are secured by an irrevocable direct-pay letter of credit issued by BNP Paribas; the Subseries 2008B-3 Bonds are secured by an irrevocable direct-pay letter of credit issued by Lloyds; and the Subseries 2008B-4 Bonds are secured by an irrevocable direct-pay letter of credit issued by KBC.

In the event that an Initial Credit Facility Issuer terminates its Initial Credit Facility in accordance with the terms of its Reimbursement Agreement, the related Subseries of the Series 2008B Bonds will be subject to mandatory purchase as described above under “Tender, Presentation and Purchase Provisions of the Series 2008B Bonds During the Weekly Mode – *Mandatory Purchase Upon Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Date and Substitution Date.*”

The Series 2008B Bonds are, under certain conditions, subject to optional and mandatory tender for purchase from specified sources. The purchase by the Tender Agent of Series 2008B Bonds of a Subseries tendered or deemed tendered for optional or mandatory purchase (the Tendered Series 2008B Bonds) will be funded only from (i) remarketing proceeds, and (ii) to the extent that remarketing proceeds are not available, proceeds available from the respective Credit Facility. Although MTA has the option to purchase Subseries 2008B Bonds that have been neither remarketed nor purchased by the respective Credit Facility Issuer, it is not obligated to do so. See “—Tender, Presentation and Purchase Provisions of the Series 2008B Bonds During the Weekly Mode and Source of Funds for Purchase of Series 2008B Bonds” above. See **Attachments 4-7** – “Initial Credit Facility Issuers” for information regarding the Initial Credit Facility Issuers.

Subject to certain conditions described below, the respective Initial Credit Facility Issuer will purchase from time to time during the period from the date of delivery of the related Subseries of Series 2008B Bonds to and including August 5, 2011 (unless extended) or earlier termination of the related Initial Credit Facility, the related Subseries of Tendered Series 2008B Bonds which are required to be purchased due to an optional or mandatory tender for purchase that have not been remarketed at the times and in the manner set forth in the DTF Resolution. The price to be paid by the respective Initial Credit Facility Issuer pursuant to the respective Initial Credit Facility for the related Subseries of purchased Series 2008B Bonds will be equal to the aggregate principal amount of such Series 2008B Bonds plus accrued interest thereon (up to 46 days of interest calculated at an aggregate rate not to exceed 12% per annum based on a year of 365 days), if any, other than defaulted interest, to the date of such purchase. Upon any purchase of Series 2008B Bonds with amounts realized under the respective Initial Credit Facility, the commitment of the respective Initial Credit Facility Issuer to purchase Series 2008B Bonds shall be reduced by the Purchase Price and shall be reinstated by such amount upon the repurchase of such Series 2008B Bonds from the respective Initial Credit Facility Issuer, all in accordance with the related Initial Credit Facility.

Termination Events. In the case of the following termination events (each, a Termination Event), the respective Initial Credit Facility Issuer may notify the Trustee that the related Subseries of Series 2008B Bonds will be subject to mandatory purchase in whole or in part:

- MTA (i) shall fail to pay to the related Initial Credit Facility Issuer any amount (other than amounts referred to in clause (ii) below) payable under the related Reimbursement Agreement, including fees

- payable by MTA to the related Initial Credit Facility Issuer, and such failure shall continue for five (5) Business Days, or (ii) shall fail to pay the reimbursement obligations or the payment obligations under the respective Reimbursement Agreement (which includes the payment of the principal and interest when due of any Liquidity Advance, Term Loan or Credit Advance (as each of such terms are defined in the Reimbursement Agreements) or to any Bank Bond when due; or
- the failure by MTA to perform or observe any of the other terms, covenants or agreements contained in the Reimbursement Agreement not specified in the preceding paragraph, with certain exceptions for which no cure period shall exist, if such failure shall continue for a period of thirty (30) Business Days after written notice thereof by the respective Initial Credit Facility Issuer to the MTA; or
 - (i) MTA shall (A) commence a voluntary case under the Federal bankruptcy laws (as now or hereafter in effect), (B) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, debt adjustment, winding up or composition or adjustment of debts, (C) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (D) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its property, (E) admit in writing its inability to pay, or generally not be paying, its debts as they become due, (F) make a general assignment for the benefit of creditors, or (G) take any official action for the purpose of effecting any of the foregoing; or (ii) a case or other proceeding shall be commenced against MTA in any court of competent jurisdiction seeking (A) relief under the Federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (B) the appointment of a trustee, receiver, custodian, liquidator or the like of MTA, or of all or a substantial part of its property, and any such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive calendar days, or an order granting the relief requested in any such case or proceeding against MTA (including, but not limited to, an order for relief under such Federal bankruptcy laws) shall be entered; or
 - any warranty, representation or other written statement made by or on behalf of MTA contained in the Reimbursement Agreement or any of the Related Documents (as defined in the respective Reimbursement Agreement) or in any instrument furnished in compliance with or in reference to any of the foregoing, is false or misleading in any material respect on any date when made or deemed made; or
 - there shall have occurred and be continuing a default referred to in the DTF Resolution; or
 - any material provision of the Reimbursement Agreement or any of the Related Documents to which MTA is a party shall at any time for any reason cease to be valid and binding in accordance with its terms on MTA, or shall be declared to be null and void, or the validity or enforceability of the Reimbursement Agreement or any of the Related Documents shall be contested by MTA or a proceeding shall be commenced by MTA seeking to establish the invalidity or unenforceability thereof, or MTA shall deny that it has any further liability or obligation under the Reimbursement Agreement or any of the Related Documents, in each case if, in the respective Initial Credit Facility Issuer's sole judgment, such event would have a materially adverse effect on the respective Initial Credit Facility Issuer's rights under the Reimbursement Agreement; or
 - a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any of MTA's indebtedness issued under the DTF Resolution; or
 - the MTA Act or the DTF Resolution shall, for any reason, cease to be in full force and effect or shall be declared or become invalid or unenforceable in whole or in part or shall be interpreted, altered or amended in any manner that would in any of the foregoing cases materially adversely affect the

obligations of MTA under the related Reimbursement Agreement or the rights of the respective Initial Credit Facility Issuer; or

