

\$296,400,000**Triborough Bridge and Tunnel Authority****\$148,200,000 General Purpose Variable Rate Revenue Bonds, Series 2001B****\$148,200,000 General Purpose Variable Rate Revenue Bonds, Series 2001C****Dated: Date of Delivery****Due: January 1, 2032†**

The Series 2001B Bonds and the Series 2001C Bonds (collectively, the Series 2001B and C Bonds) are being issued to refund certain outstanding TBTA General Purpose Revenue Bonds.

The Series 2001B and C Bonds —

- are general obligations of TBTA, payable generally from the tolls on the bridges and tunnels operated by TBTA as described herein, and
- are not a debt of the State or The City of New York or any other local government unit.

TBTA has no taxing power.

The Series 2001B and C Bonds will constitute Variable Interest Rate Bonds and will bear interest from their date of delivery in the Weekly Mode as herein described. TBTA reserves the right at any time to convert to a Daily Mode, Long-Term Mode or Fixed Mode. **This official statement is intended to provide disclosure only to the extent the Series 2001B and C Bonds remain in the Weekly Mode.**

In order to provide for the payment of purchase price in the event of a mandatory or optional tender of the respective Series of Bonds, as more fully described herein, TBTA has entered into a standby bond purchase agreement with State Street Bank and Trust Company in connection with the Series 2001B Bonds and a standby bond purchase agreement with Bayerische Landesbank Girozentrale in connection with the Series 2001C Bonds (collectively, the Initial Liquidity Facilities). The Initial Liquidity Facilities are scheduled to expire on January 10, 2005, unless extended or earlier terminated (in certain cases without notice or without the obligation of the related Liquidity Facility Issuer to purchase Series 2001B and C Bonds that are subject to mandatory tender for purchase as a result of such termination) in accordance with their terms as described in this official statement. The Initial Liquidity Facilities do not provide security for the payment of principal of or interest or premium, if any, on the Series 2001B and C Bonds, and the funds drawn thereunder may not be used for such purposes.

Payment of principal and interest, but not purchase price, on the Series 2001B and C Bonds when due will be insured by a Financial Guaranty Insurance Policy to be issued by Ambac Assurance Corporation simultaneously with the execution and delivery of the Series 2001B and C Bonds.

Ambac

Upon compliance with the conditions described under SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION, TBTA may, without the consent of any owners of Series 2001B and C Bonds, substantially change the security for the Series 2001B and C Bonds by substituting the terms and provisions of the Proposed TBTA Resolution, together with any changes thereto, for the terms and provisions of the Existing TBTA Resolution. The Proposed TBTA Resolution, among other things, eliminates certain reserve funds. TBTA currently expects to exercise the right of substitution when certain conditions described herein are satisfied.

Price—100%

In the opinion of Hawkins, Delafield & Wood, Bond Counsel to TBTA, under existing law and relying on certain representations by TBTA and assuming the compliance by TBTA with certain covenants, interest on the Series 2001B and C Bonds is

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

Also in Bond Counsel's opinion, under existing law interest on the Series 2001B and C Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State.

The Series 2001B and C 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 December 19, 2001.

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 2001B and C Bonds. Investors are advised to read the entire official statement, including all portions hereof included by specific reference, to obtain information essential to making an informed decision.

Salomon Smith Barney

December 13, 2001

†See "DESCRIPTION OF SERIES 2001B AND C BONDS — Redemption Provisions During the Weekly Mode — *Sinking Fund Redemption*".

SUMMARY OF TERMS RELATING TO WEEKLY MODE*

INTEREST PAYMENT DATES AND CALCULATION PERIOD	Each January 1 and July 1, commencing January 1, 2002, on actual days over a 365-day year (366 in years when February has 29 days)
RECORD DATE	Business Day preceding Interest Payment Date
OWNERS' RIGHTS TO TENDER	On any Business Day by irrevocable written Tender Notice delivered to the Tender Agent and Remarketing Agent at their respective addresses specified below at least seven calendar days prior to Purchase Date
NOTICE OF MODE ADJUSTMENT; MODE ADJUSTMENT DATE	Trustee to mail notice to holder not later than 15 days preceding the date set for change to any other Interest Mode; Mode Adjustment Date can be any Business Day
MANDATORY TENDER FOR PURCHASE	On each Mode Adjustment Date, the Scheduled Tender Date, the Liquidity Facility Substitution Date, the Substitution of Security Date, the Sinking Fund Installment Deferral Date or the Special Mandatory Purchase Date
RATE DETERMINATION DATE	By 5:00 p.m. on December 26, 2001 and on each Tuesday thereafter, unless such Tuesday is not a Business Day, in which case the rate shall be set on the next succeeding day, or if such day is not a Business Day, the Business Day next preceding such Tuesday
RATE ADJUSTMENT DATE	December 26, 2001 and, thereafter, Wednesday of each week
TENDER AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE	U.S. Bank Trust National Association 100 Wall Street New York, New York 10005 and a copy to: U.S. Bank Trust National Association 180 East Fifth Street St. Paul, Minnesota 55101 Attn: TFM New York
REMARKETING AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE	Salomon Smith Barney Inc. 390 Greenwich Street New York, New York 10013 Attn: Short Term Trading

* So long as the Series 2001B and C 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.

Triborough Bridge and Tunnel Authority

TRIBOROUGH STATION, BOX 35

New York, New York 10035

(212) 360-3000

Website: www.mta.info

Peter S. Kalikow *Chairman*
David S. Mack..... *Vice-Chairman*
Ronnie P. Ackman *Non-Voting Member*
Nancy Shevell Blakeman.....*Member*
Anthony J. Bottalico *Non-Voting Member*
Kenneth A. Caruso *Member*
Thomas J. Cassano *Non-Voting Member*
Beverly L. Dolinsky *Non-Voting Member*
Edward B. Dunn *Member*
Barry Feinstein *Member*
Alan B. Friedberg *Member*
Lawrence W. Gamache *Member*
James H. Harding, Jr *Member*
Robert M. Harding *Member*
Joseph Rutigliano *Non-Voting Member*
Ernest J. Salerno..... *Member*
Andrew M. Saul *Member*
James L. Sedore, Jr *Member*
James S. Simpson..... *Member*
Edward A. Vrooman *Member*
Rudy Washington *Member*
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New York, New York
Consulting Engineers

Summary of Terms

TBTA has prepared this Summary of Terms to describe the specific terms of the Series 2001B and C Bonds. The information in this official statement, including the materials filed with the repositories and included by specific reference as described herein, provides a more detailed description of matters relating to TBTA and to TBTA's General Purpose Variable Rate Revenue Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the bonds being offered.

Issuer	Triborough Bridge and Tunnel Authority, a public benefit corporation of the State of New York.
Bonds Being Offered	General Purpose Variable Rate Revenue Bonds, Series 2001B and C.
Purpose of Issue.....	The Series 2001B and C Bonds are being issued to refund certain outstanding TBTA General Purpose Revenue Bonds.
Details.....	TBTA is issuing the Series 2001B and C Bonds maturing on January 1, 2032 in the aggregate principal amounts shown on the cover of this official statement. The Series 2001B and C Bonds constitute Variable Interest Rate Bonds and will bear interest from their date of delivery in the Weekly Mode as herein described. TBTA reserves the right at any time to convert to a Daily Mode, Long-Term Mode or Fixed Mode.
Denominations in Weekly Mode	\$100,000 or any integral multiple of \$5,000 in excess thereof.
Interest Payment Dates	January 1 and July 1, commencing January 1, 2002.
Redemption.....	<i>See</i> REDEMPTION PROVISIONS DURING THE WEEKLY MODE <i>in Part I</i> for redemption information.
Tender.....	<i>See</i> TENDER, PRESENTATION AND PURCHASE PROVISIONS OF THE SERIES 2001B AND C BONDS DURING THE WEEKLY MODE <i>in Part I</i> for tender provisions.
Sources of Payment and Security	Generally, the tolls on the bridges and tunnels operated by TBTA after the payment of operating expenses. In addition, TBTA has purchased a financial guaranty insurance policy securing payment of principal of and interest on, but not purchase price of, the Series 2001B and C Bonds..
Initial Liquidity Facilities	In order to provide for the payment of purchase price in the event of a mandatory or optional tender, as described herein, TBTA has entered into a standby bond purchase agreement with respect to each of the Series 2001B and C Bonds (collectively, the Initial Liquidity Facilities). Series 2001B Standby Bond Purchase Agreement – State Street Bank and Trust Company. Series 2001C Standby Bond Purchase Agreement – Bayerische Landesbank Girozentrale. The Initial Liquidity Facilities are scheduled to expire on January 10, 2005, unless extended or earlier terminated (in certain cases without notice or without obligation of the related Initial Liquidity Facility Issuer to purchase Series 2001B and C Bonds that are subject to mandatory tender for purchase as a result of such termination) in accordance with their terms as described herein. The Initial Liquidity Facilities do not provide security for the payment of principal of and interest or premium, if any, on the Series 2001B and C Bonds, and the funds drawn thereunder may not be used for such purpose.
Credit Enhancement	Financial guaranty insurance policy from Ambac Assurance Corporation.

Substitution of Security	Upon compliance with the conditions described under SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION <i>in Part II</i> , TBTA may, without the consent of any owners of Series 2001B and C Bonds, substantially change the security for the Series 2001B and C Bonds by substituting the terms and provisions of the Proposed TBTA Resolution, together with any changes thereto, for the terms and provisions of the Existing TBTA Resolution. The Proposed TBTA Resolution, among other things, eliminates certain reserve funds. TBTA currently expects to exercise the right of substitution when the conditions described herein are satisfied.
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	U.S. Bank Trust National Association. The Trustee may be replaced as provided in SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION.
Bond Counsel	Hawkins, Delafield & Wood.
Tax Status	Interest excluded from federal gross income and exempt from personal income taxes of the State of New York or any of its political subdivisions. <i>See TAX MATTERS in Part III.</i>
Series 2001B Ratings.....	Moody's – Aaa/VMIG 1 Standard & Poor's – AAA/A-1+ <i>See RATINGS in Part III.</i>
Series 2001C Ratings.....	Moody's – Aaa/VMIG 1 Standard & Poor's – AAA/A-1+ <i>See RATINGS in Part III.</i>
Financial Advisor	Goldman, Sachs & Co.
Verification Agent	Samuel Klein and Company.
Underwriter/Remarketing Agent	Salomon Smith Barney Inc.
Purchase Price/Underwriter's Discount.....	<i>See UNDERWRITING in Part III.</i>
Counsel to the Underwriter.....	Holland & Knight LLP.
MTA Special Counsel	Nixon Peabody LLP.

- ***No Unauthorized Offer.*** This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2001B and C Bonds, in any jurisdiction where that would be unlawful. TBTA has not authorized any dealer, salesperson or anyone else to give any information or make any representation in connection with the offering of the Series 2001B and C 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 2001B and C 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 TBTA's affairs or in any other matters described.
- ***Forward-Looking Statements.*** Many statements contained in this official statement, including the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on TBTA's beliefs, as well as assumptions made by, and information currently available to, the management and staff of TBTA. 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", "budget", "estimate", "expect", "objective", "projection", "forecast", "goal" 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.
- ***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.
- ***SEC Rule 15c2-12.*** SEC Rule 15c2-12 does not require TBTA to enter into a written agreement for the benefit of holders of the Series 2001B and C Bonds to provide continuing disclosure during the period that such Series 2001B and C Bonds bear interest in the Weekly Mode.

The Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Series 2001B and C 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.

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Attachment 1 – Addendum to **Appendix A** dated December 13, 2001

Attachment 2 – Summary of Certain Provisions of the Series 2001B and C Series Resolution and Series Certificate

Attachment 3 – Summary of Certain Provisions of the Proposed TBTA Resolution, including Standard Resolution Provisions

Attachment 4 – Book-Entry Only System

Attachment 5 – Form of Opinion of Bond Counsel

Attachment 6 – Update Letter of Consulting Engineers (update to **Appendix M**)

Attachment 7 – Form of Specimen Financial Guaranty Insurance Policy

Attachment 8 – Initial Liquidity Facility Issuers

Information Included by Specific Reference. The following portions of MTA's 2001 Combined Continuing Disclosure Filings, dated April 27, 2001, and filed with the repositories identified in the Introduction to this official statement, are included by specific reference in this official statement, along with material that updates this official statement or any such portions 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 2001B and C Bonds, together with any supplements or amendments thereto:

- **Appendix A** – The Related Entities (*See also Attachment 1* – Addendum to **Appendix A**)
- **Appendix D** – Audited Financial Statements of Triborough Bridge and Tunnel Authority for the Years Ended December 31, 2000 and 1999
- **Appendix I** – TBTA General Purpose Revenue Bonds – Summary of Certain Provisions of the 1980 Resolution
- **Appendix M** – Projection of Traffic, Toll Revenues and Expenses and Review of Physical Condition of the Facilities of Triborough Bridge and Tunnel Authority.

INTRODUCTION

Unless otherwise noted, the terms used in this official statement are the terms as used and defined in the Existing TBTA Resolution and *not* the Proposed TBTA Resolution. The same term may be used in both the Existing TBTA Resolution and the Proposed TBTA Resolution but may have different meanings.

TBTA, MTA and Other Related Entities

Triborough Bridge and Tunnel Authority, or TBTA, is 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”. TBTA is empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. TBTA issues debt obligations to finance the capital costs of its facilities and the transit and commuter systems operated by other affiliates and subsidiaries of the Metropolitan Transportation Authority, or MTA. TBTA’s surplus amounts are used to fund transit and commuter operations and capital projects. The board members of MTA also serve as the board members of MTA’s affiliates and subsidiaries, including TBTA.

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

MTA, TBTA and the other related entities are described in detail in **Appendix A** to MTA’s 2001 Combined Continuing Disclosure Filings, which is included by specific reference in this official statement. **Attachment 1** is an Addendum to **Appendix A** that updates **Appendix A**. **Appendix A**, together with **Attachment 1**, is referred to throughout as **Appendix A**.

Terrorist Attack on World Trade Center

As more fully described in **Attachment 1**, certain portions of the MTA regional transportation operations were affected by the terrorist attack on the World Trade Center (WTC). The most significant infrastructure damage includes the subway tunnel running beneath the WTC on the #1 and #9 subway lines that will need to be completely rebuilt, along with the related stations and infrastructure, and damage to the N/R Line Cortlandt Street Station. The current estimate of property damage to the transit system is \$855 million. The MTA currently expects that insurance coverage in the amount of approximately \$1.5 billion (subject to a \$15 million deductible) and federal disaster assistance funds will cover substantially all of the property and business interruption losses related to this event. Bridges and tunnels operated by TBTA suffered no structural damage; however, certain bridges and tunnels, particularly the Brooklyn-Battery Tunnel and the Queens Midtown Tunnel, are subject to sporadic closings and restrictions on traffic coordinated by federal, state and local agencies.

MTA continues to assess the long-term impact of, among other things, the attack and its aftermath on state subsidies generated by regional economic transactions, such as the regional sales and use tax and certain business taxes. All estimates of the adverse impact on the MTA and the regional economy are of necessity preliminary and are subject to adjustment as more information becomes available. As more information becomes known, MTA expects to provide revised estimates in its periodic filings with the municipal market and may provide more frequent updates as the fiscal and economic ramifications of the terrorist attack become more clear. No assurance can be given that the amounts available under the insurance policies and from FEMA and SEMO will be sufficient to compensate MTA and the Related Entities in full for the aggregate damages caused by the attack on WTC, including loss of revenues and increases in expenses.

See Attachment 1 for more information relating to the damage caused by the attack on WTC and its impact on MTA and the Related Entities.

Where to Find Information

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

- This **Introduction** provides the background and process for the restructuring of public debt securities by MTA and its affiliates, TBTA and the Transit Authority.
- **Part I** provides specific information about the Series 2001B and C Bonds.
- **Part II** describes the sources of payment and security for all TBTA General Purpose Revenue Bonds, including the Series 2001B and C Bonds, prior to the substitution of the Proposed TBTA Resolution for the Existing TBTA Resolution, and a description of the conditions that must be satisfied before the substitution can occur.
- The section entitled SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION in **Part II** describes the ability to make changes to the Proposed TBTA Resolution prior to any substitution, as well as the conditions that must be satisfied before any substitution.
- **Part III** provides miscellaneous information relating to the Series 2001B and C Bonds.
- **Attachment 1** is an addendum to **Appendix A** and includes an update to certain information contained in **Appendix A** that TBTA deems relevant to the Series 2001B and C Bonds.
- **Attachment 2** includes a summary of certain provisions of the Series 2001B and C Series Resolution and Series Certificate.
- **Attachment 3** includes a summary of certain provisions of the current version of the Proposed TBTA Resolution and Standard Resolution Provisions.
- **Attachment 4** sets forth certain provisions applicable to the book-entry system of registration to be used for the Series 2001B and C Bonds.
- **Attachment 5** is the form of opinion of Bond Counsel in connection with the Series 2001B and C Bonds.
- **Attachment 6** is a letter from the Consulting Engineers updating its report set forth as **Appendix M** to the MTA's 2001 Combined Continuing Disclosure Filings.
- **Attachment 7** is the form of the specimen municipal bond insurance policy.
- **Attachment 8** sets forth certain information relating to the Initial Liquidity Facility Issuers.
- **Information Included by Specific 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 and TBTA file annual and other information with each Nationally Recognized Municipal Securities Information Repository. Documents filed by MTA and TBTA should be available from those repositories designated as such at the time of the filing. The repositories may charge a fee for access to those documents. The current repositories are as follows:

Bloomberg Municipal Repository

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

FT Interactive Data

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

DPC Data Inc.

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

Standard & Poor's J.J. Kenny Repository

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 Reference. The information listed in the Table of Contents, as filed with the repositories to date, is “included by specific reference” in this official statement. This means that important information is disclosed by referring to those documents that are considered to be part of this official statement. **This official statement, which includes those filings and may include filings to be made, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2001B and C Bonds.**

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

Overview of the Debt Restructuring Program

Background. As part of the process of determining funding sources for its transit and commuter capital programs for the years 2000-2004, and in order to increase bonding capacity, release existing reserve funds and simplify its current credit structure, the MTA developed a program to restructure its, the Transit Authority’s and TBTA’s debt by consolidating most existing credits into four principal new credits:

- MTA Transportation Revenue Bonds
- TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds
- MTA Dedicated Tax Fund Bonds
- MTA State Service Contract Bonds

The restructuring is designed to allow more efficient operations and to provide for modernized, flexible, cost-effective access to capital. The most significant change is the consolidation of the previously separate commuter and transit farebox credits into one resolution, creating the new MTA Transportation Revenue Obligation Resolution.

The actual results of the restructuring will depend upon many factors, including market conditions at the time of each element of the restructuring. There is no assurance that all the goals of the restructuring and the amount of new bonding capacity assumed, as described below, will be successfully achieved.

MTA plans to accomplish the objectives of the restructuring through the following actions.

1. Defeasance of Old Credits. MTA, the Transit Authority and TBTA will be refunding and defeasing substantially all of their outstanding debt and consolidating most of their existing credits. Portions of the restructuring may be accomplished by issuing bonds under the existing resolutions that permit the substitution of the terms and provisions of the new resolutions for the existing resolutions upon the satisfaction of certain conditions, similar to the Series 2001B and C Bonds. The following credits described in more detail under the caption “Public Debt Securities” in **Appendix A** are expected to be defeased in full upon completion of the debt restructuring, and once all of the new resolutions have been approved by the Metropolitan Transportation Authority Capital Program Review Board (Review Board) and adopted by the MTA board, no other bonds or notes will be issued under those resolutions:

- “Old Farebox Bonds” —
 - MTA Transit Facilities Revenue Bonds
 - MTA Commuter Facilities Revenue Bonds
 - MTA Subordinated Commuter Facilities Revenue Bonds (Grand Central Terminal Redevelopment Project)
 - Transit Authority Subordinated Transit Facilities Revenue Bonds (Livingston Plaza Project)

- “Old TBTA Bonds” —
 - TBTA General Purpose Revenue Bonds (Existing TBTA Resolution)
 - TBTA 1991 Mortgage Recording Tax Special Obligation Bonds
 - TBTA 1988 Mortgage Recording Tax Special Obligation Bonds (no bonds or notes are currently outstanding)
 - TBTA Beneficial Interest Certificates
 - TBTA 1994 Subordinated Special Obligation Bonds

- “Other Old MTA Bonds”¹ —
 - MTA Dedicated Tax Fund Bonds (1995 Resolution)
 - MTA Transit Facilities Service Contract Bonds (1982 and 1987 Resolutions)
 - MTA Commuter Facilities Service Contract Bonds (1982 and 1987 Resolutions)

The Series 2001B and C Bonds are being issued under the Existing TBTA Resolution to refund certain outstanding TBTA General Purpose Revenue Bonds. If TBTA is successful in securing the approval of the Review Board,

- upon compliance with the conditions described under SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION, TBTA may, without the consent of any owners of Series 2001B and C Bonds, substantially change the security for the Series 2001B and C Bonds by substituting the terms and provisions of the Proposed TBTA Resolution, together with any changes thereto, for the terms and provisions of the Existing TBTA Resolution, and

- the Series 2001B and C Bonds will thereafter be secured in accordance with the terms and provisions of the Proposed TBTA Resolution, together with any changes thereto.

(a) Completion of Various Financings Prior to the Commencement of the Debt Restructuring – DTF Bonds and certain TBTA Bonds to be issued under the existing resolutions with provisions to substitute new resolutions after Review Board approval. Due to the need for capital and advantageous market conditions, MTA recently issued \$554,105,000 Dedicated Tax Fund Bonds, Series 2001A (the DTF Series 2001A Bonds) under the existing DTF Resolution to finance new transit and commuter projects, which bonds permit the substitution of the terms and provisions of a proposed DTF Resolution after Review Board approval.

In a similar manner, TBTA recently issued \$1,125,720,000 General Purpose Revenue Bonds, Series 2001A (the TBTA Series 2001A Bonds) under the Existing TBTA Resolution as long-term financing for the \$1 billion TBTA General Purpose Revenue Bond Anticipation Notes, Series 2001A, maturing January 17, 2002, which bonds permit the substitution of the terms and provisions of the Proposed TBTA Resolution for the Existing TBTA Resolution. The Series 2001B and C Bonds are being issued with the same substitution of resolution provisions as the TBTA Series 2001A Bonds. The Series 2001B and C Bonds are required to be issued by a forward interest rate swap agreement entered into on February 24, 1999, as more fully described in **Appendix A** under the caption PUBLIC DEBT SECURITIES – Swap Agreements.

¹ MTA and TBTA do not currently intend to refund and defease any of the “2 Broadway Certificates of Participation”, the “MTA Excess Loss Fund Special Obligation Bonds”, or the “TBTA Convention Center Project Bonds”, as part of the debt restructuring. Those obligations are also described under the caption “Public Debt Securities” in **Appendix A**.

(b) First Phase of the Debt Restructuring – MTA Transportation Bonds and remaining TBTA Bonds. After the approval by the Review Board of the new resolutions, in addition to substituting the new resolutions for the existing resolutions as described above, MTA expects to refund and defease in full the Old Farebox Bonds and the remaining Old TBTA Bonds by issuing MTA Transportation Revenue Bonds, TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds.

- MTA and TBTA currently expect to first seek tenders of certain series and maturities of the Old Farebox Bonds and the Old TBTA Bonds (except for the TBTA Beneficial Interest Certificates) in exchange for new MTA Transportation Revenue Bonds or new TBTA General Revenue Bonds, respectively, or cash.
- Not all of the Old Bonds tendered for exchange or purchase may be accepted by MTA and TBTA. Once MTA and TBTA have decided which of the Old Bonds tendered will be accepted for exchange or cash purchase and how much available cash will be applied by MTA and TBTA to defease other debt, MTA will determine the amount of taxable and tax-exempt debt that will be necessary in order to refund in full all remaining obligations and terminate the old resolutions.
- Once bonds offered for tender have been accepted and available cash has been applied, MTA and TBTA will structure the issuance of MTA Transportation Revenue Bonds, TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds in order to refund the Old Farebox Bonds and Old TBTA Bonds and defease the resolutions pursuant to which they were issued.

(c) Outstanding Old Farebox Bonds and Old TBTA Bonds to be Restructured. The debt to be restructured by the MTA Transportation Revenue Bonds includes the following:

- approximately \$4.43 billion of Old Farebox Bonds,
- \$750 million of commercial paper issued in the form of Old Farebox bond anticipation notes (to be refunded with new commercial paper in the form of MTA Transportation Revenue bond anticipation notes), and
- \$807,190,000 of TBTA 2000A bond anticipation notes maturing on January 1, 2003 (these notes were sold with provisions that permit TBTA to issue bonds under a new TBTA resolution subject to the satisfaction of certain conditions described in the notes, but it is currently expected that these notes will be refinanced with the proceeds of the new Transportation Revenue Bonds).

The debt to be restructured by TBTA General Revenue Bonds and new TBTA Subordinate Revenue Bonds includes the following:

- approximately \$3.21 billion of fixed rate Old TBTA General Purpose Revenue Bonds,
- approximately \$108 million of variable rate Old TBTA General Purpose Revenue Bonds, and
- approximately \$670 million of subordinated Old TBTA Bonds.

The following TBTA bonds contain provisions permitting the substitution of resolutions, which substitution is expected to take place at or about the time the Existing TBTA Resolution is defeased:

- \$1.126 billion of Series 2001A Bonds,
- these Series 2001B and C Bonds, and
- \$526 million Special Obligation Variable Rate Refunding Bonds, Series 2000A-Series 2000D.

MTA expects that, not including the new money capacity resulting from the restructuring described below and not including bonds that provide for resolution substitution, it will issue the following approximate aggregate principal amounts of refunding bonds of each of these new credits to accomplish the above-referenced defeasances and tenders:

- MTA Transportation Revenue Bonds -- \$4.6 billion
- TBTA General Revenue Bonds -- \$3.0 billion
- TBTA Subordinate Revenue Bonds -- \$598 million

(d) Release of Existing Reserve Funds. Once the restructuring of the Old Farebox Bonds has been accomplished, approximately \$356 million in reserves under the old farebox resolutions will be released to the MTA, and once the restructuring of the Old TBTA Bonds has been accomplished, approximately \$413 million in reserves under the old TBTA resolutions will be released to TBTA. It is expected that all released reserves, including approximately \$160 million expected to be released under the Existing DTF Resolution and \$124 million expected to be released under the old State Service Contract Resolutions, will be used to finance transit and commuter capital projects.

(e) Second Phase of the Debt Restructuring – Dedicated Tax Fund Bonds and State Service Contract Bonds. After refunding the Old Farebox Bonds and the Old TBTA Bonds, and at or about the time that the new resolutions are substituted as security for the existing bond resolutions in accordance with the terms of the DTF Series 2001A Bonds, the TBTA Series 2001A Bonds and these Series 2001B and C Bonds as described above, MTA expects to refund and defease the old Dedicated Tax Fund Bonds and the old State Service Contract Bonds by issuing new MTA Dedicated Tax Fund Bonds and new State Service Contract Bonds, respectively.

(f) Types of Debt to be Issued During the Restructuring. MTA expects that the new debt for refunding purposes issued under the new resolutions will consist of a combination of tax-exempt and taxable debt, including both fixed-rate and variable-rate debt within each category, as well as commercial paper, in amounts depending upon, among other things, the amount of bonds accepted by MTA and TBTA for exchange and purchase through the tender process, as well as existing market conditions at the time of issuance.

2. Additional New Money Bond Capacity for Capital Programs. One of the goals of the debt restructuring is to increase bonding capacity to provide additional sources of funds for the capital needs of the transit and commuter systems and TBTA facilities in accordance with their approved five-year capital programs.

General Statutory Requirements. The MTA Act requires MTA to submit to the Review Board for its approval successive five-year capital programs, one for the transit system and SIRTOA and the other for the commuter system. TBTA has its own capital program relating to TBTA facilities that covers the same time period but it is not subject to approval by the Review Board. The MTA Act limits the amount of debt that can be issued by MTA, TBTA and the Transit Authority for transit and commuter projects, but not for TBTA facilities.

More detailed information relating to the 2000-2004 transit and commuter capital programs is set forth in **Appendix A** under the caption 2000-2004 FINANCIAL PLAN AND 2000-2004 CAPITAL PROGRAMS.

Status of Existing Approved Capital Programs. The Review Board has approved both the transit and commuter capital programs for the years 2000-2004, but the failure of the voters to approve the State Bond Act in November 2000 has left the sources listed in the approved programs to complete the capital programs deficient by approximately \$1.6 billion. The TBTA capital program assumes the issuance of approximately \$1 billion of TBTA bonds to finance TBTA facilities during the five-year period.

The transit and commuter capital programs for 2000-2004, which were approved before the defeat of the State Bond Act, include the following sources of funds:

- approximately \$6.3 billion of new money bonds; and
- approximately \$3 billion to be derived from the debt restructuring, consisting of
 - \$1 billion resulting from debt service reserve funds released from the old resolutions, and
 - \$2 billion from new money capacity resulting from the restructuring of all of the credits.

Substantial portions of the new money bonds are not expected to be issued until after 2004.

As appropriate, MTA and the Review Board will amend the transit and commuter capital programs from time to time to reflect the level of funding available to pay for the capital projects anticipated to be undertaken during the time period covered by the approved programs. In addition, amendments may be required to reflect certain projects undertaken in connection with the terrorist attack on WTC.

MTA Financial Plan. The amount of new money capacity that is expected to be generated by the debt restructuring will vary depending upon market conditions and other factors existing at the time of the issuance of the refunding and new money debt. Due mainly to improved market conditions since the time the capital programs were approved, the amount of MTA new money that can be issued as a result of the debt restructuring has increased from \$2 billion to \$3.5 billion, thereby substantially eliminating the deficiency of sources listed in the Review Board-approved transit and commuter capital programs caused by the defeat of the State Bond Act.

Changes in market conditions and other factors since the adoption of the financial plan may cause the amount of new money capacity estimated in the current MTA financial plan to change. However, it is expected that

- the maximum annual debt service on
 - the debt issued to defease the existing resolutions, plus
 - \$3.5 billion in new money capacity generated by the restructuring**will not be greater than**
- the maximum annual debt service on the existing bonds being restructured.

It is expected that new money bonds issued to fund transit and commuter projects will be Transportation Revenue Bonds, Dedicated Tax Fund Bonds, State Service Contract Bonds and TBTA Subordinate Revenue Bonds and that new money bonds issued to fund TBTA facilities will be TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds.

3. *Additional Debt to be Issued.* In addition to the debt to be issued to defease the old resolutions and the debt representing new money capacity expected to result from the restructuring for the 2000-2004 transit and commuter capital programs, and \$1 billion for TBTA facilities, MTA expects to issue during the 2000-2004 period approximately \$1.8 billion of MTA new money debt for the projects contained in the 1995-1999 transit and commuter capital programs, approximately \$1.2 billion of which consists of bonds to be issued as long-term financing for \$750 million of transit and commuter commercial paper referred to under "Outstanding Old Farebox Bonds and Old TBTA Bonds to be Restructured" and \$450 million of TBTA bond anticipation notes included in the \$807,190,000 TBTA bond anticipation notes referred to in the same heading. Approximately \$350 million of the proceeds of the recent DTF Series 2001A Bonds are expected to be applied to projects contained in the 1995-1999 transit capital program, thereby reducing the amount of new money bonds yet to be issued for 1995-1999 projects to \$250 million.

It is expected that new money bonds issued for these purposes will be Transportation Revenue Bonds and Dedicated Tax Fund Bonds.

PART I. SERIES 2001B AND C BONDS

Part I of this official statement, together with the Summary of Terms on page ii, provides specific information about the Series 2001B and C Bonds.

REFUNDING PLAN AND APPLICATION OF PROCEEDS

The Series 2001B and C Bonds are being issued to refund the following TBTA General Purpose Revenue Bonds, Series X in the aggregate principal amount of \$293,095,000 (the Refunded Bonds) on or about January 22, 2002 at the Redemption Prices indicated:

Refunding Plan

<u>Maturity (January 1)</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Redemption Price</u>
2004	\$17,900,000	6.250%	101.5%
2005	22,605,000	6.375	101.5
2006	24,060,000	6.000	100.0
2007	25,525,000	6.000	100.0
2008	27,070,000	6.000	100.0
2013	51,885,000	6.000	100.0
2014	54,940,000	6.000	100.0
2015	13,910,000	6.500	101.5
2016	14,840,000	6.500	101.5
2017	15,845,000	6.500	101.5
2018	16,915,000	6.500	101.5
2019	7,600,000	6.500	101.5

The proceeds of the Series 2001B and C Bonds (exclusive of financing, bond insurance, legal and miscellaneous expenses of approximately \$2,330,000), together with other moneys, will be held uninvested or used to acquire direct obligations of, or obligations guaranteed by, the United States of America (the Investment Securities), the principal of and interest on which, when due, together with any uninvested amounts, will provide U.S. Bank Trust National Association, the Trustee under the Existing TBTA Resolution, moneys sufficient to pay the redemption price on the Refunded Bonds and the interest to become due on such Refunded Bonds on their redemption date.

The Investment Securities and such other moneys will be deposited with the Trustee upon the issuance and delivery of the Series 2001B and C Bonds and will be held in trust for the payment of the redemption price and interest on the Refunded Bonds. Upon making such deposit with the Trustee and the issuance of certain irrevocable instructions to the Trustee pursuant to the Existing TBTA Resolution, the Refunded Bonds will, under the terms of the Existing TBTA Resolution, be deemed to have been paid and will no longer be Outstanding (as defined in the TBTA Resolution) and will cease to be entitled to any lien, benefit or security under the Existing TBTA Resolution.

In anticipation of the issuance of a like principal amount of the Series 2001B and C Bonds, TBTA entered into a forward interest rate swap agreement (the Swap Agreement) in 1999 in an aggregate notional amount of \$296,400,000 with Salomon Brothers Holding Company Inc that becomes effective on January 1, 2002. In exchange for an upfront payment, the Swap Agreement requires TBTA to pay a fixed rate of 5.777% per annum.

DESCRIPTION OF SERIES 2001B AND C BONDS

Unless the context otherwise indicates, references in the following description to the “Series 2001B and C Bonds” apply to the Series 2001B Bonds and the Series 2001C Bonds independently. The Series 2001B Bonds and the Series 2001C Bonds are secured by separate Initial Liquidity Facilities with different Initial Liquidity Facility Issuers. Actions may be taken, or determinations made, with respect to one Series that are not taken or made with respect to the other.

General

Variable Rate Bonds. The Series 2001B and C Bonds will be dated their date of delivery and will mature on January 1, 2032*. The Series 2001B and C Bonds will constitute Variable Interest Rate Bonds and will bear interest from their date of delivery in the Weekly Mode. The Series 2001B and C Bonds in the Weekly Mode will bear interest from the date of issuance to and including December 25, 2001 at a rate set forth in the Series Certificate and, thereafter, at the rate determined by the Remarketing Agent as described below. **This official statement is intended to provide disclosure only to the extent the Series 2001B and C Bonds remain in the Weekly Mode.**

Interest on the Series 2001B and C 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, for the period to which such interest relates for the Series 2001B and C Bonds subject to the Weekly Mode. The maximum rate of interest on the Series 2001B and C Bonds (other than Bank Bonds, as hereinafter described) at any time, whether before or after the maturity thereof, is 12% per annum (the Maximum Bond Rate). “Bank Bonds” are Series 2001B and C Bonds held by the Liquidity Facility Issuer as a result of a draw on the Liquidity Facility to pay the Purchase Price of Series 2001B and C Bonds that have been tendered and not remarketed and may bear interest at a rate of up to 25% per annum.

TBTA has appointed Salomon Smith Barney Inc. as Remarketing Agent in connection with the remarketing of the Series 2001B and C Bonds. The Remarketing Agent will determine the interest rate on each series of the Series 2001B and C Bonds separately and will remarket Series 2001B and C Bonds tendered or required to be tendered for purchase on a best efforts basis. The Remarketing Agent may be removed or replaced by TBTA for either or both series in accordance with the separate Remarketing Agreements and the Swap Agreement.

Payment of Series 2001B and C Bonds Purchase Price. The Purchase Price of the Series 2001B Bonds that are tendered and not remarketed on any Purchase Date is payable pursuant to a standby bond purchase agreement (the Series 2001B Initial Liquidity Facility), by and among State Street Bank and Trust Company (the Series 2001B Initial Liquidity Facility Issuer), TBTA and U.S. Bank Trust National Association, acting as Tender Agent with respect to the Series 2001B Bonds (the Series 2001B Tender Agent). The Purchase Price of the Series 2001C Bonds that are tendered and not remarketed on any Purchase Date is payable pursuant to a standby bond purchase agreement (the Series 2001C Initial Liquidity Facility; the Series 2001B Initial Liquidity Facility and the Series 2001C Initial Liquidity Facility being collectively referred to herein as the Initial Liquidity Facilities), by and among Bayerische Landesbank Girozentrale (the Series 2001C Initial Liquidity Facility Issuer; the Series 2001B Initial Liquidity Facility Issuer and the Series 2001C Initial Liquidity Facility Issuer being collectively referred to herein as the Initial Liquidity Facility Issuers), TBTA and U.S. Bank Trust National Association, acting as Tender Agent with respect to the Series 2001C Bonds (the Series 2001C Tender Agent; the Series 2001B Tender Agent and the Series 2001C Tender Agent being collectively referred to herein as the Tender Agents). The Initial Liquidity Facilities are obligations of the individual banks as described herein, and one bank is not responsible for the obligations of the other bank under the Initial Liquidity Facilities. The obligations of the Initial Liquidity Facility Issuers to purchase Series 2001B and C Bonds are subject to the satisfaction of certain conditions and may be terminated or suspended, in certain instances without notice or without the obligation of the related Liquidity Facility Issuer to purchase Series 2001B and C Bonds that are subject to mandatory tender for purchase as a result of such termination. *See DESCRIPTION OF SERIES 2001B AND C BONDS – Liquidity Facilities below.*

* See Redemption Provisions During the Weekly Mode – Sinking Fund Redemption *below*.

The Purchase Price on the Series 2001B Bonds is payable solely from the proceeds of remarketing the Series 2001B Bonds by Salomon Smith Barney Inc., acting as the Remarketing Agent with respect to the Series 2001B Bonds, and from the proceeds from draws under the Series 2001B Liquidity Facility; payment of the Purchase Price is not an obligation of TBTA, the Trustee, the Tender Agent or the Insurer and failure to make such payment shall not constitute an Event of Default under the Existing TBTA Resolution or, after the Substitution of Security Date, the Proposed TBTA Resolution. The Purchase Price on the Series 2001C Bonds is payable solely from the proceeds of remarketing the Series 2001C Bonds by Salomon Smith Barney Inc., acting as the Remarketing Agent with respect to the Series 2001C Bonds, and from the proceeds from draws under the Series 2001C Liquidity Facility; payment of the Purchase Price is not an obligation of TBTA, the Trustee, the Tender Agent or the Insurer and failure to make such payment shall not constitute an Event of Default under the Existing TBTA Resolution or, after the Substitution of Security Date, the Proposed TBTA Resolution. The Initial Liquidity Facilities are scheduled to expire on January 10, 2005, unless extended or earlier terminated (in certain cases without notice) in accordance with their respective terms. See DESCRIPTION OF SERIES 2001B AND C BONDS – Liquidity Facilities *below*.

Book-Entry Only System. The Series 2001B and C 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 2001B and C Bonds. During the period during which the Series 2001B and C 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 2001B and C Bonds, all payments on the Series 2001B and C 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 4 – Book-Entry Only System.**

Interest Payments. Interest on the Series 2001B and C Bonds is payable on each January 1 and July 1, commencing January 1, 2002. So long as DTC is the sole registered owner of all of the Series 2001B and C Bonds, all interest payments will go 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 2001B and C Bonds are fully registered in Authorized Denominations.

Transfers and Exchanges. So long as DTC is the securities depository for the Series 2001B and C Bonds, it will be the sole registered owner of the Series 2001B and C Bonds, and transfers of ownership interests in the Series 2001B and C Bonds will occur through the DTC Book-Entry Only System.

Trustee and Tender Agent. U.S. Bank Trust National Association is Trustee and Paying Agent and Tender Agent with respect to the Series 2001B and C Bonds. TBTA reserves the right to replace the trustee when the Proposed TBTA Resolution is substituted for the Existing TBTA Resolution.

Terms Relating to the Weekly Mode

Determination of Interest Rate in the Weekly Mode. The Weekly Rate for the Series 2001B and C Bonds in a Weekly Mode shall be determined by the Remarketing Agent at or before 5:00 P.M., New York City time, on December 26, 2001 and on each Tuesday thereafter or, if such Tuesday is not a Business Day, the next succeeding day or if such day is not a Business Day, the Business Day next preceding such Tuesday. Such interest rate shall be that interest rate which, in the sole and exclusive judgment of the Remarketing Agent, would equal (but not exceed) the interest rate necessary to enable the Remarketing Agent to sell such Series 2001B and C Bonds (exclusive of accrued interest, if any) on the relevant Rate Adjustment Date and for such Rate Period at a price equal to 100% of the principal amount thereof. The interest rate shall be effective on Wednesday and shall continue in effect through the next succeeding Tuesday, provided that if any Series 2001B and C Bonds subject to a Weekly Mode shall be converted to another Interest Mode prior to such Tuesday, such Weekly Mode for such Series 2001B and C Bond shall continue in effect only until the day preceding the applicable Mode Adjustment Date. For purposes of the foregoing, "Rate Adjustment" Date means December 26, 2001, and thereafter, Wednesday of each week, and, "Rate Period" means the period from and including Wednesday of one week to, but excluding, the next succeeding Wednesday.

Manner of Determining Interest Rate. In determining such interest rates, the Remarketing Agent shall have due regard for general financial conditions and such other conditions as, in the judgment of the Remarketing Agent, have a bearing on the interest rate on the Series 2001B and C Bonds, including the tender provisions applicable to the Series 2001B and C Bonds during the forthcoming Rate Period.

Binding Effect. Each determination of the interest rate for the Series 2001B and C Bonds, as provided herein, shall be conclusive and binding upon the holders of the Series 2001B and C Bonds of such series, TBTA, the Remarketing Agent, the Tender Agent, each Initial Liquidity Facility Issuer and the Trustee.

Tender, Presentation and Purchase Provisions of the Series 2001B and C Bonds During the Weekly Mode

Purchase on Demand of Holders of Series 2001B and C Bonds in Weekly Mode. Series 2001B and C Bonds, other than Bank Bonds and Series 2001B and C Bonds held by or for the benefit of TBTA, if any, in the Weekly Mode are subject to purchase on any Business Day on the demand of the Holder thereof, upon irrevocable Tender Notice delivered to the Tender Agent and the Remarketing Agent at their respective Principal Offices specified on the inside cover of this official statement not less than seven (7) calendar days prior to such Business Day (the Purchase Date) at a price equal to the par amount so tendered plus accrued interest (if the Purchase Date is not an Interest Payment Date thereto) (the Purchase Price). Such 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 such tender shall occur on the Business Day specified in such Tender Notice.

Mandatory Tender for Purchase on the Liquidity Facility Substitution Date, Special Mandatory Purchase Date, Scheduled Tender Date, Substitution of Security Date, Sinking Fund Installment Deferral Date or Mode Adjustment Date. The Series 2001B and C Bonds and Bank Bonds are subject to mandatory tender and purchase on each Liquidity Facility Substitution Date, Special Mandatory Purchase Date, Scheduled Tender Date, Substitution of Security Date, Sinking Fund Installment Deferral Date or Mode Adjustment Date.

A “Liquidity Facility Substitution Date”, with respect to each Series of Series 2001B and C Bonds, occurs on the earlier of (i) the second Business Day immediately preceding the day on which a Liquidity Facility terminates as a result of the substitution of such Liquidity Facility with a Substitute Liquidity Facility, or (ii) the Scheduled Tender Date, and such Liquidity Facility Substitution Date shall occur on the date noticed, whether or not the substitution actually occurs.

A “Special Mandatory Purchase Date”, with respect to each Series of Series 2001B and C Bonds, occurs on the Business Day that is specified as such by the related Liquidity Facility Issuer (which shall be at least two Business Days following the date of such notice and at least one Business Day prior to any termination or expiration of the Liquidity Facility) in the notice terminating the related Liquidity Facility that is given to the Tender Agent, or, in the absence of such specification by the related Liquidity Facility Issuer, on the fifteenth (15) Business Day following the receipt by the Tender Agent of the notice from such Liquidity Facility Issuer terminating the Liquidity Facility. *Each Initial Liquidity Facility provides that upon the occurrence of certain termination events under the related Initial Liquidity Facility, such Initial Liquidity Facility may be terminated by the related Liquidity Facility Issuer without notice or without the obligation of such Initial Liquidity Facility Issuer to purchase Series 2001B and C Bonds that are subject to mandatory tender for purchase as a result of such termination.* See “Liquidity Facilities—Immediate Termination Events”.

A “Scheduled Tender Date”, with respect to each Series of Series 2001B and C Bonds, occurs on the fifth Business Day preceding the Liquidity Facility Expiration Date.

A “Substitution of Security Date” occurs on the Business Day, with respect to all then-Outstanding Series 2001B and C Bonds, on which TBTA makes effective a substitution of the source of payment and security for the Series 2001B and C Bonds pursuant to and in accordance with the Existing TBTA Resolution and the Series Certificate.

A “Sinking Fund Installment Deferral Date” occurs on the Business Day on which one or more Sinking Fund Installments are deferred as described under *the heading* DESCRIPTION OF THE SERIES 2001B AND C BONDS – Redemption Provisions During Weekly Mode – Sinking Fund Redemption *below*.

A “Mode Adjustment Date”, with respect to each Series of Series 2001B and C Bonds, occurs on each Business Day on which an Interest Mode is changed from one Interest Mode to a different Interest Mode.

Manner and Timing of Payment for Tendered Bonds. Each Holder of any Series 2001B and C Bonds which are to be tendered shall be entitled to receive the proceeds of such tender by delivering such Series 2001B and C Bonds (with an appropriate transfer of registration form executed in blank) to the principal corporate trust office of the Tender Agent; provided that in order to receive payment by 4:30 p.m., New York City time on the Purchase Date, such delivery must be made at any time at or prior to 10:30 a.m., New York City time, on the Purchase Date with respect to such Series 2001B and C Bonds (or such other timing as is consistent with procedures of the Securities Depository). Holders of Series 2001B and C Bonds that are delivered to such principal corporate trust office of the Tender Agent after the time stated above shall not be entitled to receive payment from the Tender Agent of the Purchase Price until the later of the next Business Day following (i) the Purchase Date or (ii) the date of delivery of such Series 2001B and C Bonds. The Purchase Price of any such tendered Series 2001B and C Bonds shall be paid in immediately available funds. The Purchase Price of such tendered Series 2001B and C Bonds (or portions thereof in Authorized Denominations) shall be payable on the Purchase Date applicable thereto by the Tender Agent, but only from amounts received from the proceeds of remarketing or from the Liquidity Facility Issuer in immediately available funds by wire transfer to any Holder of at least one million dollars (\$1,000,000) aggregate principal amount of Series 2001B and C Bonds upon written notice from such Holder containing the wire transfer address (which shall be within the continental United States) to which such Holder wishes to have such wire directed, if such written notice is received with the applicable Tender Notice when such Tender Notice is delivered to the Tender Agent. On any date when Unremarketed Bonds are released to the Tender Agent, the Purchase Price of such Series 2001B and C Bonds released to the Tender Agent shall be paid by wire transfer, in immediately available funds, to the Liquidity Facility Issuer at the wire transfer address specified in the Liquidity Facility.