- any Rating Agency shall have downgraded its unenhanced rating of the Series 2008B Bonds or any Parity Debt to below Investment Grade, respectively, or suspended or withdrawn its rating of the same; or
- a final judgment or order for the payment of money in excess of \$5,000,000 (in excess of the coverage limits of any applicable insurance therefore), and payable from Revenues and which ranks senior to or on a parity with the Series 2008B Bonds, shall have been rendered against the Authority) and such judgment or order shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of thirty (30) days from the date on which it was first so rendered; or
- the Authority shall default in any payment of any Parity Debt or Parity Reimbursement Obligation (Secured Debt), beyond the period of grace, if any, provided in the instrument or agreement under which such Secured Debt was created, or (ii) default in the observance or performance of any agreement or condition relating to any Secured Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Secured Debt to become due prior to its stated maturity.

Termination Remedies. Upon the occurrence and continuance of an Event of Default, and notice thereof to MTA and the Trustee, the respective Initial Credit Facility Issuer may, in its sole discretion, but shall not be obligated to, exercise any of all of the following remedies:

- by written, electronic or telephonic notice (promptly confirmed in writing) give notice of such Event of Default, where upon the Trustee shall immediately declare all of the Series 2008B Bonds then outstanding subject to mandatory purchase; and
- exercise all or any of its rights and remedies as it may otherwise have under Applicable Law and under the related Reimbursement Agreement and the DTF Resolution or otherwise by such suits, actions, or special proceedings in equity or at law, or by proceedings in the office of any board or officer jurisdiction, either for specific performance of any covenant or agreement contained in the DTF Resolution or the Reimbursement Agreement, or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy.

If notice of termination is given as described above, any of the related Subseries of Series 2008B Bonds issued prior to the Remarketing Agent's receipt of such notice shall continue to be entitled to the benefit of the respective Initial Credit Facility in accordance with the terms thereof.

See “—Tender, Presentation and Purchase Provisions of the Series 2008B Bonds During the Weekly Mode,” “—Remarketing of Series 2008B Bonds,” and “—Sources of Funds for Purchase of Series 2008B Bonds” above.

Debt Service on the Bonds

Table 1 on the following page sets forth, on a cash basis, (1) debt service on the outstanding Bonds, (2) estimated debt service on the Series 2008B Bonds, and (3) debt service, on an aggregate basis, on all Bonds after the issuance of the Series 2008B Bonds and redemption of the Refunded Bonds.

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

Year Ending March 31 ⁽²⁾	Outstanding Bonds ⁽³⁾	Series 2008B Bonds ⁽⁴⁾	Aggregate Debt Service ⁽⁵⁾
2009	\$238,078	\$ 9,053	\$247,131
2010	183,921	15,948	199,868
2011	237,126	15,964	253,090
2012	237,062	15,976	253,038
2013	237,025	16,146	253,172
2014	236,921	16,001	252,922
2015	236,631	16,015	252,646
2016	236,763	16,030	252,793
2017	236,776	16,049	252,826
2018	236,956	16,216	253,172
2019	232,449	18,918	251,367
2020	216,356	31,284	247,640
2021	216,669	31,372	248,041
2022	216,746	30,315	247,061
2023	216,917	29,721	246,638
2024	217,923	29,355	247,278
2025	217,921	28,373	246,294
2026	218,049	27,860	245,909
2027	218,076	27,213	245,289
2028	218,181	16,274	234,455
2029	218,192	26,535	244,727
2030	194,741	49,022	243,763
2031	193,920	48,259	242,179
2032	208,337	32,330	240,667
2033	236,534	387	236,921
2034	93,586	5,304	98,890
2035	48,950	4,784	53,734
2036	48,950	-	48,950
2037	26,232	-	26,232
TOTAL	<u>\$5,775,989</u>	<u>\$590,705</u>	<u>\$6,366,694</u>

⁽¹⁾ Totals may not add due to rounding.

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

⁽³⁾ Assumes interest at a rate of 4.06% per annum on the Series 2002B Bonds until September 1, 2013 based on an interest rate swap relating thereto, and 4.00% thereafter. Assumes interest at a rate of 4.00% per annum on the Series 2004B Bonds and the Series 2004D Bonds. Due to the effects of the volatile conditions in the market affecting variable rate bonds, the recent interest rates to the MTA for these variable rate securities have at times been higher than the assumed 4% rate. However, based on historical averages and mitigating actions taken or actions to be taken by the MTA, MTA continues to believe that its 4% variable rate assumption is reasonable for long term cost calculations. Takes into account the effects during 2007, 2008 and 2009 of the cash defeasance described under "Recent Developments – MTA Financial Plan Information Updated – Cash Management Actions" in Part I. Does not include debt service related to the Refunded Bonds.

⁽⁴⁾ Assumes interest at a rate of 3.3156% per annum on the hedged Series 2008A Bonds based on an interest rate swap relating thereto, and an interest rate of 4.00% per annum for the unhedged portion of the Series 2008A Bonds.

⁽⁴⁾ Includes footnotes 1 through 3.

PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Part II of this official statement describes the sources of payment and security structure for all MTA Dedicated Tax Fund Bonds, including the Series 2008B Bonds.