Redemption Provisions During the Weekly Mode

The Series 2001B and C Bonds are redeemable prior to maturity on such dates and at such prices during the Weekly Mode as are set forth below.

Sinking Fund Redemption

As described below, the following sinking fund redemption schedule may be revised.

The following schedule sets forth the aggregate principal amount of Series 2001B and C Bonds subject to sinking fund redemption in each year. The amount of Series 2001B and C Bonds of each such Series shall be pro rata with respect to each Series to the extent possible in Authorized Denominations, unless otherwise directed by an Authorized Officer.

The Series 2001B and C Bonds are subject to mandatory sinking fund redemption, in part (in accordance with procedures of DTC, so long as DTC is the Holder, and otherwise by lot in such manner as the Trustee in its discretion deems proper) on January 1 of each year in the table below, beginning January 1, 2003 at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amount of such Series 2001B and C Bonds as shown below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2003	\$ 200,000	2012	\$ 200,000
2004	18,200,000	2013	52,100,000
2005	22,900,000	2014	55,200,000
2006	24,200,000	2015	14,200,000
2007	25,700,000	2016	15,000,000
2008	27,300,000	2017	16,000,000
2009	200,000	2018	17,000,000
2010	200,000	2019	7,600,000
2011	200,000		

Notwithstanding the establishment of the foregoing Sinking Fund Installments, upon the written direction of an Authorized Officer delivered to the Trustee and Remarketing Agent together with a Favorable Opinion of Bond Counsel, a new schedule of Sinking Fund Installments shall be established such that all or any portions of any one or more Sinking Fund Installments (except to the extent any particular Sinking Fund Installments have been paid and applied to redeem Series 2001B and C Bonds) are deferred to January 1 of subsequent years occurring in amounts and in years occurring prior to the maturity date upon compliance with certain conditions.

Any such deferral occurring with respect to Series 2001B and C Bonds bearing interest at any rate other than a Fixed Rate shall result in a mandatory tender of such Series 2001B and C Bonds.

Before selecting any Series 2001B and C Bonds for sinking fund redemption, the Trustee shall first redeem Bank Bonds.

Optional Redemption. The Series 2001B and C 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 Holder, and otherwise by lot in such manner as the Trustee in its discretion deems proper), at any time, 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.

The Trustee shall not deliver a notice of redemption in respect of any Series 2001B and C Bonds called for redemption pursuant to the preceding paragraph, unless TBTA shall have paid or caused to be paid to the Trustee an amount which, in addition to other amounts available therefor and held by the Trustee, is sufficient to redeem, on the redemption date at a redemption price equal to 100% of the principal amount thereof, plus interest accrued and unpaid to the redemption date, all of the Series 2001B and C Bonds to be redeemed; such amounts shall either be held uninvested by the Trustee or be invested only in direct obligations of or obligations unconditionally guaranteed by the United States of America having a maturity date on or prior to the redemption date.

State and City Redemption. Pursuant to the TBTA Act, the State or the City, upon providing sufficient funds, may require TBTA to redeem the Series 2001B and C Bonds as a whole at the time and at the price and in accordance with the terms upon which the Series 2001B and C Bonds are otherwise redeemable.

Redemption Notices. So long as DTC is the securities depository for the Series 2001B and C Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Series 2001B and C Bonds are *not* held in book-entry form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Series 2001B and C 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. **Please note that all redemptions are final - even if beneficial owners did not receive their notice, and even if that notice had a defect.**

Redemption Process. If the Trustee gives a redemption notice and holds money to pay the redemption price of the affected Series 2001B and C Bonds, then on the redemption date the Series 2001B and C Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Series 2001B and C Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2001B and C Bonds.

Liquidity Facilities

General Description. The Series 2001B and C Bonds are, under certain conditions, subject to optional and mandatory tender for purchase from specified sources. *See* Tender Presentation and Purchase Provisions of the Series 2001B and C Bonds During the Weekly Mode *above*. The purchase by the Tender Agent of Series 2001B and C Bonds tendered or deemed tendered for optional or mandatory purchase (the Tendered Series 2001B and C Bonds) will be funded only from remarketing proceeds, and, to the extent not available, pursuant to the Series 2001B Initial Liquidity Facility with respect to the Series 2001B Bonds and the Series 2001C Initial Liquidity

Facility with respect to the Series 2001 C Bonds. The Initial Liquidity Facilities do not provide security for the payment of principal of and interest or premium, if any, on the Series 2001B and C Bonds, and the funds drawn thereunder may not be used for such purpose.

Unless the context otherwise indicates, references in the following descriptions to the “Series 2001B and C Bonds” apply to the Series B Bonds and Series 2001C Bonds independently and the references to “Initial Liquidity Facility” and “Initial Liquidity Facility Issuer” apply to the Series 2001B Initial Liquidity Facility and Series 2001B Initial Liquidity Facility Issuer or the Series 2001C Initial Liquidity Facility and the Series 2001C Initial Liquidity Facility Issuer, as appropriate.

Subject to certain conditions described below, the Initial Liquidity Facility Issuer will purchase from time to time during the period on or prior to January 10, 2005 (unless extended) from the date of delivery of the Series 2001B and C Bonds or earlier termination of the Initial Liquidity Facility, any Tendered Series 2001B and C 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 Series Certificate. The price to be paid by the Initial Liquidity Facility Issuer pursuant to the Initial Liquidity Facility for purchased Series 2001B and C Bonds will be equal to the aggregate principal amount of such Series 2001B and C Bonds plus accrued interest thereon (up to 187 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 2001B and C Bonds with amounts realized under the Initial Liquidity Facility, the commitment of the Initial Liquidity Facility Issuer to purchase Series 2001B and C Bonds shall be reduced by the Purchase Price and shall be reinstated by such amount upon the repurchase of such Series 2001B and C Bonds from the Initial Liquidity Facility Issuer, all in accordance with the Initial Liquidity Facility.

AS DESCRIBED BELOW, EACH INITIAL LIQUIDITY FACILITY PROVIDES THAT THE OBLIGATION OF THE RESPECTIVE INITIAL LIQUIDITY FACILITY ISSUER TO PURCHASE SERIES 2001B AND C BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE, MAY BE IMMEDIATELY TERMINATED UPON THE OCCURRENCE OF CERTAIN EVENTS WITHOUT NOTICE TO THE HOLDERS. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE SERIES 2001B AND C BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE. FAILURE TO PAY THE PURCHASE PRICE OF SERIES 2001B AND C BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE SHALL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE EXISTING TBTA RESOLUTION OR, AFTER THE SUBSTITUTION OF SECURITY DATE, THE PROPOSED TBTA RESOLUTION.

Neither of the Initial Liquidity Facilities provides security for the payment of principal of or interest or premium, if any, on the Series 2001B and C Bonds, and the funds drawn thereunder may not be used for such purposes.

Immediate Termination Events. The occurrence of certain termination events under the Initial Liquidity Facilities may result in an immediate termination of the Initial Liquidity Facility Issuers’ commitment to purchase Tendered Series 2001B and C Bonds or may entitle the Initial Liquidity Facility Issuer to terminate its obligations under the Initial Liquidity Facility. In the case of the following termination events, except as provided in the final paragraph of this section, the obligation of the Initial Liquidity Facility Issuer to purchase Tendered Series 2001B and C Bonds shall immediately terminate without notice or demand, and thereafter the Initial Liquidity Facility Issuer shall be under no obligation to purchase Tendered Series 2001B and C Bonds:

- (a) any principal or interest due on the Series 2001B and C Bonds is not paid by TBTA when due and such principal or interest is not paid by the Insurer when, as, and in the amounts required to be paid pursuant to the terms of the Insurance Policy; or
- (b) (i) any material provision of the Insurance Policy relating to the obligation of the Insurer to make payments thereunder at any time for any reason ceases to be valid and binding on the Insurer in accordance with the terms of the Insurance Policy or is declared to be null and void by the New York Department of Insurance or a final non-appealable order of a court or other governmental agency of appropriate jurisdiction, or (ii) the validity or enforceability thereof is contested by the Insurer in

writing or any governmental agency or authority, or the Insurer denies in writing that it has any or further liability or obligation under the Insurance Policy; or

- (c) certain acts of bankruptcy or insolvency relating to the Insurer or any substantial part of its property; or
- (d) the Insurer shall default in any payment or payments of amounts payable by it under any insurance policies or surety bonds insuring any publicly rated securities (other than the Insurance Policy) when due, and such default shall continue for a period of ten (10) days after a demand for payment made in accordance with the terms of such insurance policy or surety bond (unless the obligation of the Insurer to pay is being contested by the Insurer in good faith by appropriate proceedings); or
- (e) a downgrade in the rating of the Insurer below “Baa3” (or its equivalent), in the case of Moody’s, and “BBB-” (or its equivalent), in the case of Standard & Poor’s, or the suspension or withdrawal of the ratings of the Insurer’s claims-paying ability by Standard & Poor’s and Moody’s.

Upon the occurrence of a termination event specified in paragraph (a), (b)(i), (c), (d) or (e) above, the obligation of the Initial Liquidity Facility Issuer to purchase Series 2001B and C Bonds shall immediately terminate without notice or demand. The Initial Liquidity Facility Issuer is to give written notice of the same to the Trustee, the Insurer, TBTA and the Remarketing Agent; provided, that the Initial Liquidity Facility Issuer shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Initial Liquidity Facility Issuer’s commitment and its obligation to purchase Tendered Series 2001B and C Bonds pursuant to the Initial Liquidity Facility.

Upon the occurrence of a termination event described in clause (b)(ii), the obligation of the Initial Liquidity Facility Issuer to purchase Tendered Series 2001B and C Bonds is immediately and automatically suspended, without notice, until a final nonappealable order of a court having jurisdiction in the premises shall be entered declaring the Insurance Policy and the obligations of the Insurer thereunder are upheld in their entirety. In the event such order is entered declaring the Insurance Policy null and void, or declaring that the Insurer does not have any further liability or obligation under the Insurance Policy, then the Initial Liquidity Facility Issuer’s obligation to purchase Tendered Series 2001B and C Bonds shall immediately terminate. In the event such order is entered declaring that the Insurance Policy and the obligations of the Insurer thereunder are upheld in their entirety, the Initial Liquidity Facility Issuer’s obligation to purchase Tendered Series 2001B and C Bonds shall be automatically reinstated. In addition, upon the occurrence of an event described in clause (c) or (d) above which with the passage of time would become a termination event, the Initial Liquidity Facility Issuer may suspend its commitment to purchase Tendered Series 2001B and C Bonds without prior notice to TBTA, the Trustee, the Tender Agent or the Insurer. If such event is remedied prior to becoming a termination event, the Initial Liquidity Facility Issuer’s obligation to purchase Tendered Series 2001B and C Bonds shall be automatically reinstated.

In the case of certain other termination events under the Initial Liquidity Facility, the Initial Liquidity Facility Issuer may terminate its commitment to purchase Tendered Series 2001B and C Bonds by giving written notice to TBTA, the Trustee, the Remarketing Agent, and the Insurer, specifying the date on which the Initial Liquidity Facility Issuer’s commitment to purchase Tendered Series 2001B and C Bonds shall terminate (not less than 30 days after the date of receipt of such notice by the Trustee).

Bond Insurance

The following information has been furnished by Ambac Assurance Corporation (the Insurer) for use in this official statement. Reference is made to **Attachment 7** for a specimen of the Insurer’s Financial Guaranty Insurance Policy. For a description of certain circumstances in which the Insurer shall have rights in addition to or in lieu of certain rights of Series 2001B and C Bondholders under the Existing TBTA Resolution, see **Attachment 2**.

Payment Pursuant to Financial Guaranty Insurance Policy. The Insurer has made a commitment to issue a financial guaranty insurance policy (the Insurance Policy) relating to the Series 2001B and C Bonds effective as of the date of issuance of the Series 2001B and C Bonds. Under the terms of the Insurance Policy, the Insurer will pay to The Bank of New York, in New York, New York or any successor thereto (the Insurance Trustee) that portion of the principal of and interest on the Series 2001B and C Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such terms are defined in the Insurance Policy) by TBTA. The Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes

Due for Payment or within one business day following the date on which the Insurer shall have received notice of Nonpayment from the Trustee/Paying Agent. The insurance will extend for the term of the Series 2001B and C Bonds and, once issued, cannot be canceled by the Insurer.

The Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2001B and C Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2001B and C Bonds, the Insurer will remain obligated to pay principal of and interest on outstanding Series 2001B and C Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2001B and C Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee/Paying Agent has notice that any payment of principal of or interest on a Series 2001B or C Bond which has become Due for Payment and which is made to a Holder by or on behalf of TBTA has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available.

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

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Insurance Policy, payment of principal requires surrender of Series 2001B and C Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2001B and C Bonds to be registered in the name of the Insurer to the extent of the payment under the Insurance Policy. Payment of interest pursuant to the Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to the Insurer.

Upon payment of the insurance benefits, the Insurer will become the owner of the Series 2001B or C Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2001B or C Bond and will be fully subrogated to the surrendering Holder's rights to payment.

The Insurance Policy does not insure against loss relating to payments of the purchase price of Series 2001B and C Bonds upon tender by a registered owner thereof or any preferential transfer relating to payments of the purchase price of Series 2001B and C Bonds upon tender by a registered owner thereof.

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

Ambac Assurance Corporation. The Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of \$4,988,000,000 (unaudited) and statutory capital of approximately \$2,963,000,000 (unaudited) as of September 30, 2001. Statutory capital consists of the Insurer's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to the Insurer.

The Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Insurer under policy provisions substantially

identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Series 2001B and C Bonds.

The Insurer makes no representation regarding the Series 2001B and C Bonds or the advisability of investing in the Series 2001B and C Bonds and makes no representation regarding, nor has it participated in the preparation of, the official statement other than the information supplied by the Insured and presented *under the heading* Bond Insurance.

Available Information. The parent company of the Insurer, Ambac Financial Group, Inc. (the Company), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the SEC at 450 Fifth Street, N.W., Washington, D. C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the NYSE) at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

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

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

1. The Company's Current Report on Form 8-K dated January 24, 2001 and filed on January 24, 2001;
2. The Company's Current Report on Form 8-K dated March 19, 2001 and filed on March 19, 2001;
3. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filed on March 28, 2001;
4. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2001 and filed on May 15, 2001;
5. The Company's Current Report on Form 8-K dated July 18, 2001 and filed on July 23, 2001;
6. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2001 and filed on August 10, 2001;
7. The Company's Current Report on Form 8-K dated and filed on September 17, 2001;
8. The Company's Current Report on Form 8-K dated and filed on September 19, 2001;
9. The Company's Current Report on Form 8-K dated and filed on October 22, 2001; and
10. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2001 and filed on November 14, 2001.

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

Debt Service on the General Purpose Revenue Bonds

Table 1 sets forth, on a cash basis, the debt service on Bonds outstanding before the issuance of the Series 2001B and C Bonds, the debt service on the Series 2001B and C Bonds assuming interest at the rate of 5.777% per annum (which is the interest rate payable by TBTA under the Swap Agreement), and the aggregate debt service on all Bonds after the issuance of the Series 2001B and C Bonds.

Table 1⁽¹⁾
Aggregate Debt Service
(000's omitted)

Year Ending <u>January 1</u>	Debt Service on Outstanding Bonds Prior to <u>Refunding⁽²⁾</u>	Debt Service on Refunded <u>Bonds</u>	<u>Debt Service on Series 2001B and C Bonds</u>			Aggregate Debt <u>Service</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2002	\$ 313,729	\$ 9,030	\$ 0	\$ 571	\$ 571	\$ 305,269
2003	377,547	18,061	200	17,123	17,323	376,809
2004	370,319	35,961	18,200	17,111	35,311	369,670
2005	370,403	39,547	22,900	16,060	38,960	369,816
2006	370,375	39,561	24,200	14,737	38,937	369,751
2007	370,393	39,582	25,700	13,339	39,039	369,850
2008	370,503	39,596	27,300	11,854	39,154	370,062
2009	370,541	10,902	200	10,277	10,477	370,116
2010	370,458	10,902	200	10,266	10,466	370,022
2011	370,605	10,902	200	10,254	10,454	370,158
2012	370,696	10,902	200	10,243	10,443	370,237
2013	370,694	62,787	52,100	10,231	62,331	370,238
2014	354,691	62,729	55,200	7,221	62,421	354,384
2015	354,829	18,402	14,200	4,032	18,232	354,659
2016	317,234	18,428	15,000	3,212	18,212	317,018
2017	250,363	18,468	16,000	2,345	18,345	250,240
2018	240,092	18,508	17,000	1,421	18,421	240,005
2019	227,999	8,094	7,600	439	8,039	227,944
2020	202,529	0	0	0	0	202,529
2021	189,270	0	0	0	0	189,270
2022	175,041	0	0	0	0	175,041
2023	171,691	0	0	0	0	171,691
2024	171,689	0	0	0	0	171,689
2025	171,692	0	0	0	0	171,692
2026	171,688	0	0	0	0	171,688
2027	171,690	0	0	0	0	171,690
2028	171,690	0	0	0	0	171,690
2029	171,691	0	0	0	0	171,691
2030	171,691	0	0	0	0	171,691
2031	171,687	0	0	0	0	171,687
2032	<u>171,691</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>171,691</u>
Total	<u>\$8,425,209</u>	<u>\$472,361</u>	<u>\$296,400</u>	<u>\$160,738</u>	<u>\$457,138</u>	<u>\$8,409,986</u>

(1) Totals may not add due to rounding.

(2) Includes debt service on outstanding General Purpose Revenue Bonds and excludes the \$807.19 million Series 2000A BANs maturing January 1, 2003.

PART II. SOURCES OF PAYMENT AND SECURITY FOR TBTA GENERAL PURPOSE REVENUE BONDS

Part II of this official statement describes the sources of payment and security for all TBTA General Purpose Revenue Bonds, including the Series 2001B and C Bonds. This *Part II* also contains information relating to changes in the security for the Series 2001B and C Bonds under the caption SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION.

In addition, the Series 2001B and C Bonds are secured by the Initial Liquidity Facilities and the Insurance Policy as described *under* DESCRIPTION OF SERIES 2001B AND C BONDS *above*.

SOURCES OF PAYMENT

TBTA receives its revenues from all tolls, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of its tunnels, bridges and other facilities, including the net revenues of the Battery Parking Garage, and TBTA's receipts from those sources, after payment of TBTA's operating expenses, are pledged to the holders of the Bonds for payment, as described below.

TBTA is required to fix and collect tolls for its TBTA facilities, and TBTA's power to establish toll rates is not subject to the approval of any governmental entity. For more information relating to TBTA's power to establish tolls, see **Appendix A** – "THE RELATED ENTITIES – The Triborough Bridge and Tunnel Authority – *Toll Rates*".

For more detailed information about the TBTA's tolls, see **Appendix M** to MTA's 2001 Combined Continuing Disclosure Filings – "Projection of Traffic, Toll Revenues and Expenses and Review of Physical Condition of the Facilities of Triborough Bridge and Tunnel Authority". The Consulting Engineers have included an update to **Appendix M** as **Attachment 6** to this official statement.

From time to time legislation has been introduced by various State legislators seeking, among other things, to restrict the level of tolls on certain of TBTA's facilities, to require approval of future toll increases by the Governor, or to eliminate minimum tolls or to require discounts or free passage to be accorded to certain users of TBTA's facilities. Under the TBTA Act, however, the State has covenanted to holders of TBTA's bonds that it will not limit or alter the rights vested in TBTA to establish and collect such charges and tolls as may be convenient or necessary to produce sufficient revenue to fulfill the terms of any agreements made with the holders of TBTA bonds or in any way to impair rights and remedies of those bondholders.

Table 2 sets forth, by facility, the amount of pledged revenues for each of the last 5 years on a cash basis, as well as operating expenses.

Table 2
Triborough Bridge and Tunnel Authority
TRAFFIC, REVENUES AND OPERATING EXPENSES (in thousands)

	Years Ended December 31,				
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Bridge and Tunnel Revenues:					
Triborough Bridge	\$186,332	\$200,451	\$208,325	\$216,413	\$222,612
Verrazano-Narrows Bridge	178,444	185,130	192,788	196,556	203,172
Bronx Whitestone Bridge	132,432	135,593	140,083	147,597	155,938
Throgs Neck Bridge	136,948	147,106	149,711	152,134	152,453
Henry Hudson Bridge	28,032	28,687	28,731	30,068	31,938
Marine Parkway Gil Hodges Memorial Bridge	8,219	8,589	8,577	8,461	8,374
Cross Bay Veterans' Memorial Bridge	6,460	6,727	7,021	7,199	7,651
Queens Midtown Tunnel	77,489	83,543	85,628	87,284	89,451
Brooklyn Battery Tunnel	<u>54,900</u>	<u>56,167</u>	<u>63,576</u>	<u>67,080</u>	<u>69,018</u>
Total Bridge and Tunnel Revenues:	\$809,256	\$851,993	\$884,440	\$912,792	\$940,607
Investment Income and Other	46,743	41,643	41,788	33,492	44,351
Total Revenues	<u>\$855,999</u>	<u>\$893,636</u>	<u>\$926,228</u>	<u>\$946,284</u>	<u>\$984,958</u>
Operating Expenses (1):					
Personnel Costs	\$109,256	\$111,651	106,603	\$107,430	\$112,256
Maintenance and Other Operating Expenses	95,915	112,222	101,587	120,561	129,002
Total Operating Expenses	<u>\$205,171</u>	<u>\$223,873</u>	<u>\$208,190</u>	<u>\$227,991</u>	<u>\$241,258</u>
Net Revenues Available for Debt Service	<u>\$650,828</u>	<u>\$669,763</u>	<u>\$718,038</u>	<u>\$718,293</u>	<u>\$743,700</u>
TBTA Senior Lien Debt Service (2)	<u>\$248,732</u>	<u>\$259,629</u>	<u>\$274,337</u>	<u>\$283,147</u>	<u>\$289,277</u>
Senior Lien Coverage	<u>2.62X</u>	<u>2.58X</u>	<u>2.62X</u>	<u>2.54X</u>	<u>2.57X</u>

(1) Excludes depreciation.

(2) TBTA Senior Lien Debt Service reported net of Investment Income of \$6,252 in 1996, \$12,227 in 1997, \$17,581 in 1998, \$12,505 in 1999, and \$14,768 in 2000.

Through October 2001, toll revenues were \$23.9 million below budget for the year, primarily due to the terrorist attack on WTC (\$17.2 million), a lower average toll (caused by higher than projected E-ZPass market share) and unusually severe winter weather which reduced traffic in all facilities, as well as worsening economic conditions. Through October, investment income was \$5.6 million greater than budget, and total revenues totaled \$790.9 million, \$19.1 million less than budget. Year to date total operating expenses were \$204.2 million through October, \$5.8 million less than budget. Debt service through October was \$286.2 million, \$38.2 million less than budget, primarily due to the delay in the implementation of the debt restructuring.