SOURCES OF PAYMENT

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

Revenues from Dedicated Taxes

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

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

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

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

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

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

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

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

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

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

- **MMTOA PBT.** The products that are subject to the tax, the tax rates, and the transactions excluded from the tax are identical to those of the basic PBT tax dedicated to the PBT Dedicated Funds Pool and the MTTF Account in that Pool. Pursuant to State law, of the remaining 19.7% of the PBT Basic Tax that is not deposited to the PBT Dedicated Tax Funds Pool, 55% (or 10.835% of the PBT Basic Tax collections) is deposited in the MMTOA Account.
- **District Sales Tax.** The District Sales Tax consists of a 0.375 percent sales and compensating use tax imposed on sales and uses of certain tangible personal property and services applicable only within the MTA Commuter Transportation District. Effective June 1, 2005 the District Sales Tax was increased from $\frac{1}{4}$ of one percent to $\frac{3}{8}$ of one percent and a portion of the proceeds thereof were deposited in the MMTOA Account for the benefit of the MTA.
- **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 Surcharges.** The Temporary Franchise Surcharges are imposed on the portion of the franchise and other taxes of certain corporations, banks and insurance, transportation and transmission companies attributable (according to various complex formulae) to business activity carried on within the MTA Commuter Transportation District. In accordance with State Tax Law, the tax revenue generated under these provisions, after the deduction of administrative costs, is to be deposited to the MMTOA Account, as taxes are received.

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

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

- actual collections by the State of receipts for each of the sources of revenues that, subject to appropriation and allocation among MTA and other non-MTA transportation agencies, could become receipts of the MTA Dedicated Tax Fund,

- amount of MTF Receipts and MMTOA Receipts, and
- debt service coverage ratio based upon MTF Receipts, and MTF Receipts plus MMTOA Receipts.

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Table 2
Summary of MTTF Receipts and MMTOA Receipts

<u>Dedicated Taxes (\$ millions)</u>	State Fiscal Year ending March 31,				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
MTTF					
PBT	\$ 313.2	\$ 323.1	\$ 340.8	\$ 325.9	\$ 345.8
Motor Fuel Tax	96.6	101.4	101.9	98.9	101.4
Motor Vehicle Fees ⁽¹⁾	<u>96.1</u>	<u>126.6</u>	<u>145.9</u>	<u>170.6</u>	<u>173.9</u>
Total Available MTTF Taxes⁽²⁾	\$ 505.9	\$ 551.1	\$ 588.6	\$ 595.4	\$ 621.1
MTTF Receipts⁽³⁾	\$ 495.2	\$ 559.7	\$ 569.3	\$ 608.9	\$ 613.4
MMTOA					
PBT	\$ 72.2	\$ 74.2	\$ 78.8	\$ 72.5	\$ 76.2
District Sales Tax ⁽⁴⁾	399.3	428.9	603.1	688.1	705.4
Franchise Taxes	57.4	64.5	73.6	68.4	68.0
Temporary Franchise Surcharges ⁽⁵⁾	<u>484.2</u>	<u>571.4</u>	<u>766.2</u>	<u>962.3</u>	<u>974.9</u>
Total Available MMTOA Taxes⁽⁶⁾	<u>\$1,013.1</u>	<u>\$1,139.0</u>	<u>\$1,521.7</u>	<u>\$1,791.3</u>	<u>\$1,824.5</u>
MMTOA Receipts⁽⁷⁾	\$ 730.9	\$ 736.4	\$1,146.7 ⁽⁸⁾	\$1,069.2	\$1,525.9
Total Pledged Revenues (MTTF Receipts plus MMTOA Receipts)	<u>\$1,226.1</u>	<u>\$1,296.1</u>	<u>\$1,516.0</u>	<u>\$1,878.1</u>	<u>\$2,139.3</u>
Debt Service	\$ 141.9	\$ 156.8	\$ 195.4	\$ 231.4	\$263.8
Debt Service Coverage Ratio – MTTF Receipts Only	3.49x	3.57x	2.91x	2.63x	2.33x
Debt Service Coverage Ratio – MTTF Receipts plus MMTOA Receipts	8.64x	8.27x	7.76x	8.12x	8.11x

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

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

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

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

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

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

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

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

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

Factors Affecting Revenues from Dedicated Taxes

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

In late 2005, MTA proposed legislation which would have provided for the creation of an additional bonding program secured solely or primarily by the additional 1/8 of one percent of district sales tax which was imposed effective June 1, 2005. Such legislation was not enacted. In connection with the financing of the 2005-2009 MTA Capital Program or future capital programs, MTA may propose similar legislation or other legislation affecting components of the taxes currently securing MTA Dedicated Tax Fund Bonds.

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

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

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

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

Information Relating to the State of New York. Information relating to the State of New York, including the Annual Information Statement of the State, as amended or supplemented, is 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

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

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

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

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

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

Pledge Effected by the DTF Resolution

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

- the proceeds of the sale of the Bonds, until those proceeds are paid out for an authorized purpose,
- the Pledged Amounts Account in the MTA Dedicated Tax Fund (which includes MTTF 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.