As more fully described in **Attachment 1**, MTA estimated as of December 6, 2001, that TBTA will lose \$27.7 million in revenues in 2001 and \$55.7 million in 2002, due primarily to the full and/or partial closure of the Brooklyn Battery Tunnel and the restrictions on traffic at the Queens Midtown Tunnel as a result of the attack on WTC. TBTA's Consulting Engineers, in an update to their annual report attached hereto as **Attachment 6**, estimate, based in part on traffic and revenue data from the full month of October, after a consultation with TBTA, but based upon conclusions formed independently based upon their own methodology and assumptions, that TBTA's toll revenues will decrease from their prior estimates set forth in **Appendix M** by \$35.3 million in 2001 and \$47.6 million in 2002 due to the economic slowdown and the consequences of the terrorist attack. Investors should read **Attachment 6** in its entirety, including the assumptions set forth therein. In addition, MTA estimates that expenses will increase by \$6.7 million in 2001 due primarily to overtime labor costs for security and traffic management, cleanup costs for the Brooklyn Battery Tunnel and Battery Parking Garage and emergency electricity generation. However, due to difficulties with a painting contractor, a similar amount of expenses from 2001 is expected to be delayed into 2002. MTA estimates that expenses will increase by \$7.0 million in 2002 due primarily to upgrading the communications and electrical systems, together with delayed painting expenses. All estimates by the MTA set forth in **Attachment 1** and by the Consulting Engineers set forth in **Attachment 6** are of necessity preliminary and are subject to adjustment as more information becomes available.

SECURITY

TBTA General Purpose Revenue Bonds, including the Series 2001B and C Bonds, are general obligations of TBTA, and TBTA's full faith and credit is pledged for the payment of the principal, redemption price, interest and sinking fund installments, pursuant to the terms of the Existing TBTA Resolution.

See **Appendix I** to the MTA's 2001 Combined Continuing Disclosure Filings for a more detailed summary of certain provisions of the Existing TBTA Resolution. The provisions of the Proposed TBTA Resolution are different in material respects from the Existing TBTA Resolution.

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

Pledge Effected by the Existing TBTA Resolution

Pursuant to, and in accordance with, the Existing TBTA Resolution, TBTA has pledged to the holders of the Bonds a "trust estate," which consists of

- Revenues,
- the proceeds from the sale of the Bonds, and
- all funds and accounts established by the Existing TBTA Resolution, including investment income.

Revenues, Special Projects and Special Revenues

For purposes of the pledge under the Existing TBTA Resolution, revenues of TBTA include all tolls, rates, fees, charges, rentals or other amounts derived by or for the account of TBTA from the operation or ownership of the Projects. TBTA does not currently derive, and has not since the adoption of the 1980 Resolution derived, any significant recurring Revenues from any sources other than the Present Facilities (the seven toll bridges and two tunnels TBTA operates) and investment income. Revenues from the Transportation Project (the transit and commuter systems) are not derived by or for the account of TBTA; consequently, no revenues from any portion of the Transportation Project are pledged to the payment of debt service on the Bonds. For a discussion of other projects that TBTA is authorized to undertake, see **Appendix A – THE RELATED ENTITIES – The Triborough Bridge and Tunnel Authority--Authorized Projects of TBTA**.

Special Projects consist of (i) the Present Facilities and (ii) any Additional Project designated as a Special Project by TBTA which satisfies the conditions set forth in the following sentence. An Additional Project will become a Special Project if it is designated as such by TBTA and it satisfies the following conditions:

- the Additional Project has been operated (whether or not by TBTA) so as to produce revenues in excess of operating expenses for a twelve-month period prior to the date any such Additional Project is designated as

- a Special Project by TBTA,
- TBTA certifies that for such twelve-month period the Net Revenues (including the revenues and operating expenses of the proposed Special Project) at least equaled **1.40 times** the Adjusted Aggregate Bond Service for such twelve-month period, and
- an Independent Engineer estimates that Net Revenues (including the revenues and operating expenses of the proposed Special Project) for each of 5 twelve-month periods following such designation will at least equal **1.40 times** the maximum Adjusted Aggregate Bond Service for any such twelve-month period. *See Appendix I – SUMMARY OF CERTAIN PROVISIONS OF THE 1980 RESOLUTION--Special Projects.*

For purposes of the additional Bonds tests and toll covenants under the Existing TBTA Resolution, only Special Revenues and Net Revenues are taken into account. Special Revenues consist of all Revenues derived from Special Projects. Net Revenues are defined as Special Revenues less Operating Expenses, which include only Operating Expenses of Special Projects. The various capital projects comprising the Transportation Project are Additional Projects, but are not Special Projects, and generate neither Revenues nor Operating Expenses for TBTA for purposes of the Existing TBTA Resolution. There are currently no Special Projects other than the Present Facilities. The Convention Center Project is not and cannot become either an Additional Project or a Special Project, and no Bonds have been nor may be issued under the Existing TBTA Resolution to finance the Convention Center Project.

Flow of Revenues

The Existing TBTA Resolution establishes the following funds and accounts, each held by TBTA:

- Bond Proceeds Fund,
- 1980 Revenue Fund,
- 1980 Operating Fund,
- 1980 Debt Service Fund,
- 1980 Debt Service Reserve Fund, and
- 1980 General Fund.

Under the Existing TBTA Resolution, TBTA is required to pay into the 1980 Revenue Fund all Revenues as and when received and available for deposit.

TBTA is required to pay out from the 1980 Revenue Fund, on or before the 25th day of each calendar month, the following amounts in the following order of priority:

- to the 1980 Operating Fund, the amount required to pay reasonable and necessary operating expenses for the next month, including reasonable and necessary reserves and working capital;
- to the 1980 Debt Service Fund, the amount required so that the balance in the fund is equal to Accrued Aggregate Bond Service;
- to the 1980 Debt Service Reserve Fund, the amount, if any, required so that the balance in the fund equals the 1980 Debt Service Reserve Fund Requirement (defined below);
- to the Reserve Account in the 1980 General Fund, the amount, if any, required so that the balance in said account equals the 1980 General Fund Reserve Requirement (defined below); and
- to the General Fund, any remaining amount.

All amounts paid out by TBTA for an authorized purpose (excluding transfers to any other pledged Fund or Account), or transferred after meeting the foregoing priorities, are free and clear of the lien and pledge created by the Existing TBTA Resolution.

Under the Existing TBTA Resolution, TBTA is required to use amounts in the General Fund to make up deficiencies in the 1980 Debt Service Fund, the 1980 Debt Service Reserve Fund, the Reserve Account and the Revenue Fund, in that order. Subject to the preceding sentence and any lien or pledge securing Subordinated Indebtedness, the Existing TBTA Resolution authorizes TBTA to release amounts in the General Fund to be paid to TBTA free and clear of the lien and pledge created by the Existing TBTA Resolution.

TBTA is required by law to transfer amounts released from the General Fund to MTA, and a statutory formula determines how MTA allocates that money between the transit and commuter systems.

Rate Covenant

Under the Existing TBTA Resolution, TBTA is required at all times to establish, levy, maintain and collect such tolls, rentals and other charges in connection with the Special Projects as shall always be sufficient to provide Special Revenues in each calendar year to satisfy the requirements described in paragraphs (1) and (2) below:

(1) Special Revenues plus Investment Income for each calendar year shall be at least sufficient for the payment in such calendar year of the sum of:

- Operating Expenses of Special Projects;
- Aggregate Bond Service;
- the amount, if any, required to maintain the 1980 Debt Service Reserve Fund;
- the amount, if any, required to maintain the Reserve Account;
- to the extent not otherwise provided for, all amounts payable on any Subordinated Loan; and
- to the extent not otherwise provided for, the amount which, together with any other lawfully available funds of TBTA, shall be sufficient to provide for the payment of all other obligations of TBTA.

(2) Special Revenues plus Investment Income less Operating Expenses for such calendar year shall equal at least **1.25 times** the Adjusted Aggregate Bond Service for such calendar year.

The Existing TBTA Resolution provides that, should Special Revenues not reach the level necessary to maintain the foregoing covenants, TBTA will obtain a review by an Independent Engineer for the purpose of estimating its prospective Special Revenues and Operating Expenses. If such estimates indicate insufficient Special Revenues to enable TBTA to maintain the foregoing covenants, TBTA will adjust its tolls, rentals and other charges and take such other actions as will enable it to maintain or to comply as nearly as possible with its covenants. Failure to comply with the foregoing covenant will not constitute a default under the Existing TBTA Resolution if the Independent Engineer is of the opinion that a toll schedule which will comply with such covenant is impracticable at that time and TBTA establishes a schedule of tolls which is recommended by the Independent Engineer to comply as nearly as practicable with such covenant.

As more fully described under **Appendix A – THE RELATED ENTITIES – Public Debt Securities**, TBTA has issued its 1991 Mortgage Recording Tax Special Obligation Bonds pursuant to a 1991 Resolution and its Subordinated Special Obligation Bonds pursuant to a 1994 Resolution and has further authorized the delivery of Beneficial Interest Certificates pursuant to a 1993 Lease Agreement and a 1993 Trust Agreement. Under the 1991 Resolution, TBTA has extended to the owners of the 1991 Mortgage Recording Tax Special Obligations Bonds the rate covenant contained in the Existing TBTA Resolution. Under the 1993 Lease Agreement, TBTA has extended to the Lessor-Trustee (as defined in the 1993 Lease Agreement) the right to enforce the rate covenants contained in the Existing TBTA Resolution and the 1991 Resolution, and has covenanted not to retire all Bonds and 1991 Resolution Bonds prior to the time all payments of base rent have been made or provided for in accordance with the terms of the 1993 Lease Agreement. Under the 1994 Resolution, TBTA has extended to the owners of the 1994 Subordinated Special Obligation Bonds the rate covenant contained in the Existing TBTA Resolution. For the purposes of the rate covenant, the payment of debt service on the 1991 Mortgage Recording Tax Special Obligations Bonds and the requirement to replenish the debt service reserve fund under the 1991 Resolution, each to the extent payable from Revenues, the payment of base rent in connection with the Beneficial Interest Certificates and the requirement to replenish the reserve fund under the 1993 Trust Agreement, and the payment of debt service on the 1994 Subordinated Special Obligation Bonds and the requirement to replenish the debt service reserve fund under the 1994 Resolution, constitute obligations under paragraph (1)(f) above and must be included in determining whether Special Revenues plus Investment Income are sufficient to pay all expenses and obligations of TBTA described under paragraph (1) above.

Reserve Funds

To the extent that amounts in the 1980 Debt Service Fund are insufficient to pay debt service, when due, on the Bonds, deficiencies shall be made up from amounts in the 1980 Debt Service Reserve Fund. The 1980 Resolution requires TBTA to maintain cash and investment obligations in the 1980 Debt Service Reserve Fund equal to the greatest amount of Adjusted Aggregate Bond Service for the then current or any future calendar year (Debt Service Reserve Fund Requirement). See **Appendix I – SUMMARY OF CERTAIN PROVISIONS OF THE 1980 RESOLUTION – Funds, Accounts, and Revenues**. The Debt Service Reserve Fund Requirement is, and upon issuance of the Series 2001B and C Bonds will be, fully funded. Upon the issuance of any Additional Bonds before the substitution of the Proposed TBTA Resolution for the Existing TBTA Resolution, TBTA will be required to make additional deposits, to the extent necessary, to maintain the 1980 Debt Service Reserve Fund at its required level. To the extent that the amount on deposit in the 1980 Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, TBTA is required to fund such Reserve from Revenues.

The Bond Series Certificate relating to the Series 2001B and C Bonds provides that amounts payable for the benefit of the holders of the Series 2001B and C Bonds from the 1980 Debt Service Reserve Fund in respect of interest shall be calculated at a rate no greater than the fixed rate of interest payable by TBTA pursuant to the Swap Agreement, which is 5.777% per annum.

TBTA is also required to maintain on deposit in the Reserve Account in the 1980 General Fund established under the Existing TBTA Resolution \$5,000,000 or such greater amount as TBTA shall determine from time to time by supplemental resolution (the 1980 General Fund Reserve Requirement). To the extent moneys are not required to make up deficiencies in the 1980 Debt Service Fund or the 1980 Debt Service Reserve Fund, amounts on deposit in the Reserve Account will be applied to the cost of improvement, reconstruction or rehabilitation necessary to restore or prevent physical damage to any Special Project, to keep the Special Projects in good working order or to prevent a loss of Revenues or Net Revenues therefrom.

As more fully described herein under SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION, TBTA is proposing to eliminate the 1980 Debt Service Reserve Fund and the 1980 General Fund Reserve Account.

Additional Bonds

Under the provisions of the Existing TBTA Resolution, TBTA may issue one or more series of Additional Bonds on a parity with the Series 2001B and C Bonds and other Outstanding Bonds to provide for the Project Cost of one or more Additional Projects or for the improvement, reconstruction or rehabilitation of one or more Projects.

Additional Bonds for Improvement, Reconstruction or Rehabilitation of Special Projects. TBTA may issue Additional Bonds without satisfying any earnings or coverage test for the purpose of providing for the Project Cost of improvement, reconstruction or rehabilitation of one or more Special Projects necessary to keep any Special Project in good operating condition or to prevent a loss of Revenues or Net Revenues from such Special Project.

Additional Bonds for Other Purposes. In addition to certain other requirements, in the case of Additional Bonds issued to provide for the Project Cost of one or more Additional Projects, or for the improvement, reconstruction or rehabilitation of any Project other than as set forth in the prior paragraph, the following requirements must be met:

(1) The Net Revenues (Special Revenues less Operating Expenses, both as modified for certain adjustments) plus Investment Income for the twelve months ended on a calendar quarter ended not more than 135 days prior to the date of issuance are at least equal to **1.40 times** the Maximum Adjusted Annual Bond Service for all Bonds to be Outstanding upon issuance of such Additional Bonds; and

(2) For each twelve-month period subsequent to the authentication and delivery of the Series of Additional Bonds to be issued, the latest of which ends on a calendar quarterly date not less than twenty-four months after the estimated date of completion of the Project for which such Series of Additional Bonds are to be issued, Net Revenues must be estimated by an Independent Engineer to be, together with Investment Income, at least equal to **1.40 times** the Adjusted Aggregate Bond Service for each such twelve-month period.

Refunding Bonds

Bonds may be issued for the purpose of refunding Bonds if (a) the Maximum Adjusted Annual Bond Service on the Bonds (including the refunding Bonds then proposed to be issued but not including the Bonds to be refunded) shall be less than the Maximum Adjusted Annual Bond Service on the Bonds as calculated immediately prior to the refunding (including the refunded Bonds but not including the refunding Bonds) or (b) certain of the Additional Bonds requirements set forth above are met.

SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION

Unless otherwise noted, the terms used in this official statement are the terms as used and defined in the Existing TBTA Resolution and *not* the Proposed TBTA Resolution. The same term may be used in both the Existing TBTA Resolution and the Proposed TBTA Resolution but may have different meanings.

Upon compliance with the conditions described below, TBTA may, without the consent of any owners of Series 2001B and C Bonds, substantially change the security for the Series 2001B and C Bonds by substituting the terms and provisions of the Proposed TBTA Resolution, together with any changes thereto, for the terms and provisions of the Existing TBTA Resolution:

- Except as described *under* Redemption Provisions During the Weekly Mode – Sinking Fund Redemption *herein* and except as permitted in connection with the conversion from one Mode to another, the Series 2001B and C Bonds must continue to mature on the same dates and in the same principal amounts, be redeemable on the same dates and at the same prices, and bear interest at the same rates.
- The Proposed TBTA Resolution, together with any changes thereto, must be approved by the Review Board.
- The Proposed TBTA Resolution, including any changes thereto, must be adopted by the TBTA Board.
- Each Rating Agency then rating the Series 2001B and C Bonds must have delivered a letter to the effect that the then existing rating on the Series 2001B and C Bonds will not be withdrawn or reduced as a result of the substitution of the Proposed TBTA Resolution for the Existing TBTA Resolution.
- Bond Counsel must have delivered an opinion to the effect that the Proposed TBTA Resolution has been duly approved by the Review Board and adopted by the TBTA Board, and that the Proposed TBTA Resolution as so approved and adopted has been legally and validly substituted as security for the Series 2001B and C Bonds.

A summary of certain provisions of the Proposed TBTA Resolution and the incorporated Standard Resolution Provisions is set forth as **Attachment 3**.

Some of the major differences between the Proposed TBTA Resolution and the Existing TBTA Resolution are as follows:

- Elimination of the 1980 Debt Service Reserve Fund and the 1980 General Fund Reserve Account.
- The definition of Defeasance Securities would be expanded to permit TBTA to defease the Series 2001B and C Bonds with securities not provided by the Existing TBTA Resolution.

Reference should be made to the summaries of the Proposed TBTA Resolution and the Existing TBTA Resolution, or to the actual text of those documents, for a more detailed comparison. Additional changes to the Proposed TBTA Resolution, some of which may be significant, may be made from time to time prior to the approval by the Review Board and adoption by the TBTA Board.

TBTA currently expects to exercise the right of substitution when these conditions are satisfied.

PART III. OTHER INFORMATION ABOUT THE SERIES 2001B AND C BONDS

Part III of this official statement provides miscellaneous additional information relating to the Series 2001B and C Bonds.

TAX MATTERS

Hawkins, Delafield & Wood is Bond Counsel for the Series 2001B and C Bonds. Their opinion under existing law, relying on certain statements by TBTA and assuming compliance by TBTA with certain covenants, is that interest on the Series 2001B and C Bonds is:

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

Their opinion is also that under existing law interest on the Series 2001B and C Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State. *See Attachment 5* to this official statement for the form of the opinion that Bond Counsel expects to deliver when the Series 2001B and C Bonds are delivered.

The Internal Revenue Code of 1986 imposes requirements on the Series 2001B and C Bonds that TBTA must continue to meet after the Series 2001B and C Bonds are issued. These requirements generally involve the way that Series 2001B and C Bond proceeds must be applied and invested. If TBTA does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2001B and C Bonds in its federal gross income on a retroactive basis to the date of issue. TBTA has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code of 1986.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2001B and C 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 2001B and C Bonds.

A bondholder that is in any of these categories should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that something may happen in the future that could change the tax treatment of the interest on the Series 2001B and C Bonds or affect the market price of the Series 2001B and C Bonds. For example, the Internal Revenue Code of 1986 could be changed.

LEGALITY FOR INVESTMENT

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

- all public officers and bodies of the State and all municipalities and political subdivisions in the State,
- all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business,

- all administrators, guardians, executors, trustees and other fiduciaries, and
- all other persons whatsoever who are now or who may hereafter be authorized to invest in the obligations of the State.

Certain of those investors, however, may be subject to separate restrictions which limit or prevent their investment in the bonds being offered.

LITIGATION

There is no pending litigation concerning the bonds being offered.

TBTA is the defendant in numerous claims and actions. Certain of these claims and actions, either individually or in the aggregate, are potentially material to holders of the bonds. A summary of certain of these potentially material claims and actions is set forth in the **Appendix A** – “THE RELATED ENTITIES – Litigation - TBTA”, as that filing may be amended or supplemented to date.

FINANCIAL ADVISOR

Goldman, Sachs & Co. is TBTA’s financial advisor for the Series 2001B and C Bonds and the debt restructuring. The financial advisor has provided TBTA advice on the plan of financing and reviewed the pricing of the Series 2001B and C Bonds. The financial advisor has not independently verified the information contained in this official statement and does not assume responsibility for the accuracy, completeness or fairness of such information. The financial advisor’s fees for serving as financial advisor is contingent upon the issuance of the Series 2001B and C Bonds.

VERIFICATION

Samuel Klein and Company will verify from the information provided to them the mathematical accuracy, as of the date of the closing on the Series 2001B and C Bonds, of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in such schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements of the Refunded Bonds. Samuel Klein and Company will express no opinion on the assumptions provided or as to the exemption from taxation of the interest on the Series 2001B and C Bonds.

UNDERWRITING

Salomon Smith Barney Inc. has agreed, subject to certain conditions, to purchase from TBTA the Series 2001B and C Bonds at an aggregate purchase price of \$295,659,000, reflecting an Underwriter’s discount of \$741,000.00, and to reoffer such Series 2001B and C Bonds at par. Salomon Smith Barney Inc.’s obligation to purchase the Series 2001B and C Bonds is subject to certain conditions precedent, and it will be obligated to purchase all such Series 2001B and C Bonds if any Series 2001B and C Bonds are purchased.

RATINGS

The Summary of Terms on page iii identifies the ratings of the credit rating agencies that have assigned their ratings to the Series 2001B and C 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:

Moody’s Investors Service, Inc.
99 Church Street
New York, New York 10007
(212) 553-0300

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

TBTA has furnished to each rating agency rating the bonds being offered information, including information not included in this official statement, about TBTA 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 TBTA or the bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the bonds.

The ratings on the bonds identified on page iii of the Summary of Terms reflect the ratings of the bank and bond insurer providing liquidity support and credit enhancement for each respective series of bonds.

LEGAL MATTERS

All legal proceedings in connection with the issuance of the bonds being offered are subject to the approval of the nationally-recognized bond counsel firm identified on the cover page and in the Summary of Terms on page iii. The form of the opinion of Bond Counsel is **Attachment 5** to this official statement.

Certain legal matters regarding TBTA will be passed upon by its General Counsel. In addition, certain legal matters will be passed upon by TBTA's special counsel or the counsel to the Underwriter, or both.

NO CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, does not require TBTA to provide continuing disclosure during the period that the Series 2001B and C Bonds bear interest in the Weekly Mode.

FURTHER INFORMATION

TBTA may place a copy of this official statement on MTA's website at "www.mta.info". No statement is included by specific reference to any website.

Although TBTA and MTA have prepared the information on the MTA's 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 and TBTA assume no liability or responsibility for errors or omissions contained on any website. Further, MTA and TBTA disclaim 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. TBTA and MTA also assume no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

By: /s/ MARC V. SHAW
Executive Director

ATTACHMENT 1

ADDENDUM TO APPENDIX A

This Addendum to Appendix A is dated December 13, 2001, contains certain recent developments to the information contained in Appendix A occurring since the date thereof which TBTA deems relevant to the bonds issued pursuant to this official statement, and supersedes any previous addenda covering these matters. This Addendum contains information only through its date. Capitalized terms used herein not otherwise defined herein shall have the meanings set forth in Appendix A.

TERRORIST ATTACK ON WORLD TRADE CENTER

General

On September 11, 2001, two hijacked passenger jetliners flew into the World Trade Center (WTC), resulting in a substantial loss of life, destruction of WTC and damage to other buildings in the vicinity. The attack also resulted in disruption of public transportation and business and displacement of residents and businesses in the immediate vicinity of WTC. It is expected that the destruction of WTC will have a substantial impact on the City and its economy. Reduced economic activity is expected to lower corporate profits, increase job losses and reduce consumer spending.

Certain portions of the MTA regional transportation operations were affected as more fully described below. The estimates of damages, loss of revenues and increase in expenses resulting from the terrorist attack were made by MTA on December 6, 2001 and, unless otherwise indicated, have not been updated since that date. MTA continues to assess the long-term impact of, among other things, the attack and its aftermath on state subsidies generated by regional economic transactions, such as the regional sales and use tax and certain business taxes. All estimates of the adverse impact on the MTA and the regional economy are of necessity preliminary and are subject to adjustment as more information becomes available. As more information becomes known, MTA will provide revised estimates in its periodic filings with the municipal market and may provide more frequent updates as the fiscal and economic ramifications of the terrorist attack become more clear.