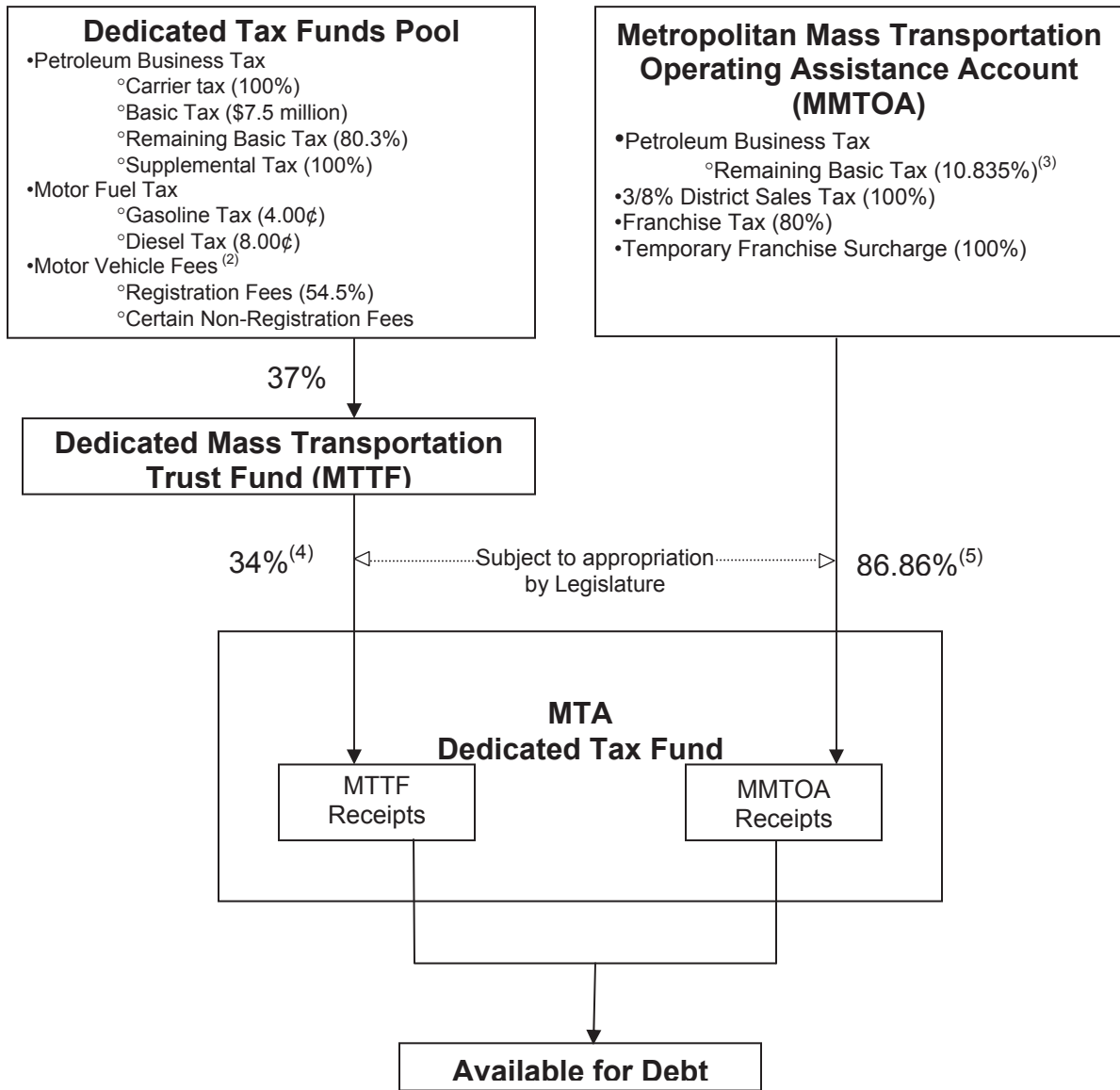
The DTF Resolution provides that the trust estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the DTF Resolution, and all corporate action on the part of MTA to that end has been duly and 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 funds into the MTA Dedicated Tax Fund and (ii) the flow of MTA Dedicated Tax Fund Revenues through the MTA Dedicated Tax Fund and the Funds and Accounts established under the DTF Resolution.

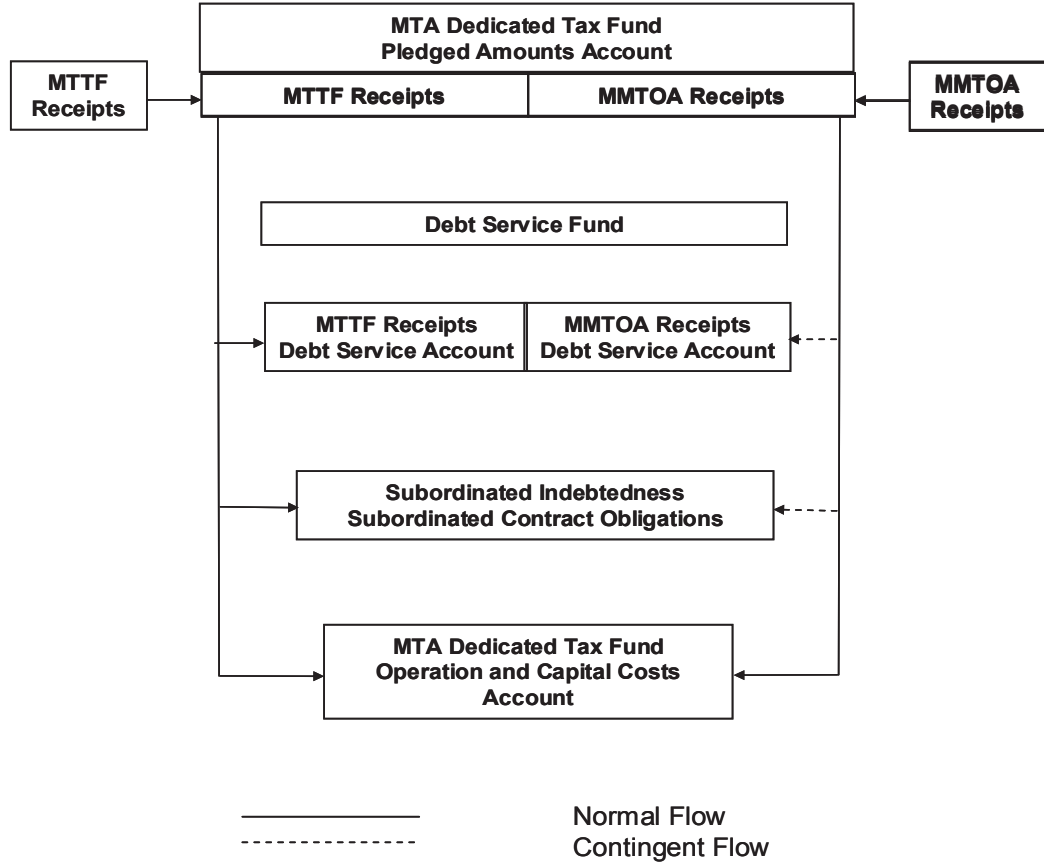
MTA DEDICATED TAX FUND BONDS – SOURCES OF REVENUE (Through March 31, 2009)⁽¹⁾



Notes

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

MTA DEDICATED TAX FUND BONDS – RESOLUTION FLOW OF FUNDS



All amounts on deposit in the Pledged Amounts Account – MTTF 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 2008-09 includes two appropriations from the MTTF to the MTA Dedicated Tax Fund. One such appropriation is for the State Fiscal Year that ends March 31, 2009 and the other such appropriation is for the succeeding State Fiscal Year that ends March 31, 2010. The appropriation for the 2008-09 State Fiscal Year took effect on April 1, 2008. MTA has periodically availed itself of such prior year's appropriation to meet operating costs in response to delays in the adoption of the State budget in such years.