Transit System

Property Damage. The most significant damage occurred to the #1 and #9 subway tunnel directly under WTC, including line equipment, signals, communications, tunnel lighting, power facilities and fan plants. Approximately 1,800 feet of tunnel was destroyed. There was also damage to the subway stations located at Cortlandt Street, Rector Street, Chambers Street and Wall Street. There was minor damage to twelve subway cars. A limited number of buses were destroyed and 30 were damaged. There was no interruption in the use of the MetroCard fare collection system.

On October 28, 2001, the Transit Authority resumed service on the N/R line, though the Cortlandt Street station in the immediate vicinity of WTC remains closed. The resumption of service on the N/R line enabled the Transit Authority to resume normal service on certain other lines. The Cortlandt Street, Rector Street and South Ferry stations on the #1 line will remain closed for an unspecified period of time.

MTA estimates that the cost of the property damage to the Transit System will total \$855 million.

Loss of Revenue. MTA estimates that the Transit System will lose operating revenues of \$37.3 million in 2001 and \$111.6 million in 2002. Part of the loss for 2001 was a result of the suspension of fare collection on September 11 and the sharp reduction in ridership in the days immediately following the attack. Preliminary results indicate that fewer discretionary (non-work related) trips are being made.

Increase in Expenses. MTA estimates that expenses will increase by \$36.5 million in 2001 and \$40.6 million in 2002 due primarily to increased service and equipment costs for rescue efforts and debris removal, added security and customer information costs.

TBTA Facilities

Property Damage and Traffic Interruption. None of TBTA's facilities were damaged. However, some of the bridges and tunnels have been subject to closure and/or restrictions on traffic. Most notably, the Brooklyn Battery Tunnel was closed in both directions until October 13, 2001, when it was opened to out-bound traffic only. Limited in-bound traffic is now permitted. In addition, traffic going into the City through the Queens Midtown Tunnel has been restricted to multiple occupancy vehicles during certain morning hours. MTA expects that such closure and restrictions will be terminated when conditions in the City, and particularly at WTC, permit. There was no interruption in the use of the E-ZPass system.

Loss of Revenue. MTA estimates that TBTA will lose \$27.7 million in revenues in 2001 and \$55.7 million in 2002, due primarily to the full and/or partial closure of the Brooklyn Battery Tunnel and the restrictions on traffic at the Queens Midtown Tunnel. The restrictions at the Queens Midtown Tunnel have been slightly offset by increased traffic at the Triborough Bridge.

Increase in Expenses. MTA estimates that expenses will increase by \$6.7 million in 2001 due primarily to overtime labor costs for security and traffic management, cleanup costs for the Brooklyn Battery Tunnel and Battery Parking Garage and emergency electricity generation. However, due to difficulties with a painting contractor, a similar amount of expenses from 2001 is expected to be delayed into 2002. MTA estimates that expenses will increase by \$7.0 million in 2002 due primarily to upgrading the communications and electrical systems, together with delayed painting expenses.

Commuter System

Property Damage. None of LIRR's or MNCRC's facilities were damaged.

Loss of Revenue. MTA estimates that the commuter railroads will lose \$10.5 million in revenues in 2001 and \$28.9 million in 2002. MNCRC has experienced some reduction in Grand Central trips, particularly during off-peak hours. LIRR experienced reduction in the days immediately after the terrorist attack, but westbound peak ridership appears to have returned to fall 2000 levels and there are indications that ridership growth experienced from fall 2000 to September 10, 2001 is starting to be recaptured as well.

Increase in Expenses. MTA estimates that expenses will increase by \$1.6 million in 2001 due primarily to labor and vehicle costs and emergency busing costs. MTA does not expect that there will be additional significant expenses to the commuter railroads in 2002. The cost of added police coverage on the commuter railroads is reflected below as an MTA Headquarters expense payable from mortgage recording tax subsidies.

MTA Headquarters And Other Related Entities

Property Damage. Except for minor damage at the 2 Broadway office building, there was no damage to any of the facilities of MTA Headquarters, MSBA or SIRTOA.

Loss of Revenue. MTA estimates that there will be a minimal, if any, loss of revenues for the other MTA agencies for 2001 and 2002.

Increase in Expenses. MTA estimates that expenses will increase by \$12.5 million in 2001 due to overtime labor costs for police coverage and the cleanup of the 2 Broadway office building. MTA estimates that expenses will increase by \$39.2 million in 2002 to reflect the hiring of additional police officers and spending for additional security measures MTA-wide.

Insurance and Other Coverage

At the time of the terrorist attack, the Related Entities maintained layers of property damage insurance, including business interruption coverage, in the aggregate amount of \$1.5 billion per occurrence, subject to a \$15 million deductible. Those policies expired on October 31, 2001. MTA is in the process of finalizing its submission

of certain claims, including loss of revenues at the Transit System, TBTA and the other Related Entities. MTA expects to file claims with the Federal Emergency Management Agency (FEMA) and the State Emergency Management Office (SEMO) for damages that are not covered by the insurance policies. No assurances can be given that the amounts available under the insurance policies and from FEMA and SEMO will be sufficient to compensate the Related Entities in full for the aggregate damages caused by the attack on WTC, including loss of revenues and increases in expenses.

MTA is in the process of obtaining renewal property damage (including business interruption) insurance and the insurers and reinsurers have informed MTA that it can expect to receive substantially less coverage for greater premiums and that renewal insurance policies will exclude terrorism coverage. The MTA has obtained \$500 million of such insurance (with a \$30 million deductible) and expects to add insurance coverage as it becomes commercially available at reasonable cost. In addition, MTA recently obtained a \$70 million terrorism policy (after payment of the \$30 million deductible) that covers property damage, but not business interruption losses.

Cash Flow Borrowing

MTA has negotiated a bank line of credit for up to \$600 million in anticipation of the receipt of insurance proceeds and FEMA and SEMO moneys. MTA's obligation to repay the line of credit is a general obligation payable from available moneys, including certain securities serving as collateral.

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ATTACHMENT 2

**SUMMARY OF CERTAIN PROVISIONS OF
THE SERIES 2001B AND C SERIES RESOLUTION
AND SERIES CERTIFICATE**

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SUMMARY OF CERTAIN PROVISIONS OF THE SUPPLEMENTAL RESOLUTION AND THE SERIES CERTIFICATE

The General Purpose Revenue Bond Series X Refunding Series Supplemental Revenue Bond Resolution, adopted by TBTA on January 27, 1999 and amended and restated on October 30, 2001 (the “Supplemental Resolution”), which supplements the 1980 Resolution, and a certificate of the Executive Director of TBTA, dated on the date of the delivery of the Series 2001 Bonds (the “Series Certificate”), which supplements the Supplemental Resolution, contain certain provisions relating to the Series 2001 Bonds which are summarized below. The Summary is not to be considered a full statement of the terms of the Supplemental Resolution and the Series Certificate and accordingly, is qualified by reference thereto and is subject to the full text thereof. A copy of the Supplemental Resolution and the Series Certificate may be obtained upon request from TBTA.

Definitions

The following are definitions in summary form of certain terms contained in the Supplemental Resolution and the Series Certificate and used in this Official Statement:

Authorized Denominations: (i) For the Series 2001 Bonds bearing interest at an Initial Rate, Daily Rate, a Weekly Rate, or a Long-Term Rate for a Long-Term Period of less than 12 months, \$ 100,000 or any integral multiple of \$5,000 in excess thereof; and (ii) for the Series 2001 Bonds bearing interest at a Long-Term Rate for a Long-Term Period of 12 months or longer or a Fixed Rate, \$5,000 or any integral multiple thereof, or (iii) for Bank Bonds, \$5,000 or any integral multiple thereof.

Authorized Newspaper: The Bond Buyer or successor publication or a business newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

Bank Bond: The term so defined in the Liquidity Facility.

Bank Bond Sale Date: The date on which a Bank Bond is remarketed and ceases to be a Bank Bond.

Bank Purchase Period: The term so defined in the Liquidity Facility.

Bank Rate: The term so defined in the Liquidity Facility.

BMA Index: shall mean The Bond Market Association Municipal Swap Index most recently released by Municipal Market Data to its subscribers. In the event that at any time Municipal Market Data ceases to announce the BMA Index, makes a material change in the method of calculating the BMA Index, or in any other way materially modifies the BMA Index, the Remarketing Agent may make such calculations as may be required to determine the relevant index using a formula and method of calculating such index that it reasonably believes will produce the rate that would have been produced by Municipal Market Data as in effect prior to such cessation, change or modification

Bond Facility: The Bond Insurance Policy securing scheduled payment of principal of and interest on the Series 2001 Bonds and, so long as Series 2001 Bonds are not in the Fixed Mode, any Liquidity Facility providing for payment of the Purchase Price of Bonds Outstanding under the Series Certificate, provided that each of said facilities satisfies the requirements of the Series Certificate, as applicable.

Bond Facility Fee: The fee or fees charged by each Bond Facility Issuer for the issuance of its Bond Facility, as specified in the applicable Bond Facility or commitment therefor. So long as the Bond Facility is comprised of the Insurance Policy and the Standby Bond Purchase Agreement, the Bond Facility Fee shall mean the Insurance Policy premium charged by the Bond Insurer and the commitment fee for the Standby Bond Purchase Agreement charged by Liquidity Facility Issuer.

Bond Facility Issuer: The issuer or issuers of any Bond Facility or Bond Facilities, including State Street Bank and Trust Company, as the issuer of the initial Liquidity Facility for the Series 2001B Bonds, Bayerische Landesbank Girozentrale, acting through its New York Branch, as the issuer of the initial Liquidity Facility for the Series 2001C Bonds, Ambac Assurance Corporation as the issuer of the Bond Insurance Policy, and any issuer of a Substitute Liquidity Facility, then in effect under the Series Certificate.

Bond Insurance Policy: The financial guaranty insurance policies issued by the Bond Insurer for the benefit of the Holders of the Series 2001 Bonds, constituting a Bond Facility under the Series Certificate.

Bond Insurer: Ambac Assurance Corporation, its successors and assigns.

Bond Rate: The interest rate on the Series 2001 Bonds determined as provided in the Series Certificate.

Business Day: Any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions located in the State or in any of the cities in which the principal office of the Trustee, Tender Agent, the Remarketing Agent, or the office of any Bond Facility Issuer at which documents are required to be delivered in order to obtain payments under its Bond Facility is located, are required or are authorized by law to close or (iii) a day on which the New York Stock Exchange is closed.

Counsel's Opinion: An opinion signed by an attorney or firm of attorneys, of nationally recognized standing in the field of law relating to municipal securities, acceptable to TBTA and the Bond Facility Issuer.

Daily Mode: An Interest Mode in which the interest rate for the Series 2001 Bonds in such Interest Mode is determined as provided in this Attachment 2, under the caption "Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes — Daily Mode ."

Daily Rate: The interest rate borne by the Series 2001 Bonds in a Daily Mode established and determined as provided in this Attachment 2, under the caption "Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes — Daily Mode ."

Event of Default: Any event of default specified in a Liquidity Facility.

Favorable Opinion of Bond Counsel: With respect to any action the occurrence of which requires such an opinion, an unqualified opinion of Bond Counsel to the effect that such action is permitted under the Act, the 1980 Resolution, the Supplemental Resolution and the Series Certificate and will not impair the exclusion of interest on the Series 2001 Bonds from gross income for purposes of federal income taxation or the exemption of interest on the Series 2001 Bonds from personal income taxation under the laws of the State of New York (subject to inclusion of any exceptions contained in the opinion delivered upon original issuance of the Series 2001 Bonds).

Federal Bankruptcy Code: The Bankruptcy Reform Act of 1978, constituting Title 11, United States Code, as amended or supplemented.

Fiscal Year or fiscal year: TBTA's fiscal year, January 1 to December 31 of each calendar year.

Fixed Mode: An Interest Mode designated as such in the Mode Adjustment Notice and extending from the Mode Adjustment Date to the final maturity date of the Series 2001 Bonds in which the interest rate for Series 2001 Bonds in such Interest Mode is determined as provided in this Attachment 2, under the caption "Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes — Fixed Mode ."

Fixed Rate: The interest rate on the Series 2001 Bonds in a Fixed Mode established and determined as provided in this Attachment 2, under the caption "Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes — Fixed Mode ."

Fixed Rate Conversion: The conversion of the interest rate on the Series 2001 Bonds to a Fixed Rate from any other Interest Mode.

Fixed Rate Conversion Date: A date on which the interest rate on the Series 2001 Bonds converts to a Fixed Rate.

Initial Rate: The rate of interest set forth in the Series Certificate and to be borne by the Series 2001 Bonds commencing on the date of the initial issuance and delivery of the Series 2001 Bonds up to but not including the initial Rate Adjustment Date.

Interest Index: In respect of any Series 2001 Bonds in a Daily Mode and Weekly Mode, the BMA Index. In respect of any Series 2001 Bonds in a Long-Term Mode, the interest rate or rates determined by the Remarketing Agent to be equal to the yield for United States government securities with maturities as the Long-Term Period applicable to such Series 2001 Bonds listed in Federal Reserve Statistical Release H.15 (519). To the extent a United States government security of exact comparable duration is not listed in H. 15 (519), then the rate proportionately interpolated between the two most comparable rates listed in H. 15 (519) should be selected.

Interest Mode: A period of time relating to the frequency with which the interest rate on the Series 2001 Bonds is determined as provided in this Attachment 2, under the caption "Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes." An Interest Mode may be a Daily Mode, a Weekly Mode, a Long-Term Mode or a Fixed Mode.

Interest Payment Date: Each January 1 and July 1 beginning January 1, 2002 and ending January 1, 2019.

Interest Period: The period from and including each Interest Payment Date to and excluding the next Interest Payment Date. The initial Interest Period for a Series 2001 Bond shall begin on (and include) the date of its initial delivery.

Investment Company: An open-end diversified management investment company registered under the Investment Company Act of 1940, as amended.

Liquidity Facility: With respect to each Series of Series 2001 Bonds, any letter of credit, standby bond purchase agreement (including the Standby Bond Purchase Agreement) or other liquidity facility then in effect under the Series Certificate to provide for payment of Purchase Price of such Series of Series 2001 Bonds in one or more Interest Modes other than the Fixed Mode.

Liquidity Facility Drawings Fund: The fund by that name created and established as provided in this Attachment 2, under the caption "Creation of Liquidity Facility Drawings Fund and Remarketing Proceeds Fund," to be held by the Trustee separate and apart from the funds, accounts and subaccounts under the Series Certificate and which shall not constitute funds, accounts or subaccounts for purposes of the Series Certificate. References in this Attachment 2 and the official statement to the Liquidity Facility Drawings Fund shall be to the respective accounts therein established for the benefit of the related Series of Series 2001 Bonds.

Liquidity Facility Expiration Date: With respect to each Series of Series 2001 Bonds, the date upon which the then existing Liquidity Facility is stated to expire, as such date may be extended from time to time, either by extension or renewal of the then-existing Liquidity Facility.

Liquidity Facility Issuer: With respect to each Series of Series 2001 Bonds, the issuer or issuers of the related Liquidity Facility then in effect under the Series Certificate.

Liquidity Facility Requirement: With respect to each Series of Series 2001 Bonds, at any time, the amounts which must be available for drawing under the Liquidity Facility, which amounts are the sum of (a) the principal amount of Outstanding Series 2001 Bonds entitled to the benefit of the Liquidity Facility, and (b) an amount equal to 187 days' interest, computed at an annual rate equal to the Maximum Bond Rate based on a year of 365 days for the actual number of days elapsed, on the principal amount of Outstanding Series 2001 Bonds of such Series entitled to the benefit of the Liquidity Facility subject to reinstatement of the Liquidity Facility following a drawing thereon and as more fully provided therein.

Liquidity Facility Termination Date: With respect to each Series of Series 2001 Bonds, the earlier of (i) the Liquidity Facility Expiration Date or (ii) that date on which the Liquidity Facility terminates in accordance with its terms.

Long-Term Mode: An Interest Mode in which the interest rates and periods during which such interest rates are in effect on Series 2001 Bonds in such Interest Mode are determined as provided in this Attachment 2, under the caption “Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes — Long-Term Mode.”

Long-Term Period: Each period during which a Long-Term Mode is in effect; provided that such period shall be at least one (1) month but in no event longer than the Liquidity Facility Expiration Date.

Long-Term Rate: A fixed rate on the Series 2001 Bonds determined as provided in this Attachment 2, under the caption “Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes — Long-Term Mode.”

Mandatory Tender Notice: shall have the meaning specified in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds — Notice of Mandatory Tender for Purchase.”

Maximum Bond Rate: The maximum interest rate permitted on the Series 2001 Bonds described in this Attachment 2, under the caption “Interest Modes, Interest Rates and Payment — Maximum Bond Rate.”

Maximum Rate: The rate specified as such in the Liquidity Facility. The Maximum Rate specified in any Liquidity Facility shall not exceed 25% per annum except to the extent determined by an authorized officer pursuant to a subsequent Series Certificate.

Mode Adjustment Date: The Business Day, established as provided in this Attachment 2, under the caption “Designation of Interest Modes,” on which an Interest Mode for any Bond is changed from one Interest Mode to a different Interest Mode.

Mode Adjustment Notice: shall have the meaning specified in this Attachment 2, under the caption “Designation of Interest Modes.”

Moody's: Moody's Investors Service, a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by TBTA with the prior written consent of each Bond Facility Issuer.

Notice Parties: With respect to each Series of Series 2001 Bonds, TBTA, the Paying Agent, the Remarketing Agent, the Tender Agent, each Bond Facility Issuer and the Trustee.

Principal Office: Of any Paying Agent, Tender Agent or Remarketing Agent shall mean the office thereof designated in writing to the Trustee.

Purchase Date: A Business Day on which Bonds are to be purchased upon voluntary or mandatory tender or the Business Day on which Series 2001 Bonds are deemed tendered thereof pursuant to the terms of the Series Certificate.

Purchase Price: An amount equal to 100% of the principal amount of any Series 2001 Bonds tendered or deemed tendered pursuant to the Series Certificate plus accrued and unpaid interest, if any, at the Bond Rate to the Purchase Date or the date of remarketing, as the case may be.

Rate Adjustment Date: (a) Each Mode Adjustment Date and (b) each date, other than a Mode Adjustment Date, as of which the interest rate determined for an Interest Mode shall be effective which (i) with respect to a Daily Mode, shall be each Business Day, (ii) with respect to a Weekly Mode, shall be December 26, 2001 and,

thereafter, Wednesday of each week, and (iii) with respect to a Long-Term Mode, shall be the first day of each Long-Term Period for a particular Series 2001 Bond.

Rate Period: With respect to each Series of Series 2001 Bonds, the period commencing from and including a Rate Adjustment Date and to and excluding the next succeeding Rate Adjustment Date.

Rating Agency: Moody's, if the Series 2001 Bonds are then rated by Moodys, and/or S&P, if the Series 2001 Bonds are then rated by S&P.

Record Date: (i) With respect to an Interest Payment Date for Series 2001 Bonds in a Long-Term Mode or the Fixed Mode, the fifteenth day of the month, whether or not a Business Day, immediately preceding such Interest Payment Date; and (ii) with respect to an Interest Payment Date for Series 2001 Bonds in a Daily Mode or a Weekly Mode or any Bank Bonds, the Business Day immediately preceding such Interest Payment Date.

Remarketing Agent: With respect to each Series of Series 2001 Bonds, the remarketing agent appointed in accordance with the terms of the Series Certificate, and its successor or successors. "Principal Office" of a Remarketing Agent means the office designated in writing to TBTA, the Trustee, the Liquidity Facility Issuer and the Tender Agent.

Remarketing Agent Fee: With respect to each Series of Series 2001 Bonds, the annual fee charged by the related Remarketing Agent in the amount and payable in the manner set forth in the Remarketing Agreement.

Remarketing Agreement: With respect to each Series of Series 2001 Bonds, the agreement entered into by and between TBTA and the Remarketing Agent, pursuant to the terms of the Series Certificate, as amended from time to time.

Remarketing Proceeds Fund: The fund of that name created and established as provided in this Attachment 2, under the caption "Creation of Liquidity Facility Drawings Fund and Remarketing Proceeds Fund," to be held by the Tender Agent separate and apart from any funds, accounts or subaccounts under the Series Certificate and which shall not constitute funds, accounts or subaccounts for purposes of the Series Certificate. References in this Attachment 2 and the official statement to the Remarketing Proceeds Fund shall be to the respective accounts therein established for the benefit of the related Series of Series 2001 Bonds.

Sinking Fund Installment Deferral Date: With respect to each Series of Series 2001 Bonds that have not been converted to bear interest at a Fixed Rate, the Business Day on which one or more Sinking Fund Installments are deferred pursuant to the Series Certificate.

S&P: Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by TBTA with the prior written consent of each Bond Facility Issuer.

Scheduled Tender Date: With respect to each Series of Series 2001 Bonds, the fifth (5) Business Day immediately preceding the Liquidity Facility Expiration Date.

Special Mandatory Purchase Date: With respect to each Series of Series 2001 Bonds, the date on which all of the Series 2001 Bonds are deemed tendered as provided in this Attachment 2, under the caption "Special Mandatory Tender and Purchase of Series 2001 Bonds."

Standby Bond Purchase Agreement: The agreements among TBTA, the Trustee and Tender Agent and State Street Bank and Trust Company and Bayerische Landesbank Girozentrale, respectively, each constituting a Liquidity Facility and providing for the purchase of Series 2001B Bonds and Series 2001C Bonds respectively, in other than a Long-Term Mode (unless specifically included as provided in this Attachment 2, under the caption "Claims on the Liquidity Facility for Purchase of Series 2001 Bonds"), or the Fixed Mode on a Purchase Date.

State: The State of New York.

Substitute Liquidity Facility: With respect to each Series of Series 2001 Bonds, any Liquidity Facility which meets the criteria set forth in this Attachment 2, under the caption “Substitute Liquidity Facility,” in each case with administrative provisions reasonably satisfactory to the Trustee and the Tender Agent.

Substitution Date: With respect to any Series 2001 Bonds of a Series then payable from any Liquidity Facility, the earlier of (i) the second Business Day immediately preceding the date on which a Liquidity Facility terminates as a result of TBTA's election to terminate such Liquidity Facility as provided in this Attachment 2, under the caption “Substitute Liquidity Facility; Assignment or Transfer of Liquidity Facility”, or (ii) the Scheduled Tender Date; any date specified as a Substitution Date in a Mandatory Tender Notice mailed to Holders of Series 2001 Bonds then payable from a Liquidity Facility shall be treated as a Substitution Date for purposes of the Series Certificate even if the substitution of the Substitute Liquidity Facility fails to occur.

Substitution of Security Date: The Business Day, with respect to all then-outstanding Series 2001 Bonds, on which TBTA makes effective a substitution of the source of payment and security for the Series 2001 Bonds pursuant to and in accordance with the 1980 Resolution.

Tender Agent: U.S. Bank Trust National Association, a national banking association, having its principal office in New York, New York, and its successor or successors as Tender Agent under the Series Certificate. “Principal Office” of the Tender Agent means the office designated in writing to TBTA, the Trustee and the Remarketing Agent.