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

Agreement of the State

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

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

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PART III. OTHER INFORMATION ABOUT THE SERIES 2008B BONDS

Part III of this official statement provides miscellaneous additional information relating to the Series 2008B Bonds.

TAX MATTERS

Nixon Peabody LLP is Bond Counsel for the Series 2008B Bonds. Their opinion under existing law, relying on certain representations by MTA and assuming compliance by MTA with certain covenants, is that interest on the Series 2008B 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 certain corporations under the federal corporate alternative minimum tax.

Their opinion is also that under existing law interest on the Series 2008B Bonds is exempt from personal income taxes of New York State and any political subdivisions of the State, including The City of New York. See **Attachment 3** to this official statement for the form of the opinion that Bond Counsel expects to deliver when the Series 2008B Bonds are delivered.

The Internal Revenue Code of 1986 imposes requirements on the Series 2008B Bonds that MTA must continue to meet after the Series 2008B Bonds are issued. These requirements generally involve the way that Series 2008B 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 2008B 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 2008B 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 2008B Bonds.

Prospective investors, particularly those in any of these categories, should consult their tax advisors.

Bond Counsel is not responsible for updating its opinion in the future. Although not possible to predict, it is possible that something may happen in the future that could change the tax treatment of the interest on the Series 2008B Bonds or affect the market price of the Series 2008B 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 2008B Bonds or under State, local or foreign tax law.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on the Series 2008B Bonds. If the bondholder provides the entity from whom she receives interest payments (the “payor”) with a Form W-9, “Request for Taxpayer Identification Number and Certification”, or if the bondholder is one of a limited class of exempt recipients, including corporations, these requirements will be satisfied. Other bondholders will be subject to “backup withholding”; that is, the tax due from a bondholder with respect to any interest payment on the tax-exempt obligation will be deducted and withheld by the payor.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2008B Bonds under federal or state law and could affect the market price or marketability of the Series 2008B Bonds.

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

LEGALITY FOR INVESTMENT

The MTA Act provides that the Series 2008B Bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

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

Certain of those investors, however, may be subject to separate restrictions that limit or prevent their investment in the Series 2008B Bonds.

LITIGATION

There is no pending litigation concerning the bonds being offered.

MTA is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including the MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bridges and Tunnels. Certain of these claims and actions, either individually or in the aggregate, are potentially material to MTA, its affiliates or subsidiaries. MTA does not believe that any of these claims or actions would affect the application of the sources of payment for the Series 2008B 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 2008B. The financial advisor has provided MTA advice on the plan of financing and reviewed the pricing of the Series 2008B 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 are contingent upon the issuance of the Series 2008B Bonds.

UNDERWRITING

The Underwriter for the Series 2008B Bonds has agreed, subject to certain conditions, to purchase from MTA the Series 2008B Bonds at an aggregate purchase price of \$347,937,760.55, reflecting an Underwriter's discount of \$237,239.45, and to reoffer such Series 2008B Bonds at par.

The Underwriter's obligations to purchase the Series 2008B Bonds are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2008B Bonds if any Series 2008B Bonds are purchased.

RATINGS

<u>Rating Agency</u>	<u>Subseries</u>	<u>Long-Term</u>	<u>Short-Term</u>	<u>Underlying</u>
Standard & Poor's	2008B-1	AA	A-1+	AA
	2008B-2	AA+	A-1+	AA
	2008B-3	AA	A-1+	AA
	2008B-4	AA	A-1+	AA
Fitch	2008B-1	AA+	F1+	A+
	2008B-2	AAA	F1+	A+
	2008B-3	AAA	F1+	A+
	2008B-4	AA+	F1+	A+

The above table identifies the ratings of the credit rating agencies assigned to the Series 2008B 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
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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.

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (S&P), has assigned its ratings to each of the four Subseries of Series 2008B Bonds as set forth in the table above. The long-term rating on each Subseries of the Series 2008B Bonds assigned by S&P, as set forth in the table above under the heading "Long-Term," is based on the higher of the rating on the related Initial Credit Facility Issuer and the underlying rating on MTA. The short-term ratings, as set forth in the table above under the heading "Short-Term," will be based on the short-term rating on the related Initial Credit Facility Issuer. On an ongoing basis, the long-term ratings on all Subseries of the Series 2008B Bonds will be based on the higher of the long-term rating on MTA and the long-term rating on the related Initial Credit Facility Issuer. The short-term rating will be based solely on the short-term rating on the Initial Credit Facility Issuers. S&P has also assigned an underlying long-term rating, as set forth in the table above under the column "Underlying," based solely upon the credit standing of MTA.

Fitch Ratings (Fitch) has assigned its long-term and short-term municipal bond ratings, as set forth in the table above under the columns "Long-Term" and "Short-Term," respectively, to each of the Subseries of the Series

2008B Bonds based on the assumption that the respective Initial Credit Facilities will be issued by the related Initial Credit Facility Issuers upon delivery of the related Subseries of Series 2008B Bonds. Fitch bases its long-term rating on the respective Subseries of Series 2008B Bonds on its analysis of the credit strength of both the related Initial Credit Facility Issuer and MTA. The short term rating on the related Subseries of Series 2008B Bonds is based solely on the credit strength of the related Initial Credit Facility Issuer. Fitch has also assigned an underlying long-term rating, as set forth in the table above under the column “Underlying,” based solely upon the credit standing of MTA.