Tender Notice: With respect to each Series of Series 2001 Bonds, a written notice from a Holder of Series 2001 Bonds of such Series, the Remarketing Agent, DTC and TBTA, delivered to the Tender Agent and the Remarketing Agent, or in the case of Series 2001 Bonds in the Daily Mode, irrevocable telephonic notice (promptly confirmed in writing) from a Holder of Series 2001 Bonds to the Tender Agent and the Remarketing Agent, evidencing such Holder's election to tender Bonds as provided in this Attachment 2, under the caption “Tender, Presentation and purchase Provisions of the Series 2001 Bonds.” Each Tender Notice must state the principal amount of Series 2001 Bonds being tendered, the Interest Mode applicable to such Series 2001 Bonds, the Series 2001 Bond and CUSIP numbers and the Purchase Date and, if the Tender Notice is being delivered by an Investment Company, the office where it intends to deliver such Series 2001 Bond for purchase.

Term Out Closing Date: With respect to each Series of Series 2001 Bonds, it shall have the meaning specified in the related Liquidity Facility.

Term Out Maturity Date: With respect to each Series of Series 2001 Bonds, it shall have the meaning specified in the related Liquidity Facility.

Undelivered Bonds: Series 2001 Bonds which have not been tendered on a Purchase Date for such Series 2001 Bonds at or prior to the time specified herein pursuant to the provisions of the Series Certificate.

Unremarketed Bonds: With respect to each Series of Series 2001 Bonds, the Series 2001 Bonds which have not been sold by the Remarketing Agent as of the applicable time on the applicable Purchase Date so that the Tender Agent has drawn under the Liquidity Facility to pay the Purchase Price thereof. Upon remarketing by the Remarketing Agent, Series 2001 Bonds cease to be Unremarketed Bonds.

Weekly Mode: With respect to each Series 2001 Bond, an Interest Mode in which the interest rate on the Series 2001 Bonds in such Interest Mode is determined as provided in this Attachment 2, under the caption “Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes — Weekly Mode.”

Weekly Rate: With respect to each Series 2001 Bond in a Weekly Mode, a rate of interest on the Series 2001 Bonds determined each week during a Weekly Mode, as provided in this Attachment 2, under the caption “Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes — Weekly Mode.”

(Exhibit A to the Series Certificate, Section 1.01)

Interest Modes, Interest Rates and Payment

Determination of Interest Rate. The Series 2001 Bonds shall bear interest as determined in the Series Certificate. Each Bond, including Bank Bonds, shall be in an Interest Mode and, except for Bank Bonds, shall bear interest at a corresponding Bond Rate and Bank Bonds shall bear interest at the Bank Rate; provided, however, that in no event shall any Bond Rate exceed the Maximum Bond Rate. In the event that the Bond Rate for any time would otherwise exceed the Maximum Bond Rate, such Series 2001 Bond shall bear interest at such Maximum Bond Rate. Until TBTA designates a different Interest Mode as provided in this Attachment 2, under the caption “Designation of Interest Modes,” the Series 2001 Bonds shall be in the Weekly Mode.

Payment and Calculation of Interest. Interest on the Series 2001 Bonds shall be paid in arrears on each Interest Payment Date. Interest on the Series 2001 Bonds shall be computed upon the basis of a 365/366-day year, for the number of days actually elapsed for the period to which such interest relates for Series 2001 Bonds subject to the Daily Mode, the Weekly Mode and the Long-Term Mode for a Long-Term Period of less than 12 months. Interest for the period to which such interest relates for Series 2001 Bonds (i) subject to the Long-Term Mode for a Long-Term Period of 12 months or longer other than Bank Bonds or (ii) subject to the Fixed Mode shall be computed on the basis of a 360-day year, consisting of twelve (12) thirty (30) day months. Interest on the Bank Bonds shall be computed on the basis of the actual days elapsed and a year of 365/366 days.

Maximum Bond Rate. The maximum rate of interest on the Series 2001 Bonds (other than Bank Bonds) at any time, whether before or after the maturity thereof, shall be 12% per annum or such lesser rate specified as such in any Liquidity Facility then in effect (the “Maximum Bond Rate”).

Bank Bonds. Anything in the Series Certificate to the contrary notwithstanding, all Bank Bonds shall bear interest at the Bank Rate which shall be payable on each Interest Payment Date, provided that, subject to as specified in this Attachment 2 under the caption “Certain Limitations on the Obligation to Make Payments Relating to the Series 2001 Bonds and the Standby Bond Purchase Agreement” interest shall also be due and payable at the times, in the manner and from the sources specified in the Liquidity Facility. The maximum rate of interest permitted on Bank Bonds shall be the Maximum Rate or such higher rate as shall be approved by TBTA and the Insurer if an Opinion of Bond Counsel shall have been delivered to TBTA, the Trustee and the Tender Agent to the effect that any such change in the Maximum Rate is authorized or permitted by the Series Certificate and the Act.

(Exhibit A to the Series Certificate, Section 2.01)

Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes

Daily Mode. The Daily Rate for the Series 2001 Bonds in a Daily Mode shall be determined by the Remarketing Agent on or before 9:30 A.M., New York City time, on each Business Day for such Business Day. Such interest rate shall be that interest rate which, in the sole and exclusive judgment of the Remarketing Agent, would equal (but not exceed) the interest rate necessary to enable the Remarketing Agent to sell such Series 2001 Bonds (exclusive of accrued interest, if any) on the relevant Rate Adjustment Date and for such Rate Period at a price equal to 100% of the principal amount thereof. With respect to any day that is not a Business Day, the interest rate shall be the same rate as the interest rate established for the immediately preceding day.

Weekly Mode. The Weekly Rate for the Series 2001 Bonds in a Weekly Mode shall be determined by the Remarketing Agent at or before 5:00 P.M., New York City time, (i) on December 26, 2001, (ii) on the Business Day preceding the Mode Adjustment Date for any Series 2001 Bond being adjusted to a Weekly Mode and (iii) on each Tuesday thereafter or, if such Tuesday is not a Business Day, the next succeeding day or, if such day is not a Day, the Business Day next preceding such Tuesday. Such interest rate shall be that interest rate which, in the sole and exclusive judgment of the Remarketing Agent, would equal (but not exceed) the interest rate necessary to enable the Remarketing Agent to sell such Series 2001 Bonds (exclusive of accrued interest, if any) on the relevant Rate Adjustment Date and for such Rate Period at a price equal to 100% of the principal amount thereof; provided, however, that such interest rate shall not exceed the applicable Maximum Bond Rate. The interest rate so determined on the date specified in clause (ii) of the first sentence of this paragraph shall be effective on the Mode Adjustment Date and the interest rate determined on the date specified in clause (iii) of the first sentence of this

subsection (2) shall be effective on the next succeeding Wednesday and shall continue in effect through and including the next succeeding Tuesday, provided that if any Series 2001 Bonds subject to a Weekly Mode shall be converted to another Interest Mode prior to such Tuesday, such Weekly Mode for such Series 2001 Bond shall continue in effect only until the day preceding the applicable Mode Adjustment Date.

Long-Term Mode. Each Long-Term Period on each Series 2001 Bond in a Long-Term Mode shall be determined by TBTA at least sixteen (16) Business Days immediately preceding each Rate Adjustment Date for Series 2001 Bonds in a Long-Term Mode. The Long-Term Rate for each Long-Term Period on each Series 2001 Bond in a Long-Term Mode shall be determined by the Remarketing Agent on the date selected by the Remarketing Agent occurring not earlier than fifteen (15) Business Days and not later than the last Business Day immediately preceding each Rate Adjustment Date for Series 2001 Bonds in a Long Term Mode. Such interest rate shall be that interest rate which in the sole and exclusive judgment of the Remarketing Agent would equal (but not exceed) the interest rate necessary to enable the Remarketing Agent to sell such Series 2001 Bonds (exclusive of accrued interest, if any) on the Rate Adjustment Date and for the Long-Term Period for such Series 2001 Bonds at a price equal to 100% of the principal amount thereof; provided, however, that such interest rate shall not exceed the applicable Maximum Bond Rate.

Fixed Mode. The Fixed Rate of each Series 2001 Bond in a Fixed Mode shall be determined by the Remarketing Agent on the date selected by the Remarketing Agent occurring not earlier than fifteen (15) Business Days and not later than the last Business Day immediately preceding the Fixed Rate Conversion Date for such Series 2001 Bonds. Such interest rate shall be the interest rate which in the sole and exclusive judgment of the Remarketing Agent would equal (but not exceed) the interest rate necessary to enable the Remarketing Agent to sell such Series 2001 Bonds (exclusive of accrued interest, if any) on the Fixed Rate Conversion Date at a price equal to 100% of the principal amount thereof; provided, however, that such interest rate shall not exceed the applicable Maximum Bond Rate.

Manner of Determining Interest Rate. In determining such interest rates described above, the Remarketing Agent shall have due regard for general financial conditions and such other conditions as, in the judgment of the Remarketing Agent, have a bearing on the interest rate on the Series 2001 Bonds, including the tender provisions applicable to the Series 2001 Bonds during the forthcoming Rate Period.

Invalidity of Rate. If, for any reason, the Remarketing Agent fails to determine the interest rate in accordance with the Series Certificate, or the interest rate for any Series 2001 Bonds during any Rate Period cannot be established as provided in the preceding paragraphs, or is held invalid or unenforceable by a court of law, the interest rate for such Series 2001 Bonds for such Rate Period shall be equal to 115% of the Interest Index. The foregoing provisions shall not apply to any Series 2001 Bonds bearing interest at the Bank Rate so long as such Series 2001 Bonds continue to bear interest at the Bank Rate. In no event shall the rate on the Series 2001 Bonds exceed the Maximum Bond Rate or, in the case of Bank Bonds, the Maximum Rate.

Notices. On each date on which the Remarketing Agent determines the interest rate on any Series 2001 Bond in a Weekly Mode, Long-Term Mode and Fixed Mode, the Remarketing Agent shall give the Tender Agent, the Trustee, each Bond Facility Issuer and TBTA notice by telephone, facsimile transmission, electronic mail or internet transmission, promptly confirmed in writing if other than by facsimile transmission, of the interest rate determined by the Remarketing Agent on such date. With respect to any Series 2001 Bond in a Daily Mode, on each Monday, the Remarketing Agent shall give the Tender Agent, the Trustee, each Bond Facility Issuer and TBTA notice by telephone, facsimile transmission, electronic mail or internet transmission, promptly confirmed in writing if other than by facsimile transmission, of the interest rates determined by the Remarketing Agent on each day in the preceding week. On each date on which TBTA determines the Long-Term Period on any Series 2001 Bond in a Long-Term Mode, TBTA shall give the Remarketing Agent and the Liquidity Facility Issuer notice by telephone, facsimile transmission, electronic mail or internet transmission, promptly confirmed in writing if other than by facsimile transmission, of the Long-Term Period determined by TBTA. Anyone entitled to receive telephonic notice under this paragraph may waive or modify its right to such notice.

Binding Effect. Each determination of the interest rate for the Series 2001 Bonds, as provided in the Series Certificate, shall be conclusive and binding upon the Holders of Series 2001 Bonds, TBTA, the Remarketing Agent, the Tender Agent, each Bond Facility Issuer and the Trustee. Upon telephonic request to the Remarketing Agent

from TBTA, the Trustee, each Bond Facility Issuer or any Holder of any Series 2001 Bond, the Remarketing Agent shall inform such person of the interest rate or rates then in effect on the Series 2001 Bonds. Failure of the Remarketing Agent to give any of the notices described under this caption, or any defect therein, shall not affect the interest rate to be borne by any of the Series 2001 Bonds nor the applicable Interest Mode nor in any way change the rights of the Holders of the Series 2001 Bonds to tender their Series 2001 Bonds for purchase in accordance with the Series Certificate.

(Exhibit A to the Series Certificate, Section 2.02)

Designation of Interest Modes

Conversion to New Mode. Subject to the requirements for unremarketed Series 2001 Bonds described in this Attachment 2, under the caption “Unremarketed Bonds,” in order to convert the Interest Mode applicable to any Series 2001 Bond, other than a Fixed Rate Mode, to a new Interest Mode for any Series 2001 Bonds of any Authorized Denomination or to continue any Series 2001 Bond of any Authorized Denomination in a Long-Term Mode after the date on which the current Long-Term Mode will end, TBTA shall, at least one (1) day prior to the date the Trustee is required to mail to Holders of Series 2001 Bonds a Mandatory Tender Notice relating to such mode adjustment (or such lesser period of time as the Trustee may reasonably require), provide written notice (a “Mode Adjustment Notice”) to the Trustee, the Remarketing Agent, the Tender Agent and each Bond Facility Issuer stating:

(a) the Interest Mode or Modes to which the Series 2001 Bonds to be converted to a new Interest Mode are then subject or the principal amount of Series 2001 Bonds then in a Long-Term Mode which will commence a new Long-Term Mode,

(b) the date of the Mode Adjustment Date, which date (A) shall be at least fifteen (15) days after the date on which the Mode Adjustment Notice is received by the Trustee and (B) shall, in the case of Series 2001 Bonds to be adjusted to a new Interest Mode which are then subject to a Long-Term Mode, also be a Rate Adjustment Date for such Series 2001 Bonds,

(c) if Series 2001 Bonds are being converted from a Daily Mode, Weekly Mode or Long-Term Mode to an Interest Mode other than a Fixed Mode, which Liquidity Facility will be available for such Series 2001 Bonds after said Mode Adjustment Date,

(d) if TBTA desires to effect a Fixed Rate Conversion of all or any portion of the Series 2001 Bonds on a Mode Adjustment Date, the Mode Adjustment Notice shall state the Bond Facility which shall be applicable at the close of business on such Fixed Rate Conversion Date, and

(e) if Series 2001 Bonds are being converted to a Long-Term Mode on such date, or continued in a Long-Term Mode after the date on which the current Long-Term Mode will end, the date on which the new Long-Term Period will end (which shall not extend beyond the earlier of the Scheduled Tender Date or the final maturity date of such Series 2001 Bonds and in no event beyond the Liquidity Facility Expiration Date), and the principal amount of Series 2001 Bonds to which each such new Long-Term Period shall apply.

On or prior to the date TBTA provides a Mode Adjustment Notice pursuant to the first paragraph under this caption, TBTA shall deliver to the Trustee a letter from Bond Counsel addressed to the Trustee (with a copy to the Remarketing Agent, the Tender Agent and each Bond Facility Issuer) to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Adjustment Date.

The prior written consent of the Bond Insurer (which shall not be unreasonably withheld) shall be required for all conversions pursuant to the provisions described in the first paragraph under this caption other than a conversion from a Daily Mode to a Weekly Mode or from a Weekly Mode to a Daily Mode.

No new Interest Mode shall become effective unless a Favorable Opinion of Bond Counsel dated the Mode Adjustment Date and addressed to the Trustee shall have been delivered to the Trustee on the Mode Adjustment Date.

Failed Conversion. In the event that (i) the requirements described under this caption have not been met on a scheduled Mode Adjustment Date in respect of any Series 2001 Bonds, or (ii) on the Business Day preceding a scheduled Mode Adjustment Date in respect of any Series 2001 Bonds, the Remarketing Agent notifies the Trustee and TBTA that such Series 2001 Bonds cannot be remarketed, or (iii) on or prior to the Business Day preceding a scheduled Mode Adjustment Date, TBTA notifies the Remarketing Agent and the Trustee that it does not want such Series 2001 Bonds proposed to be adjusted to a new Interest Mode on such Mode Adjustment Date to be adjusted to such new Interest Mode, then the succeeding Interest Mode for such Series 2001 Bonds proposed to be subject to such Interest Mode adjustment shall (a) if such Series 2001 Bonds were proposed to be adjusted to a Daily Mode, a Long-Term Mode or a Fixed Mode, be the Weekly Mode; (b) if such Series 2001 Bonds were proposed to be adjusted to a Weekly Mode, be the Daily Mode; or (c) at the option of TBTA, upon consent by each Bond Facility Issuer (exercised by filing a certificate to such effect with the Trustee), be any other Interest Mode selected by TBTA; provided that if at any time Series 2001 Bonds will remain in a Daily Mode, Weekly Mode or a Long-Term Mode, the Trustee must have received evidence that the existing Liquidity Facility or a Substitute Liquidity Facility will cover such Series 2001 Bonds during the period they will bear interest in such Daily Mode, Weekly Mode or Long-Term Mode. If on a Mode Adjustment Date on which any Series 2001 Bonds are being adjusted to a Fixed Mode such Bonds are not remarketed, such unremarketed Series 2001 Bonds shall remain in the Interest Mode in effect immediately preceding that Mode Adjustment Date provided that the Trustee has received evidence that the existing Liquidity Facility or a Substitute Liquidity Facility will cover such Series 2001 Bonds during the period they will bear interest in such Daily Mode, Weekly Mode or Long-Term Mode; otherwise such Series 2001 Bonds will be converted to the Fixed Mode. The Trustee shall give prompt notice to the Notice Parties of any event described in this paragraph and of the succeeding Interest Modes and of any change in CUSIP numbers. In no event shall the failure of a Series 2001 Bonds to be converted in accordance with the Mode Adjustment Notice for any reason be deemed to be a default under the Series Certificate.

Substitution of Serial Bonds for Term Bonds upon Fixed Rate Conversion. In connection with any Fixed Rate Conversion of all or any portion of the Series 2001 Bonds, TBTA may specify that all such Series 2001 Bonds constituting Term Bonds shall no longer mature on the date or dates specified in the Series Certificate but that such Series 2001 Bonds shall mature as Serial Bonds in such years, but in no event later than the original maturity date or dates so specified, and in such amounts as are specified by TBTA in a written notice to the Trustee and the Paying Agent; provided, however, that no such specification shall be effective unless TBTA shall have received and delivered to the Trustee an Opinion of Bond Counsel that such specification will comply in all respects with the provisions of the Act and the Series Certificate, including without limitation provisions relating to required amortization of Series 2001 Bonds; and provided further that in the event that any such specification becomes effective, the aggregate amount of Sinking Fund Installments for Series 2001 Bonds due in any year, other than the year of final maturity originally specified for such Term Bonds, shall be reduced by the principal amount of Series 2001 Bonds so specified by TBTA as maturing in the same year.

(Exhibit A to Series Certificate, Section 2.03)

Tender, Presentation and Purchase Provisions of the Series 2001 Bonds

Mandatory Tender for Purchase of Bonds on the Substitution Date, a Special Mandatory Purchase Date, a Scheduled Tender Date, a Mode Adjustment Date, a Substitution of Security Date or a Sinking Fund Installment Deferral Date. The Series 2001 Bonds, other than any Bonds then in a Fixed Mode, Bank Bonds and Series 2001 Bonds held by or for the benefit of the Bond Insurer or TBTA (if any), shall be subject to mandatory tender and purchase on the Substitution Date, the Special Mandatory Purchase Date, the Scheduled Tender Date, each Mode Adjustment Date, a Substitution of Security Date and a Sinking Fund Installment Deferral Date.

Mandatory Tender for Purchase of Series 2001 Bonds Subject to a Long-Term Mode on Rate Adjustment Dates. Series 2001 Bonds, other than Bank Bonds and Series 2001 Bonds held by or for the benefit of the Bond Insurer or TBTA, if any, subject to a Long-Term Mode shall be subject to mandatory tender and purchase on each Rate Adjustment Date applicable to such Series 2001 Bonds (which is not a Mode Adjustment Date on which such

Series 2001 Bonds are subject to mandatory tender for purchase as provided under “Mandatory Tender for Purchase of Bonds on the Substitution Date, a Special Mandatory Purchase Date, a Scheduled Tender Date, a Mode Adjustment Date, a Substitution of Security Date or a Sinking Fund Installment Deferral Date” under this caption).

Purchase of Series 2001 Bonds in Daily Mode. Any Series 2001 Bonds, other than Bank Bonds and Series 2001 Bonds held by or for the benefit of the Bond Insurer or TBTA, if any, in the Daily Mode are subject to purchase, on the demand of the Holder thereof, on any Business Day, upon the irrevocable telephonic notice to the Tender Agent and the Remarketing Agent (promptly confirmed in writing by such Holder delivered to the Tender Agent and Remarketing Agent by telecopier by 10:30 a.m., New York City time, at their respective Principal Offices) which states with respect to each such Series 2001 Bond (i) the principal amount being tendered, (ii) the Series 2001 Bond numbers and CUSIP numbers, and (iii) the Purchase Date. Such Tender Notice, once transmitted as described in the Series Certificate to the Tender Agent and Remarketing Agent, shall be irrevocable with respect to the tender for which such Tender Notice was delivered. The Tender Agent shall also, as soon as is practical, notify the Trustee and the Liquidity Facility Issuer of the principal amount of Series 2001 Bonds being tendered. The determination by the Tender Agent of the contents of any such irrevocable telephonic Tender Notice shall be conclusive and binding on all parties.

Purchase of Series 2001 Bonds in Weekly Mode. Series 2001 Bonds, other than Bank Bonds and Series 2001 Bonds held by or for the benefit of the Bond Insurer or TBTA, if any, in the Weekly Mode are subject to purchase on any Business Day on the demand of the Holder thereof, upon irrevocable Tender Notice delivered to the Tender Agent and the Remarketing Agent at their respective Principal Offices not less than seven (7) calendar days prior to such Business Day. The Tender Agent shall also, as soon as practicable, notify the Trustee and the Liquidity Facility Issuer of the principal amount of Series 2001 Bonds being tendered. Such Tender Notice, once transmitted as described in the Series Certificate to the Tender Agent and the Remarketing Agent, shall be irrevocable with respect to the tender for which such Tender Notice was delivered and such tender shall occur on the Business Day specified in such Tender Notice.

Manner and Timing of Payment for Tendered Bonds. Each Holder of any Series 2001 Bonds which are to be tendered pursuant to the provisions described under this caption shall be entitled to receive the proceeds of such tender by delivering such Series 2001 Bonds (with an appropriate transfer of registration form executed in blank) to the principal corporate trust office of the Tender Agent; provided that in order to receive payment by 4:30 p.m., New York City time on the Purchase Date, such delivery must be made at any time at or prior to 10:30 a.m., New York City time, on the Purchase Date with respect to such Series 2001 Bonds. Holders of Series 2001 Bonds that are delivered to such principal corporate trust office of the Tender Agent after the time stated above shall not be entitled to receive payment from the Tender Agent of the Purchase Price until the later of the next Business Day following (i) the Purchase Date or (ii) the date of delivery of such Series 2001 Bond. The Purchase Price of any such tendered Series 2001 Bonds shall be paid in immediately available funds. The Purchase Price of such tendered Series 2001 Bonds (or portions thereof in Authorized Denominations) shall be payable on the Purchase Date applicable thereto by the Tender Agent, as provided in this Attachment 2, under the caption “Procedure for Purchase of Bonds,” but only from amounts received therefor from the Remarketing Agent or the Liquidity Facility Issuer. Any such payment shall be in immediately available funds by wire transfer to any Holder of Series 2001 Bonds upon written notice from such Holder containing the wire transfer address (which shall be within the continental United States) to which such Holder wishes to have such wire directed, if such written notice is received with the applicable Tender Notice when such Tender Notice is delivered to the Tender Agent. If any Holder of Series 2001 Bonds has not provided or caused to be provided wire transfer instructions or if such wire transfer instructions is not received with the applicable Tender Notice, the Purchase Price shall be payable by check mailed to such Holder of Series 2001 Bonds. On any date when Unremarketed Bonds are released to the Tender Agent as described in this Attachment 2, under the caption “Unremarketed Bonds,” the Purchase Price of such Series 2001 Bonds released to the Tender Agent shall be paid by wire transfer, in immediately available funds, to the Liquidity Facility Issuer at the wire transfer address specified in the Liquidity Facility.

No Right of Purchase for Bank Bonds, Series 2001 Bonds Subject to Fixed Modes or Series 2001 Bonds Held by or for the Benefit of the Bond Insurer or TBTA. Notwithstanding any other provisions summarized in this Attachment 2, there is no right of purchase on demand of a Holder, or obligation to purchase Series 2001 Bonds subject to mandatory tender, with respect to (i) Series 2001 Bonds in a Fixed Mode, (ii) Series 2001 Bonds which are Bank Bonds or (iii) Series 2001 Bonds held by or for the benefit of the Bond Insurer or TBTA.