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 Underwriter as indicated in the Summary of Terms.

NO CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, does not require MTA to provide continuing disclosure during the period that the Series 2008B Bonds bear interest in the Weekly Mode.

FURTHER INFORMATION

MTA may place a copy of this official statement on its website at “www.mta.info.” No statement on the MTA’s website or any other website is included by specific reference herein.

Although MTA has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and MTA assumes no liability or responsibility for errors or omissions contained on any website. Further, MTA disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. MTA also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

METROPOLITAN TRANSPORTATION AUTHORITY

By: _____ /s/ Gary Dellaverson
Chief Financial Officer

ATTACHMENT 1

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Series 2008B Bonds. The Series 2008B 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 2008B Bond will be issued for each maturity of the Series 2008B 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 2008B Bonds exceeds \$500 million, one Bond of such maturity will be issued with respect to each \$500 million of principal amount, and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2008B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2008B 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 2008B 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 2008B Bonds, except in the event that use of the book-entry system for the Series 2008B Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2008B 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 2008B 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 2008B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008B 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 2008B Bonds may wish to take certain steps to augment the transmission them of notices of significant events with respect to the Series 2008B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2008B Bond documents. For example, Beneficial Owners of the Series 2008B Bonds may wish to ascertain that the nominee holding the Series 2008B 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 2008B 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 2008B 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 2008B 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 2008B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from MTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or MTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of MTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Series 2008B Bonds purchased or tendered, through its Participant, to the Tender/Remarketing Agent, and shall effect delivery of such Series 2008B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2008B Bonds, on DTC's records, to the Tender/Remarketing Agent. The requirement for physical delivery of Series 2008B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2008B Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of Tendered Series 2008B Bonds to the Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Series 2008B 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 2008B 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 2008B Bonds will be printed and delivered

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

ATTACHMENT 2

DEFINITIONS

This Attachment 2 contains definitions of certain terms used in this official statement. Capitalized terms not otherwise defined in this official statement have the meanings set forth in the Summary of Certain Provisions of the Transportation Revenue Obligations Resolution or the Definitions and Summary of Certain Provisions of the Standard Resolution Provisions that are included by specific cross-reference in this official statement.

Alternate Credit Facility means a Credit Facility that is issued in substitution for a then-existing Credit Facility in accordance with, and pursuant to, the DTF Resolution as the same may be amended or supplemented from time to time.

Auction Rate Mode means the mode during which any Series 2008B Bonds bear interest at an auction rate.

Authorized Denominations means \$100,000 and any integral multiple of \$5,000 in excess thereof.

Bank Bond means any Series 2008B Bond of a Subseries during any period commencing on the day such Series 2008B Bond is owned by or held on behalf of the Credit Facility Issuer or its permitted assignee as a result of such Series 2008B Bond having been purchased pursuant to the DTF Resolution from the proceeds of a draw under the Credit Facility and ending when such Series 2008B Bond is, pursuant to the provisions of the Credit Facility, no longer deemed to be a Bank Bond.

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

Commercial Paper Mode means the mode during which Series 2008B Bonds bear interest at a commercial paper rate or rates.

Credit Facility means any Credit Facility which is obtained by MTA pursuant to the DTF Resolution and that provides for the payment of the principal of and interest on the Series 2008B Bonds, as well as the Purchase Price of Series 2008B Bonds of a Subseries tendered or deemed tendered to the Tender Agent during the term thereof, as the same may be amended or supplemented from time to time.

Credit Facility Issuer means the issuer of a Credit Facility.

Daily Mode means the mode during which Series 2008B Bonds bear interest at a daily rate.

DTC means The Depository Trust Company, New York, New York, or its successors.

Electronic Means means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

Expiration Date means, with respect to a Credit Facility with respect to the Series 2008B Bonds of a Subseries, the stated expiration date of such Credit Facility, or such stated expiration date as it may be extended from time to time as provided therein; provided, however, that the "Expiration Date" shall not mean any date upon which a Credit Facility is no longer effective by reason of its Termination Date, the date on which all Series 2008B Bonds of such Subseries bear interest in an Auction Rate Mode or Fixed Rate Mode or the expiration of such Credit Facility by reason of the obtaining of an Alternate Credit Facility.

Favorable Opinion of Bond Counsel means, with respect to any action the occurrence of which requires such an opinion, an unqualified Counsel's Opinion to the effect that such action is permitted under the Issuer Act

and the DTF Resolution and that such action will not impair the exclusion of interest on such Series 2008B 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 2008B Bonds).

Fixed Rate Mode means the mode during which Series 2008B Bonds bear interest at a fixed rate until their maturity date.

Interest Payment Date means the first Business Day of each calendar month.

Interest Period means the period of time that any interest rate remains in effect, which period shall be the period from and including the date of the delivery of the Series 2008B Bonds to and including the following Wednesday and thereafter commencing on each Thursday to and including the earlier of the Wednesday of the following week or the day preceding any Mandatory Purchase Date or the maturity date.

Mandatory Purchase Date means (i) any Mode Change Date, (ii) the Interest Non-Reinstatement Tender Date, (iii) the Substitution Date, (iv) the Expiration Tender Date and (v) the Termination Tender Date.

Mode means the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode, the Auction Rate Mode or the Fixed Rate Mode.

Mode Change Date means, with respect to Series 2008B Bonds of a Subseries, the date one Mode terminates and another Mode begins.

Notice Parties means MTA, the Trustee, the Remarketing Agent, the Tender Agent and the Credit Facility Issuer.

Purchase Date means with respect to any Series 2008B Bond of a Subseries, any Business Day upon which such Series 2008B Bond is optionally tendered for purchase by its holder in accordance with the DTF Resolution.

Rate Determination Date means any date on which the interest rate is required to be determined, which, in the case of the Series 2008B Bonds, is each Wednesday or, if such Wednesday is not a Business Day, the next succeeding Business Day.

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

Remarketing Agent, means Lehman Brothers Inc., or any successor Remarketing Agent.

Remarketing Agreement means the remarketing agreement entered into by and between MTA and the Remarketing Agent with respect to the Series 2008B Bonds of a Subseries pursuant to which the Remarketing Agent has agreed to remarket the Series 2008B Bonds of such Subseries on the Purchase Date or the Mandatory Purchase Date at a price of not less than 100% of the principal amount thereof.

Tender Agent means The Bank of New York Mellon or any successor Tender Agent.

Termination Date means, with respect to a Credit Facility, (i) the date on which such Credit Facility shall terminate pursuant to its terms or otherwise be terminated prior to its Expiration Date or (ii) the date on which the obligation of the Credit Facility Issuer to provide a loan shall terminate; provided, however, that "Termination Date" shall not mean any date upon which a Credit Facility is no longer effective by reason of its Expiration Date.

Term Rate Mode means the mode during which Series 2008B Bonds bear interest at a fixed rate until the next mandatory purchase date.

Trustee means The Bank of New York Mellon or any successor Trustee.

ATTACHMENT 3

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2008B Bonds in definitive form, Nixon Peabody LLP, New York, New York, Bond Counsel to MTA, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

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

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings of the Metropolitan Transportation Authority (“MTA”) and other proofs submitted to us relative to the issuance of \$348,175,000 aggregate principal amount of Metropolitan Transportation Authority Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008B (the “Series 2008B 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 2008B 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 30, 2008 as amended and restated by a resolution of said members adopted on April 30, 2008 (collectively, the “Resolution”).

The Series 2008B Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2008B Bonds in order that interest on the Series 2008B Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. We have examined the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986 of MTA, dated the date hereof (the “Tax Certificate”), in which 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 2008B Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2008B Bonds and the investment of certain funds. The Tax Certificate obligates MTA to take certain actions necessary to cause interest on the Series 2008B 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 2008B 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. MTA has covenanted in the Resolution to maintain the exclusion of the interest on the Series 2008B 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 Tax Certificate with respect to matters affecting the exclusion of interest on the Series 2008B Bonds from gross income for federal income tax purposes under Section 103 of the Code and compliance by MTA with procedures and covenants set forth in the Tax Certificate as to such tax matters.

We have also examined one of said Series 2008B Bonds as executed and, in our opinion, the form of said Series 2008B 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 2008B 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 2008B 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 2008B Bonds.

4. MTA, the holders of the Series 2008B Bonds, or the holders of any evidence of indebtedness of 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 2008B 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 2008B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2008B 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 2008B 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 2008B Bonds. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2008B 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 2008B Bonds.

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

Very truly yours,

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ATTACHMENT 4

INFORMATION RELATING TO THE BANK OF NOVA SCOTIA, ACTING THROUGH ITS NEW YORK AGENCY

The Bank of Nova Scotia ("Scotiabank" or the "Bank"), founded in 1832, is a Canadian chartered bank with its principal office located in Toronto, Ontario. Scotiabank is one of North America's premier financial institutions and Canada's most international bank. With 48,000 employees, Scotiabank and its affiliates serve over 10 million customers throughout the world.

Scotiabank provides a full range of personal, commercial, corporate and investment banking services through its network of branches located in all Canadian provinces and territories. Outside Canada, Scotiabank has branches and offices in over 50 countries and provides a wide range of banking and related financial services, both directly and through subsidiary and associated banks, trust companies and other financial firms.

For the fiscal year ended October 31, 2007, Scotiabank recorded total assets of CDN\$411.5 billion (US\$433.2 billion) and total deposits of CDN\$288.5 billion (US\$303.7 billion). Net income for the fiscal year ended October 31, 2007 equaled CDN\$4.045 billion (US\$4.258 billion), compared to CDN\$3.579 billion (US\$3.767 billion) for the prior fiscal year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of October 31, 2007 (1.0000 United States dollar equals 0.95 Canadian dollars).

For the quarter ended April 30, 2008, Scotiabank recorded total assets of CDN\$452.6 billion (US\$448.3 billion) and total deposits of CDN\$322.4 billion (US\$319.4 billion). Net income for the quarter ended April 30, 2008 equaled CDN\$958 million (US\$949 million), compared to CDN\$1.03 billion (US\$1.02 billion) for the same period the prior year. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of Wednesday, April 30, 2008 (1.0000 United States dollar equals 1.0095 Canadian dollars).

Scotiabank will provide to anyone, upon written request, a copy of its most recent annual report, as well as a copy of its most recent quarterly financial report. Requests should be directed to: The Bank of Nova Scotia, New York Agency, One Liberty Plaza, 26th Floor, New York, NY, 10006. Attention: Public Finance Department.

The information concerning the Bank contained herein is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery of this disclosure information by the Bank shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this disclosure information is correct as of any time subsequent to its date.

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ATTACHMENT 5

INFORMATION RELATING TO BNP PARIBAS, ACTING THROUGH ITS NEW YORK BRANCH

BANK DISCLOSURE STATEMENT

The BNP Paribas Group (the "Group") (of which BNP Paribas, a French corporation (*société anonyme*), is the parent company) is engaged in banking and financial services. It has approximately 163,000 employees, 127,000 of whom are based in Europe. The Group occupies positions in three fields of activity: Corporate and Investment Banking, Asset Management & Services and Retail Banking. It is present in 85 countries and has a presence in all the key financial centres. Present throughout Europe, in all its business lines, France and Italy are its two domestic markets in retail banking. BNP Paribas enjoys a presence in the United States, Asia and in emerging markets.