Agreement to Tender Bonds. Each Holder of Series 2001 Bonds, by its acceptance of the Series 2001 Bonds, agrees to tender its Series 2001 Bonds to the Tender Agent for purchase, on the dates on which such Series 2001 Bonds are subject under the provisions summarized under this caption to mandatory tender pursuant to a Tender Notice.

Notice of Mandatory Tender for Purchase. Subject to the provisions described in this Attachment 2, under the caption “Special Mandatory Tender and Purchase of Series 2001 Bonds,” which shall apply in the event of a Special Mandatory Purchase Date, notice of any mandatory tender of Series 2001 Bonds (a “Mandatory Tender Notice”) identifying the Series 2001 Bonds to be purchased pursuant to the provisions summarized under this caption 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 at least fifteen (15) days prior to the Purchase Date to any Holder of Series 2001 Bonds subject to such purchase at the address shown on the registration books (except that, with respect to each Long-Term Period for Series 2001 Bonds in a Long-Term Mode, notice may be given by the Remarketing Agent contemporaneous with the confirmation of purchase and the Remarketing Agent shall promptly notify the Trustee if such notice is not given at such time). Such Mandatory Tender Notice shall identify such Series 2001 Bonds to be tendered, the reason for the mandatory tender for purchase, and specify the Purchase Date, the Purchase Price, the place and manner of payment, and that no further interest will accrue from and after the Purchase Date to such Holder.

In the event a mandatory tender of Series 2001 Bonds shall occur at or prior to the same date on which a purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender shall control.

The Trustee shall give a copy of any notice of mandatory tender given by it to TBTA, the Tender Agent, the Remarketing Agent and each Bond Facility Issuer.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder of a Series 2001 Bond receives the notice, and the failure of such Holder to receive any such notice shall not affect the validity of the action described in such notice.

Tender of Portion of Bonds Held. In the event a Holder of a Series 2001 Bond files with the Tender Agent and the Remarketing Agent a Tender Notice with respect to a portion of such Series 2001 Bond, such Holder shall be required to deliver such Series 2001 Bond to the Tender Agent along with the Tender Notice. The Tender Agent shall pay the Purchase Price for such portion as provided in accordance with the Series Certificate and the Trustee shall issue in the name of such Holder a new Series 2001 Bond in the amount not so purchased, which Bond the Tender Agent shall forward to such Holder.

Tender Agent to Hold Bonds Until Payment Therefor. The Tender Agent shall hold all Series 2001 Bonds (or portions thereof in Authorized Denominations) delivered to it for purchase pursuant to the provisions described under this caption for the benefit of the respective Holders thereof until moneys representing the Purchase Price or redemption price of such Series 2001 Bonds (or portions thereof in Authorized Denominations), as the case may be, shall have been delivered to or for the account of or to the order of the Holders thereof.

(Exhibit A to the Series Certificate, Section 2.04)

Undelivered Bonds

Deemed Tendered. In the event that (i) any Series 2001 Bonds with respect to which a Tender Notice has been sent to the Tender Agent and the Remarketing Agent or which are subject to mandatory tender for purchase as provided in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds,” are not delivered to the Tender Agent at the time, in the manner and at the place required by the provisions described in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds — Manner and Timing of Payment for Tendered Bonds,” and (ii) sufficient amounts are available to the Tender Agent, in accordance with the provisions described in this Attachment 2, under the caption “Procedure for Purchase of Bonds — Purchase,” to make such purchase, then the Undelivered Bonds will be deemed to have been tendered and purchased by the Tender Agent and interest accruing on such Series 2001 Bonds on and after the

applicable Purchase Date shall no longer be payable to the prior registered Holders thereof. Such prior Holders shall have recourse solely to the funds held by the Tender Agent or the Trustee for the purchase of the Undelivered Bonds, and the Trustee shall not recognize any further transfer of such Undelivered Bonds by such prior Holders. The Trustee or Tender Agent, as the case may be, shall register the transfer of such Series 2001 Bonds to the purchaser thereof (or to the Liquidity Facility Issuer in the case of Unremarketed Bonds) and shall issue a new Series 2001 Bond or Bonds and deliver the same as provided in this Attachment 2, under the caption “Unremarketed Bonds,” notwithstanding such non-delivery.

Payment. The Tender Agent shall on and after each date upon which Series 2001 Bonds are deemed tendered, deposit with the Trustee upon receipt all funds then held in the Remarketing Proceeds Fund or the Purchase Account in the Liquidity Facility Drawings Fund and any other amounts held by the Tender Agent by virtue of the fact that Series 2001 Bonds deemed tendered on such date were not presented for purchase to the Tender Agent in accordance with the provisions summarized in this Attachment 2. The Trustee shall set aside such amount on its books and hold the same in trust for the payment to the Holders of such Series 2001 Bonds of the Purchase Price thereof as required by the provisions described in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds — Manner and Timing of Payment for Tendered Bonds.” The Trustee shall pay such Purchase Price from such amount by check or draft of the Trustee made payable to the party entitled to such payment. Any such moneys so held in trust by the Trustee shall be held uninvested. Subject to laws relating to abandoned property in the State, any such moneys which remain unclaimed for six years after the date such moneys were so deposited with the Trustee shall at the written request of TBTA be paid by the Trustee to TBTA as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders of such Series 2001 Bonds shall look only to TBTA for the payment of the Purchase Price of such Series 2001 Bonds; provided, however, that before being required to make any such payment to TBTA the Trustee may, at the expense of TBTA, cause to be published at least twice, at an interval of not less than 7 days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to TBTA.

(Exhibit A to the Series Certificate, Section 2.05)

Remarketing of Tendered Bonds

Best Efforts to Remarket. The Remarketing Agent shall, subject to the provisions described in this Attachment 2, under the caption “Special Mandatory Tender and Purchase of Series 2001 Bonds,” offer for sale for the account of the Holder and use its best efforts to sell an aggregate principal amount of Series 2001 Bonds equal to the amount of Series 2001 Bonds with respect to which a Tender Notice has been received or which are required to be tendered for purchase pursuant to the provisions described in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds” at a price equal to the Purchase Price thereof, on the Purchase Date of such Series 2001 Bonds or as soon thereafter as possible, without selling any such Series 2001 Bonds at a discount; except that Series 2001 Bonds tendered on a Scheduled Tender Date shall be remarketed only in the Fixed Mode, unless the Liquidity Facility has been extended or renewed or a Substitute Liquidity Facility is in effect, and no Series 2001 Bonds shall be remarketed to TBTA.

Payment and Delivery Upon Remarketing. If the Remarketing Agent is able to sell all or any portion of such Series 2001 Bonds at such price, the Remarketing Agent shall deliver or cause to be delivered the Series 2001 Bonds so resold in accordance with the clause (i) described in this Attachment 2, under the caption “Disposition of Purchased Bonds,” and shall cause the deposit of the proceeds of the sale of such Series 2001 Bonds in immediately available funds in the Remarketing Proceeds Fund by 12:00 noon., New York City time (or such later time as the Trustee and the Tender Agent shall permit, but in no event later than such time as shall be necessary to enable the Trustee to comply with the provisions described in this Attachment 2, under the caption “Procedure for Purchase of Bonds — Drawing”), on such Purchase Date.

Remarketing in Daily Mode. In the case of Series 2001 Bonds remarketed on a Purchase Date occurring during a Daily Mode for such Series 2001 Bonds, the Remarketing Agent shall notify the Tender Agent and the Trustee by 11:30 a.m., New York City time (or such later time as the Trustee and the Tender Agent shall permit), on

each Purchase Date of the amount of Series 2001 Bonds sold pursuant to this paragraph, the denominations thereof, and such information as may be required to re-register such Series 2001 Bonds.

Remarketing in a Weekly Mode. In the case of Series 2001 Bonds remarketed on a Purchase Date occurring during a Weekly Mode for such Series 2001 Bonds, the Remarketing Agent shall notify the Tender Agent by 4:00 P.M., New York City time on the Business Day preceding the Purchase Date, to the extent such information is then available, of the principal amount of Series 2001 Bonds sold pursuant to this paragraph, the denominations thereof, and the such information as may be required to re-register such Series 2001 Bonds.

Remarketing in a Long-Term Mode. In the case of Series 2001 Bonds remarketed on a Purchase Date occurring during a Long-Term Mode for such Series 2001 Bonds, the Remarketing Agent shall notify the Trustee, the Tender Agent and TBTA not later than 72 hours in advance of the Purchase Date, or such lesser amount of time as the Trustee and the Tender Agent shall reasonably require, of the amount of Series 2001 Bonds sold pursuant to this paragraph, the denominations thereof, and such information as may be required to re-register such Series 2001 Bonds.

(Exhibit A to the Series Certificate, Section 2.06)

Procedure for Purchase of Bonds

Purchase. On the date any Series 2001 Bonds are to be purchased pursuant to the provisions described in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds,” the Tender Agent shall purchase, but only from the funds and in the order of priority listed below, such Series 2001 Bonds at the Purchase Price:

- (i) moneys on deposit in the Remarketing Bond Proceeds Fund derived from the remarketing of Series 2001 Bonds; and
- (ii) amounts on deposit in the Liquidity Facility Drawings Fund derived from a draw on the Liquidity Facility.

None of TBTA, the Trustee or the Tender 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 shall not constitute a default under the 1980 Resolution and in the case of such failure (i) Series 2001 Bonds in a Weekly Mode or Daily Mode shall remain in the Interest Mode in effect immediately preceding the Purchase Date, and (ii) Series 2001 Bonds in a Long-Term Mode will be converted automatically to the Weekly Mode on the Purchase Date.

Drawing. The Tender Agent shall promptly take all action in accordance with the Liquidity Facility and the Series Certificate necessary to draw under the Liquidity Facility in accordance with Article III of the Series Certificate and in accordance with the Liquidity Facility an amount sufficient to pay the Purchase Price of the Series 2001 Bonds pursuant to the provisions described in this Attachment 2, in clause (ii) under the caption “Procedure for Purchase of Bonds — Purchase,” on the Purchase Date. The Tender Agent shall draw upon the Liquidity Facility by 12:20 p.m., New York City time, on each Purchase Date in an amount equal to the Purchase Price of all Series 2001 Bonds to be purchased on such Purchase Date less amounts described in this Attachment 2, in clause (i) under the caption “Procedure for Purchase of Bonds — Purchase.”

(Exhibit A to the Series Certificate, Section 2.07)

Disposition of Purchased Bonds

Series 2001 Bonds tendered to the Trustee or the Tender Agent, as the case may be, for purchase pursuant to the provisions described in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds,” or deemed tendered for purchase pursuant to the provisions described in this Attachment 2, under the caption “Undelivered Bonds,” shall be made available by the Trustee or the Tender Agent, as the case may be, for pick-up, as follows:

(i) Series 2001 Bonds remarketed by the Remarketing Agent shall be made available for pick-up by the purchasers thereof; and

(ii) Series 2001 Bonds purchased by the Tender Agent with moneys described in this Attachment 2, in clause (ii) under the caption “Procedure for Purchase of Bonds — Purchase,” shall be disposed of pursuant to the provisions described in this Attachment 2, under the caption “Unremarketed Bonds.”

(Exhibit A to the Series Certificate, Section 2.08)

Unremarketed Bonds

Purchase, Registration and Remarketing. Any Unremarketed Bonds purchased by the Tender Agent from funds advanced from the Liquidity Facility and deposited in the Liquidity Facility Drawings Fund shall be registered in the name of the Liquidity Facility Issuer (or its nominee) and held by the Tender Agent as custodian for the Liquidity Facility Issuer (or its nominee), for the account of the Liquidity Facility Issuer. TBTA hereby authorizes the Tender Agent to agree to hold such Unremarketed Bonds as custodian for the account of the Liquidity Facility Issuer, and to deliver such Unremarketed Bonds to or at the direction of the Liquidity Facility Issuer. With respect to such Unremarketed Bonds, the Remarketing Agent shall be required, subject to the provisions of the Remarketing Agreement, to offer for sale, and use its best efforts to sell, such Unremarketed Bonds, at the Purchase Price thereof, without selling any such Unremarketed Bonds at a discount. When remarketing Unremarketed Bonds pursuant to the provisions summarized under this caption, the Remarketing Agent shall remarket such Unremarketed Bonds as if such Unremarketed Bonds were, unless another Interest Mode is designated by TBTA as provided in this Attachment 2, under the caption “Description of Interest Modes,” which designation shall be effective immediately upon the giving of notice thereof by TBTA to the Trustee, in the Interest Mode borne by such Series 2001 Bonds on the date they became Unremarketed Bonds or the Interest Mode determined as provided in this Attachment 2, under the caption “Description of Interest Modes — Failed Conversion,” if applicable, and bearing interest at the rate for such Interest Mode determined as provided in this Attachment 2, under the caption “Determination of Interest Rate on the Series 2001 Bonds During Various Interest Modes.” Unless such Unremarketed Bonds have been delivered to the Liquidity Facility Issuer (or its nominee), the Tender Agent on any Business Day shall make available such Unremarketed Bonds to the Remarketing Agent for delivery to the purchaser thereof on notice received on or prior to 11:15 A.M., New York City time, on such Business Day. Upon receipt of notice from the Remarketing Agent that it has resold all or any portion of the Unremarketed Bonds, the Tender Agent shall make available for delivery such Unremarketed Bonds as provided in this Attachment 2, in clause (i) under the caption “Disposition of Purchased Bonds,” or, if held by or on behalf of the Liquidity Facility Issuer, the Liquidity Facility Issuer shall return, or cause to be returned, such Unremarketed Bonds to the Tender Agent for redelivery to the purchasers thereof in accordance with the provisions described in this Attachment 2, in clause (i) under the caption “Disposition of Purchased Bonds,” in either case only upon receipt of the payments required by the provisions described in this Attachment 2, under the caption “Unremarketed Bonds — Release”; provided, however, that, subject to the Liquidity Facility Issuer’s rights to sell Bank Bonds pursuant to the Standby Bond Purchase Agreement, no Unremarketed Bond purchased with a draw on the Liquidity Facility shall be sold by the Liquidity Facility Issuer unless the Liquidity Facility is immediately reinstated upon such sale to an amount equal to the stated amount of the Liquidity Facility without reduction for the draw thereunder made to purchase such Unremarketed Bonds. The Purchase Price received from the purchaser of any Unremarketed Bonds so remarketed and resold pursuant to the foregoing sentence shall be paid promptly to the Liquidity Facility Issuer.

Redemption. In the event of a redemption of any Unremarketed Bonds, the Trustee shall remit to the Liquidity Facility Issuer the Redemption Price of such Unremarketed Bonds.

Release. The Liquidity Facility Issuer agrees to release, or approve the release of, if held by the Tender Agent, any Unremarketed Bond held by it or for its account for delivery by the Tender Agent to the purchasers thereof upon notice from the Tender Agent that such Series 2001 Bond has been remarketed but only, however, against receipt by the Liquidity Facility Issuer or the Tender Agent for the account of the Liquidity Facility Issuer or the Remarketing Agent pursuant to the provisions described in this Attachment 2, in clause (i) under the caption “Procedure for Purchase of Bonds — Purchase,” of the Purchase Price therefor in immediately available funds. The Tender Agent shall not release Bank Bonds unless the Liquidity Facility is reinstated by the amount equal to the

Purchase Price of the Bank Bonds remarketed. TBTA shall pay, or cause the Trustee to pay, first (i) the difference between the amount of accrued interest to the date of such remarketing computed at the Bond Rate and the amount of interest accrued at the Bank Rate for such period and then (ii) any accrued and unpaid interest at a Bond Rate representing interest on amounts paid as accrued interest as part of the Purchase Price of such Unremarketed Bonds on the date of such release of Bank Bonds by the Liquidity Facility Issuer, all in accordance with the Liquidity Facility.

(Exhibit A to the Series Certificate, Section 2.09)

Authorized Denominations

Notwithstanding anything in the Series Certificate to the contrary, a Series 2001 Bond may be tendered in whole or in part provided that (i) any such tendered Series 2001 Bond or portion thereof must be in an Authorized Denomination or, if the Purchase Date relating to such tender is a Mode Adjustment Date, will be in an Authorized Denomination for the Interest Mode commencing on such Mode Adjustment Date, and (ii) no portion of any Series 2001 Bond may be tendered if the principal amount of the Series 2001 Bond to be retained by the Holder of the Series 2001 Bond thereafter is not an Authorized Denomination.

(Exhibit A to the Series Certificate, Section 2.10)

Substitute Liquidity Facility; Assignment or Transfer of Liquidity Facility

If, at any time before eighteen (18) days prior to the Scheduled Tender Date, TBTA obtains a renewal or extension of the Liquidity Facility (or a written commitment which evidences such renewal or extension) on substantially the same terms, TBTA shall promptly give notice to the other Notice Parties of such renewal or extension. Any such renewal or extension shall not require notice to the Holders of Series 2001 Bonds and shall not constitute substitution of a Liquidity Facility.

If, at any time, TBTA provides for a Substitute Liquidity Facility by complying with the requirements set forth in the next succeeding paragraph and by terminating the then-existing Liquidity Facility pursuant to its terms, then TBTA shall give a written notice of such termination at least eighteen (18) days prior to the Substitution Date to the Trustee, the Tender Agent and the Remarketing Agent, and upon the receipt of such notice and in no event after the fifteenth (15) day prior to the Substitution Date, the Trustee shall give written notice to each Rating Agency and the Holders of Series 2001 Bonds, the Purchase Price of which is then payable from the Liquidity Facility, stating (i) that TBTA will obtain a Substitute Liquidity Facility, (ii) the date on which the then-existing Liquidity Facility will terminate, and (iii) that the Series 2001 Bonds will be subject to mandatory tender for purchase on the Substitution Date. TBTA shall forward to the Trustee and the Remarketing Agent upon receipt any rating letters from any Rating Agency with respect to the Series 2001 Bonds and the Substitute Liquidity Facility.

Any Substitute Liquidity Facility shall be approved in writing by the Bond Insurer and shall meet the following criteria:

(i) Any Substitute Liquidity Facility shall provide that funds may be advanced for the purposes, in the amounts and at the times provided in the provisions summarized in this Attachment 2 and shall contain administrative provisions satisfactory to the Trustee and the Tender Agent.

(ii) Any Substitute Liquidity Facility shall have a term of not less than the lesser of 364 days or the remaining term of the Liquidity Facility which such Substitute Liquidity Facility is replacing and expire not less than five (5) Business Days after the next succeeding Interest Payment Date after the Substitution Date for each Series 2001 Bond to be entitled to the benefit of such Substitute Liquidity Facility.

(iii) At least five (5) Business Days prior to the delivery to the Trustee of the Substitute Liquidity Facility as provided in the preceding paragraph, the Trustee shall have received an irrevocable commitment to issue or enter into such replacement and on the Substitution Date the Trustee shall have received an opinion of counsel for the issuer or issuers of the Substitute Liquidity Facility that the

Substitute Liquidity Facility and any documents related to it constitute a legal, valid and binding obligation of the issuer of the Substitute Liquidity Facility enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, moratorium or insolvency or by equitable principles.

(iv) No Substitute Liquidity Facility shall be effective unless the issuer of a Substitute Liquidity Facility shall purchase or TBTA shall cause the payment or purchase of all Bank Bonds held by or for the account of the prior Liquidity Facility Issuer on the Substitution Date, and all amounts then due to such prior Liquidity Facility Issuer shall be paid in full on or prior to the Substitution Date.

If, at any time, TBTA delivers a Substitute Liquidity Facility to the Trustee and the Remarketing Agent, a Favorable Opinion of Bond Counsel shall be delivered to the Trustee providing that any condition to substitution contained in the existing Liquidity Facility shall have been satisfied.

If, on the date eighteen (18) days prior to the Scheduled Tender Date, the Liquidity Facility has not been renewed, extended or replaced nor has TBTA obtained a written commitment for such renewal, extension or replacement, the Trustee shall at least fifteen (15) days prior to the Scheduled Tender Date give notice to the Holders of the Series 2001 Bonds the Purchase Price of which is then payable from the Liquidity Facility and the Tender Agent that (i) the Liquidity Facility is scheduled to expire and stating the date of such expiration; (ii) TBTA has not obtained a renewal, extension or substitution of said Liquidity Facility; and (iii) the Series 2001 Bonds shall be subject to mandatory tender pursuant to the provisions described in this Attachment 2, under the caption "Tender, Presentation and Purchase Provisions of the Series 2001 Bonds — Mandatory Tender for Purchase of Bonds on the Substitution Date, the Special Mandatory Purchase Date, Scheduled tender Date or Mode Adjustment Date," and explaining the terms of such mandatory tender.

Other than in connection with a Substitute Liquidity Facility, neither the Trustee nor TBTA shall terminate or surrender the Liquidity Facility prior to the conversion of all Series 2001 Bonds to a Fixed Mode. In the event that Series 2001 Bonds have been retired in part or have been converted in part to a Fixed Mode and the stated amount of the Liquidity Facility is to be reduced accordingly, the Trustee shall take such action as is necessary under the Liquidity Facility to reduce the amount available to be drawn thereunder and, if permitted by the terms of the Liquidity Facility, may exchange the Liquidity Facility for a revised form of Liquidity Facility.

In the event that the Trustee has received a notice of assignment or transfer of the Liquidity Facility Issuer's obligations under the Liquidity Facility and all conditions (other than the lapse of time after which such assignment or transfer becomes effective) to such assignment or transfer required in the Liquidity Facility have been satisfied, the Trustee shall at least ten (10) days prior to the date on which such assignment or transfer becomes effective give notice to the Holders of the Series 2001 Bonds stating that (i) the Liquidity Facility will be assigned or transferred pursuant to its terms from the then-existing Liquidity Facility Issuer to a new Liquidity Facility Issuer, (ii) the effective date of such assignment or transfer, (iii) the name of the new Liquidity Facility Issuer, and (iv) each rating agency then rating the Bonds has confirmed that the then existing ratings on the Bonds will remain in effect after such assignment or transfer.

(Exhibit A to the Series Certificate, Section 2.11)

Participation in Book-Entry Only System

Notwithstanding any provision in the Series Certificate to the contrary, so long as the book-entry only system of transfers shall remain in effect, every remarketing of the Series 2001 Bonds by the Remarketing Agent and all tenders, purchases and transfers of the Series 2001 Bonds by the Trustee or the Tender Agent, and all notices, shall be conducted in accordance with such system.

(Exhibit A to the Series Certificate, Section 2.12)

Denominations, Numbers and Letters

The Series 2001 Bonds shall be issued only in fully registered form without coupons in the Authorized Denominations as set forth in the Series Certificate. Such Series 2001 Bond may bear such additional letters, numbers, legends or designations as TBTA determines are necessary or desirable, including, without limitation, any such additional items deemed necessary or desirable to identify the Interest Mode to which any particular Series 2001 Bond is subject.

(Exhibit A to the Series Certificate, Section 2.13)

Redemption Prices and Terms

The Series 2001 Bonds are subject to redemption prior to maturity as described under this caption. TBTA shall furnish to each Rating Agency the notice provided in the Series Certificate, but the failure to provide such notice shall not affect the validity of any such redemption.