At 31 December 2007, the Group had consolidated assets of €1,694.5 billion (compared to €1,440.3 billion at 31 December 2006), consolidated loans and receivables due from customers of €445.1 billion (compared to €393.1 billion at 31 December 2006), consolidated items due to customers of €346.7 billion (compared to €298.7 billion at 31 December 2006) and shareholders' equity (Group share including income for 2007) of €53.8 billion (compared to €49.5 billion at 31 December 2006). Pre-tax net income for the year ended 31 December 2007 was €11.1 billion (compared to €10.6 billion for the year ended 31 December 2006). Net income, Group share, for the year ended 31 December 2007 was €7.8 billion (compared to €7.3 billion for the year ended 31 December 2006).

At 31 December 2007, the Group had long-term senior debt ratings of Aa1 with stable outlook from Moody's, AA+ with stable outlook from S&P and AA with stable outlook from Fitch.

The Group has three divisions: Retail Banking, Asset Management and Services and Corporate and Investment Banking, the latter two of which also constitute "core businesses". Operationally, the Retail Banking division is itself comprised of three core businesses: French Retail Banking, Italian Retail Banking (BNL bc) and International Retail Banking and Financial Services. The Group has additional activities, including those of its listed real estate subsidiary, Klépierre, which are conducted outside of its core businesses.

The information concerning BNP Paribas and the Group contained herein is furnished solely to provide limited introductory information regarding BNP Paribas and the Group and does not purport to be comprehensive.

The delivery of the information contained in this section shall not create any implication that there has been no change in the affairs of BNP Paribas or the Group since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

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ATTACHMENT 6

INFORMATION RELATING TO LLOYDS TSB BANK PLC, ACTING THROUGH ITS NEW YORK BRANCH

THE LLOYDS TSB BANK GROUP “Disclosure Statement”

Lloyds TSB Bank plc (the “Bank”) is a wholly-owned subsidiary of Lloyds TSB Group plc (“LTSB Group”). The Bank and its subsidiaries (the “Bank’s Group”) comprise one of the leading United Kingdom-based financial services groups, whose businesses provide a wide range of banking and financial services in the United Kingdom and overseas.

At the end of 2007, total consolidated assets of LTSB Group were approximately £353 billion. The total number of persons employed by LTSB Group and its subsidiaries was approximately 70,000.

The activities of the Bank’s Group are organised into three divisions described below:

UK Retail Banking

UK Retail Banking provides banking and financial services to some 16 million personal customers through over 2,000 branches throughout the United Kingdom.

Insurance and Investments

Insurance and Investments offers life assurance, pensions, and investment products, general insurance and fund management services.

Wholesale and International Banking

Wholesale and International Banking provides banking and related services for major United Kingdom and multinational companies and financial institutions, and small and medium-sized United Kingdom businesses. It also provides asset finance services to personal and corporate customers, manages the Bank’s Group’s activities in financial markets through its treasury function and provides banking and financial services in some overseas locations.

Availability of Public Information

The Bank will provide, upon request, to each person to whom this Official Statement is delivered a copy of the most recently available (i) Annual Report and Accounts of LTSB Group for the fiscal year ended December 31, 2007 (ii) Annual Report on Form 20F of LTSB Group. Written requests should be directed to the Bank at 1251 Avenue of the Americas, 39th Floor, New York, New York 10020; Attention: Structured Finance. Additional information (including a full copy of such Report and Accounts) is available from the LTSB Group web site at <http://www.investorrelations.lloydstsb.com>

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ATTACHMENT 7

INFORMATION RELATING TO KBC BANK N.V., ACTING THROUGH ITS NEW YORK BRANCH

KBC BANK N.V.

KBC Bank N.V., New York Branch ("KBC NYB") is an unincorporated branch of KBC Bank N.V., a naamloze vennootschap (public company of limited liability) organized under the laws of Belgium, whose principal office is located in Brussels, Belgium. KBC Bank N.V. conducts operations through additional offices and agencies in the United States and around the world. Created on June 4, 1998 through the combination of two predecessor Belgian banks, Kredietbank N.V. and CERA Bank C.V., KBC Bank N.V. is subject to regulation by the Belgium Banking Commission and to Belgian banking and accounting law. KBC Bank N.V. maintains its records and prepares its financial statements in accordance with accounting principles generally accepted in Belgium. Such records and financial statements are maintained and prepared in Euro currency (EUR).

One of the largest commercial banks in Belgium, KBC Bank N.V. operates as a universal bank, engaged in commercial and investment banking, and offers comprehensive financial services. In contrast with the two other major Belgian banks, KBC Bank N.V.'s branches in Belgium are located exclusively in Flanders and Brussels. KBC Bank N.V. is indirectly represented through CBC Banque S.A., a majority-owned subsidiary with branches in the Walloon region and Brussels.

KBC NYB was originally established in 1977 as a New York Branch of Kredietbank N.V., and has been relicensed by the Banking Department of the State of New York as a New York Branch of KBC Bank N.V. to provide a full range of services in New York. In addition to handling foreign exchange transactions, KBC NYB is active in international payment transactions and the clearing of commercial payments and professional transactions in U.S. Dollars. KBC NYB is also involved in providing financial services, particularly credit, for European (including Belgian) companies operating in the United States, as well as for United States corporations.

Selected Consolidated Financial Data of KBC Bank N.V.

Year Ended
December 31, 2007
(EUR Millions)

Total Assets	EUR	355,597
Amounts Owed to Customers		192,135
Loans and Advances to Customers		147,051
Total Equity		17,348
Net Income		3,281

Conversion Rate: As of December 31, 2007, EUR 0.679 = US\$1.00

KBC NYB will provide, upon written request and without charge, a copy of KBC Bank N.V.'s Annual Report for the year ended December 31, 2007. Written requests should be directed to: KBC Bank N.V., New York Branch, 1177 Avenue of the Americas, New York, New York 10036, Attention: Controller.

The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of KBC Bank N.V. since December 31, 2007 or that information contained or referred to in this Attachment 7 is current as of any time subsequent to such date.

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