Sinking Fund Redemption. The Series 2001 Bonds are subject to redemption prior to maturity in part by lot as provided in the Series Certificate, at a Redemption Price equal to the principal amount thereof from Sinking Fund Installments required to be made in the principal amounts and in the years set forth in the Series Certificate; provided, however, that before selecting any Series 2001 Bonds the Trustee shall first apply any such Sinking Fund Installments to redeem any Series 2001 Bonds then bearing interest at the Bank Rate and then at the direction of TBTA. If Series 2001 Bonds are optionally redeemed as provided in this Attachment 2, under the caption “Redemption Prices and Terms — General Optional Redemption of Series 2001 Bonds During Any Interest Mode Other Than the Long-Term Mode During a Long-Term Period Exceeding 4 years or the Fixed Mode,” Sinking Fund Installments shall be reduced in inverse order of redemption dates, but only in the Authorized Denomination applicable to the current Interest Mode.

General Optional Redemption of Series 2001 Bonds During Any Interest Mode Other Than the Long-Term Mode During a Long-Term Period Exceeding 4 years or the Fixed Mode. At the option of TBTA, any Series 2001 Bonds are subject to redemption prior to maturity (and, once called for redemption, such Series 2001 Bonds may be purchased by TBTA in lieu of such redemption), during any Interest Mode other than the Long-Term Mode during a Long-Term Period exceeding 4 years or the Fixed Mode, in whole or in part (but if in part in the Authorized Denomination applicable to such Interest Mode) at any time at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2001 Bonds to be redeemed plus accrued and unpaid interest not otherwise payable on such date.

Notwithstanding any other provision hereof, the Trustee shall not deliver a notice of redemption in respect of any Series 2001 Bonds called for redemption pursuant to this paragraph and the preceding paragraph, unless TBTA shall have paid or caused to be paid to the Trustee an amount which, in addition to other amounts available therefor and held by the Trustee, is sufficient to redeem, on the redemption date at a redemption price equal to 100% of the principal amount thereof, plus interest accrued and unpaid to the redemption date, all of the Series 2001 Bonds to be redeemed; such amounts shall either be held uninvested by the Trustee or be invested only in direct obligations of or obligations unconditionally guaranteed by the United States of America having a maturity date on or prior to the redemption date.

General Optional Redemption of Series 2001 Bonds in the Long-Term Mode During a Long-Term Period Exceeding 4 years or the Fixed Mode. Any Series 2001 Bonds in the Long-Term Mode During a Long-Term period exceeding 4 years or the Fixed Mode are subject to redemption at the option of TBTA, in whole or in part, on any date following the “No Call Period” set forth below at the redemption prices set forth below:

OPTIONAL REDEMPTION PROVISIONS

<u>Duration of Mode</u>	<u>No Call Period</u>	<u>Redemption Price</u>
Greater than or equal to 11 years	8 years	101%, declining by 1% on each succeeding anniversary of the end of the no call period until reaching 100% and thereafter at 100%
Greater than or equal to 8 years and less than 11 years	6 years	101%, declining by 1% on each succeeding anniversary of the end of the no call period until reaching 100% and thereafter at 100%
Greater than or equal to 4 years and less than 8 years	3 years	100½%, declining by ½% on each succeeding anniversary of the end of the no call period until reaching 100% and thereafter at 100%
Less than 4 years	Series 2001 Bonds are not subject to optional redemption	Not applicable

Redemption of Bank Bonds. In the event TBTA elects to redeem less than all of the Outstanding Bonds pursuant to the provisions described in this Attachment 2, under the caption “Redemption Prices and Terms — General Optional Redemption of Series 2001 Bonds During Any Interest Mode Other Than the Long-Term Mode During a Long-Term Period Exceeding 4 years or the Fixed Mode,” or the caption “Redemption Prices and Terms — General Optional Redemption of Series 2001 Bonds in the Long-Term Mode During a Long-Term Period Exceeding 4 years or the Fixed Mode,” the Trustee shall select Bank Bonds for such redemption prior to selecting any other Bonds for redemption.

Redemption of Less Than All Series 2001 Bonds. In the event of redemption of less than all of the Outstanding Series 2001 Bonds (other than pursuant to the preceding paragraph), the Trustee shall assign to each such Outstanding Series 2001 Bond to be redeemed a distinctive number for each unit of the principal amount of such Series 2001 Bond equal to the minimum Authorized Denomination and shall select by lot, using such method of selection as it shall deem proper in its discretion; provided that Bank Bonds shall be selected for redemption prior to any other Series 2001 Bonds.

Notice of Redemption. Provided the Trustee has received at least 35 days (measured from the redemption date) notice thereof, at least thirty (30) days, but not more than sixty (60) days, before the redemption of any Series 2001 Bonds, whether such redemption be in whole or in part, the Trustee shall cause a notice, in the name and at the expense of TBTA, of any such redemption signed by the Trustee to be mailed, postage prepaid, by certified or registered mail or overnight delivery, to the Securities Depository, so long as the Holder is a Securities Depository Nominee, and otherwise (a) to be mailed, postage prepaid, to all Holders of Series 2001 Bonds to be redeemed at their addresses as they appear on the registration records, (b) if so directed by TBTA, to be published in a daily newspaper circulated in the State and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, and (c) sent, at least 30 days prior to the redemption date, by first class mail, postage prepaid or, at the direction of TBTA, by registered or certified mail or overnight delivery service to at least two registered securities depositories set forth in the Supplemental Resolution and to one or more of the municipal reporting services set forth in the Supplemental Resolution or designated in a certificate of an Authorized Officer of TBTA to the Trustee at the addresses provided from time to time in such certificates. The Trustee shall have no responsibility to delivery notices pursuant to clause (c) of this paragraph, except to the extent an address is specified in the Supplemental Resolution or a certificate described in clause (c). If any registered owner shall be the registered owner of \$1,000,000 or more in aggregate principal amount of Series 2001 Bonds, then the Trustee shall mail, not less than thirty (30) days before the redemption date, an additional notice of redemption by certified mail, return receipt requested, to such registered owner at his last address, if any, appearing on the registration books. If such notice is mailed as set forth in (a) of this paragraph, the failure of any Holder to receive or any defect therein shall not affect the validity of the proceedings for such redemption with respect to any Holder to whom proper notice was duly mailed under the Series Certificate. Each such notice shall state the date fixed for redemption, the Redemption Price to be paid, the name and address of the Trustee, the date of issue of the Series 2001 Bonds, the interest rate on the Series 2001 Bonds being redeemed, the maturity of Series 2001 Bonds to be redeemed, that from and after such redemption date interest shall cease to accrue on such Series 2001 Bonds, and, if less than all of the Series 2001 Bonds of any one maturity then Outstanding are to be called for redemption, the distinctive numbers and letters of such Series 2001 Bonds to be redeemed, CUSIP numbers, and, in the case of Series 2001 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In addition, if any Series 2001 Bond is to be redeemed in part only, the notice of redemption shall state that on or after the redemption date, upon surrender of such Series 2001 Bond, a new registered Series 2001 Bond in a principal amount equal to the unredeemed portion of such Series 2001 Bond will be issued, unless otherwise provided in the Supplemental Resolution.

Delivery Prior to Redemption. In the event any Series 2001 Bond (other than a Series 2001 Bond then bearing interest at a Fixed Rate) previously called for redemption shall be tendered for purchase or delivered for registration of transfer or exchange thereof prior to the redemption date, notation by endorsement or otherwise shall be made upon such Series 2001 Bond (or any Series 2001 Bond authenticated in substitution therefor) of such call for redemption. Each successive Series 2001 Bond authenticated in substitution for a Series 2001 Bond which has been called for redemption shall be deemed to be the Series 2001 Bond called for redemption.

(Supplemental Resolution, Section 2.13; Exhibit A to the Series Certificate, Section 2.15)

Special Mandatory Tender and Purchase of Series 2001 Bonds

The Tender Agent receives notice from the Liquidity Facility Issuer pursuant to the Liquidity Facility terminating the Liquidity Facility, as a result of an occurrence of an Event of Default under the Liquidity Facility, then the Tender Agent shall draw on the Liquidity Facility in accordance with the Series Certificate, by 12:00 noon, New York City time, on the Business Day directed by the Liquidity Facility Issuer (which shall be a date at least two Business Days following the date of such direction and at least one Business Day prior to any termination or expiration of the Liquidity Facility), or, in the absence of such direction from the Liquidity Facility Issuer, by 12:00 noon, New York City time, on the fifteenth (15th) Business Day following the receipt by the Tender Agency of the notice from the Liquidity Facility Issuer terminating the Liquidity Facility, by presentation of documents described in the Liquidity Facility in order to receive by 2:30 p.m., New York City time, on the same day following presentation of such documents, an amount in immediately available funds, sufficient to pay the Purchase Price of all of the Series 2001 Bonds to be deemed tendered on such Business Day in accordance with this paragraph. Upon deposit of such amounts with the Tender Agent, all Series 2001 Bonds then entitled to the benefit of the Liquidity Facility shall be deemed tendered and the Tender Agent shall immediately give notice to the Remarketing Agent and

the Holders of such Series 2001 Bonds of such fact. Such notice shall also state that the Special Mandatory Purchase Date and that all Series 2001 Bonds entitled to the benefit of the Liquidity Facility, other than Bank Bonds, Series 2001 Bonds bearing interest at the Fixed Rate and Series 2001 Bonds held by or for the benefit of the Bond Insurer and TBTA, if any, are deemed tendered on the Special Mandatory Purchase Date. The Remarketing Agent may not remarket any Series 2001 Bond tendered or deemed tendered pursuant to the provisions described under this caption until the Remarketing Agent receives written notice from the Liquidity Facility Issuer stating that the Liquidity Facility has been reinstated to an amount equal to the Liquidity Facility Requirement for all Series 2001 Bonds then Outstanding which are entitled to the benefit of the Liquidity Facility. Once the Remarketing Agent receives such written notice from the Liquidity Facility Issuer, the Remarketing Agent shall remarket, subject to the provisions of the Remarketing Agreement, all Outstanding Series 2001 Bonds then entitled to the benefit of the Liquidity Facility in accordance with the provisions described in this Attachment 2, under the caption “Unremarketed Bonds — Purchase, Registration and Remarketing.”

All Series 2001 Bonds deemed tendered on the Special Mandatory Purchase Date pursuant to the preceding paragraph will be purchased by the Tender Agent on the Special Mandatory Purchase Date only from funds provided to the Tender Agent by or on behalf of Liquidity Facility Issuer pursuant to the Liquidity Facility, which funds shall be deposited by the Tender Agent into the Liquidity Facility Drawings Fund and used to pay the Purchase Price of all Series 2001 Bonds deemed tendered on the Special Mandatory Purchase Date.

(Exhibit A to the Series Certificate, Section 2.16)

Claims on the Liquidity Facility for Purchase of Series 2001 Bonds

The Trustee, the Tender Agent and TBTA acknowledge that the Standby Bond Purchase Agreement is available for purchase of the respective Series 2001 Bonds only in a Daily Mode or a Weekly Mode and, the Standby Bond Purchase Agreement shall not be available to purchase Series 2001 Bonds in any Long-Term Mode except as set forth in the next succeeding sentence. Pursuant to the provisions described in this Attachment 2, under the caption “Designation of Interest Modes,” Series 2001 Bonds shall not be converted to any Long-Term Mode unless the Standby Bond Purchase Agreement is amended to include Series 2001 Bonds in a Long-Term Mode or replaced by a Substitute Liquidity Facility applicable to Series 2001 Bonds in a Long-Term Mode.

If any Series 2001 Bonds to which a Liquidity Facility applies are to be tendered for purchase as provided in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds,” and the Remarketing Agent shall not then have provided the Tender Agent with sufficient funds to make such purchase by depositing in the Remarketing Proceeds Fund immediately available funds by no later than the time provided in the Liquidity Facility applicable to such Series 2001 Bonds for presentation of documents in order to receive payment in immediately available funds by 2:30 p.m., New York City time, on the date such Series 2001 Bonds are required to be purchased, then the Tender Agent shall draw under the Liquidity Facility by no later than the time provided in the Liquidity Facility for presentation of documents in order to receive payment in immediately available funds by 2:30 p.m., New York City time, on such day, an amount sufficient to pay the portion of the Purchase Price of such Series 2001 Bonds, other than any Bank Bonds and Series 2001 Bonds held by or for the benefit of TBTA or the Bond Insurer, less any amounts then available in the Remarketing Proceeds Fund for the payment of such Purchase Price on such date, to the Tender Agent. All proceeds of drawings on a Liquidity Facility shall be deposited in the Liquidity Facility Drawings Fund created as provided in this Attachment 2, under the caption “Creation of Liquidity Facility Drawings Fund and Remarketing Fund.”

If the Tender Agent shall not have received notice from the Remarketing Agent indicating the amount required to be so drawn, the Tender Agent shall draw under the Liquidity Facility by no later than 12:20 p.m., New York City time in order to receive payment in immediately available funds by 2:30 p.m., New York City time on such day an amount sufficient to pay 100% of the Purchase Price of all Series 2001 Bonds of the Series to which such Liquidity Facility applies and Outstanding (other than Bonds in the Fixed Mode, Bank Bonds and Series 2001 Bonds held by or for the benefit of TBTA).

(Exhibit A to the Series Certificate, Section 3.01)

Amendments to Liquidity Facility

Except with the consent of all the Holders of the Series 2001 Bonds the Purchase Price of which is payable from a particular Liquidity Facility given as provided herein, neither TBTA, the Tender Agent nor the Trustee shall permit any amendment, supplement, modification or waiver to a Liquidity Facility which would result in the rating assigned to the Series 2001 Bonds to which such Liquidity Facility applies by the Rating Agency being withdrawn or reduced below that in effect prior to such amendment, supplement, modification or waiver. Upon the amendment of a Liquidity Facility pursuant to the provisions described under this caption, TBTA shall furnish to each Rating Agency the notice described in the Series Certificate, but the failure to provide such notice shall not affect the validity of any such amendment.

(Exhibit A to the Series Certificate, Section 3.02)

Tender Agent to Reduce and Terminate Liquidity Facility

The Tender Agent shall, in accordance with the applicable provisions of the Liquidity Facility, take such action (including filing of certificates of reduction) as shall be required to reduce the amounts available thereunder in respect of Purchase Price on the Series 2001 Bonds to which such Liquidity Facility applies to reflect any permanent reduction, whether by conversion of Series 2001 Bonds to a Fixed Mode, by redemption, by defeasance or otherwise, in the amount of the Series 2001 Bonds Outstanding covered by the Liquidity Facility. The amount available in respect of the payment of the principal portion of Purchase Price of such Series 2001 Bonds shall be reduced in an amount equal to the principal amount of such Series 2001 Bonds so converted or so paid or deemed paid and the amount available in respect of the payment of interest on such Series 2001 Bonds for the interest portion of the Purchase Price of such Series 2001 Bonds shall be reduced by a percentage equal to the percentage by which the amount available in respect of the payment of principal is reduced as aforesaid.

As soon as practicable on the first day after any such payment, conversion or defeasance, the Tender Agent shall, in accordance with the applicable provisions of the Liquidity Facility, take such action (including filing of certificates of termination) as shall be required to terminate the Liquidity Facility as a result of the payment, or defeasance of all Series 2001 Bonds of the Series to which such Liquidity Facility is applicable or the conversion of the interest rate on all Series 2001 Bonds to which such Liquidity Facility is applicable to the Fixed Rate.

(Exhibit A to the Series Certificate, Section 3.03)

Liquidity Facility Requirement

Except as otherwise provided in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds — Purchase of Series 2001 Bonds in Daily Mode,” Series 2001 Bonds shall be entitled to the benefit of the Liquidity Facility in accordance with the Series Certificate or a Substitute Liquidity Facility, which Liquidity Facility or Substitute Liquidity Facility shall be maintained at the Liquidity Facility Requirement as provided in the Series Certificate and in the Substitute Liquidity Facility, and such Liquidity Facility or Substitute Liquidity Facility shall be delivered to the Tender Agent upon the issuance or remarketing of such Series 2001 Bonds. TBTA hereby covenants that it will not release or terminate such Liquidity Facility once applicable to Series 2001 Bonds without providing a Substitute Liquidity Facility unless such Series 2001 Bonds convert to a Fixed Mode or are repaid or defeased in full.

(Exhibit A to the Series Certificate, Section 3.04)

Drawings by Tender Agent

On or prior to the Substitution Date, no presentation of documents necessary to make a drawing under a Substitute Liquidity Facility shall be made by the Tender Agent if the predecessor Liquidity Facility shall be effective and available to make drawings thereunder on the date of such presentation. After the Substitution Date, no presentation of the documents necessary to make a drawing under a predecessor Liquidity Facility shall be made by the Tender Agent if the Substitute Liquidity Facility shall be effective and available to make drawings thereunder on the date of such presentation. No presentation of the documents necessary to make a drawing under a Liquidity Facility relating to a Series of Series 2001 Bonds shall be made by the Tender Agent unless the proceeds of such drawing are applied solely to the payment of the Purchase Price of such Series of Series 2001 Bonds that are supported by such Liquidity Facility and not any other Series of Series 2001 Bonds. All drawings on a Liquidity Facility shall be made by the Tender Agent irrespective of whether the Tender Agent shall have received any fee, compensation or indemnification it may be entitled to receive under the Series Certificate. Upon delivery of a Substitute Liquidity Facility, the Tender Agent shall promptly surrender for cancellation the predecessor Liquidity Facility to the issuer thereof.

(Exhibit A to the Series Certificate, Section 3.05)

Covenants of TBTA

TBTA agrees not to cancel or terminate the Bond Insurance Policy for any reason. The TBTA also agrees not to amend or modify the Bond Insurance Policy in any material respect without consent of the Liquidity Facility Issuer whose Liquidity Facility covers the Series 2001 Bonds. So long as the Bank Purchase Period is in effect or any amounts are due or owing to the Liquidity Facility Issuer under the Standby Bond Purchase Agreement, TBTA will comply with the Standby Bond Purchase Agreement.

(Exhibit A to the Series Certificate, Section 3.07)

Bond Insurance

So long as the Bond Insurance Policy remains in effect, the provisions described in this Attachment 2, under the caption "Rights of Bond Insurer," shall apply with respect to the Series 2001 Bonds, notwithstanding any other provision of the Series Certificate.

(Exhibit A to the Series Certificate, Section 4.01)

Rights of Bond Insurer

As long as the Bond Insurance Policy shall be in full force and effect and the Bond Insurer is not in default in respect of any of its obligations under the Bond Insurance Policy, the following provisions shall apply with respect to Series 2001 Bonds:

- (i) TBTA shall furnish to the Bond Insurer (to the attention of the Surveillance Department, unless otherwise indicated):
 - (A) as soon as practicable after the filing thereof, a copy of any financial statement of TBTA and a copy of any audit and annual report respecting TBTA.
 - (B) such additional information it may reasonably request.
 - (C) A copy of any notice to be given to the Holders of the Series 2001 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 2001 Bonds, and any certificate rendered pursuant to the 1980 Resolution, Supplemental Resolution or the Series Certificate relating to the security for the Series 2001 Bonds.

(ii) The Trustee shall notify the Bond Insurer of any failure of TBTA to provide relevant notices or certificates.

(iii) The Trustee shall permit the Bond Insurer to have access and to make copies of all books and records relating to the Series 2001 Bonds at any reasonable time.

(iv) Notwithstanding any other provision of the 1980 Resolution, the Supplemental Resolution and the Series Certificate, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal or interest as required and immediately upon the occurrence of any event of default under the 1980 Resolution.

(v) As long as the Bond Insurance Policy shall be in full force and effect, TBTA and the Trustee agree to comply with the following provisions:

(A) At least one (1) day prior to all Interest Payment Dates the Trustee will determine whether there will be sufficient funds in the funds and accounts established under the 1980 Resolution to pay the principal of or interest on the Series 2001 Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the Trustee shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 2001 Bonds to which such deficiency is applicable and whether such Series 2001 Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Series 2001 Bonds on or before the first day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee.

(B) The Trustee shall, after giving notice to the Bond Insurer as provided in (A) above, make available to the Bond Insurer and at TBTA's direction, to the United States Trust Company of New York, as insurance trustee for the Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of TBTA maintained by the Trustee and all records relating to the funds and accounts maintained under the Resolution.

(C) The Trustee shall provide the Bond Insurer and the Insurance Trustee with a list of Holders of the Series 2001 Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of the Series 2001 Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon the Series 2001 Bonds surrendered to the Insurance Trustee by the registered owners of the Series 2001 Bonds entitled to receive full or partial principal payment from the Bond Insurer.

(D) The Trustee shall, at the time it provides notice to the Bond Insurer pursuant to (A) above, notify Holders of the Series 2001 Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of entitlement of the Holders of Series 2001 Bonds to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Series 2001 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such the Series 2001 Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Series 2001 Bonds for payment thereon first to the Trustee who shall note on such Series 2001 Bonds the portion of the principal paid by the Trustee and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, which will then pay the unpaid portion of principal.

(E) In the event that the Trustee has notice that any payment of principal of or interest on a Series 2001 Bond which has become Due for Payment and which is made to a Holder of Series 2001 Bonds by or on behalf of TBTA has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Bond Insurer is notified pursuant to (A) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish, upon the request of the Bond Insurer, to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2001 Bonds which have been made by the Trustee and claimed to have been subsequently recovered from registered owners and the dates on which such payments were made.

(F) In addition to those rights granted the Bond Insurer under the Series Certificate, the Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 2001 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee, if any, shall note the Bond Insurer's rights as subrogee on the registration books of TBTA maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 2001 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of TBTA maintained by the Trustee upon surrender of the Series 2001 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(vi) Notwithstanding any other provision of the 1980 Resolution, the Supplemental Resolution or the Series Certificate, in determining whether the rights of the Holders of Series 2001 Bonds will be adversely affected by any action taken pursuant to the terms and provisions of the 1980 Resolution, the Supplemental Resolution and the Series Certificate, the Trustee shall consider the effect on the Holders of Series 2001 Bonds as if there were no Bond Insurance Policy.

(vii) To the extent that the Series Certificate confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Series Certificate, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary under the Series Certificate and may enforce any such right remedy or claim conferred, given or granted under the Series Certificate.

(Exhibit A to the Series Certificate, Section 4.02)

Creation of Liquidity Facility Drawings Fund and Remarketing Proceeds Fund

Liquidity Facility Drawings Fund. The Series Certificate establishes a fund to be held by the Tender Agent and described as the "Liquidity Facility Drawings Fund" and separate accounts therein in connection with each Series of Series 2001 Bonds. Each account in the Liquidity Facility Drawings Fund shall be held separate and apart from all funds and accounts thereunder. Amounts on deposit in any account of the Liquidity Facility Drawings Fund shall not be commingled with the amounts held in any other account or fund or account under the 1980 Resolution or in the Remarketing Proceeds Fund. All proceeds of drawings on any Liquidity Facility shall be deposited in the related account in the Liquidity Facility Drawings Fund as provided in the Series Certificate, and shall be used only for payments of the Purchase Price of the related Series of Series 2001 Bonds Outstanding in the manner and at the times set forth in the Series Certificate.

Remarketing Proceeds Fund. The Series Certificate establishes a fund to be held by the Tender Agent and that is designated as the "Remarketing Proceeds Fund" and separate accounts therein in connection with each Series of Series 2001 Bonds. Amounts on deposit in the respective accounts of the Remarketing Proceeds Fund shall not be commingled with the amounts held in any account or fund or account under the 1980 Resolution or in the

Liquidity Facility Drawings Fund. All amounts received by the Tender Agent from the related Remarketing Agent representing the Purchase Price of a Series of Series 2001 Bonds remarketed by the related Remarketing Agent shall be deposited in the Remarketing Proceeds Fund and shall be used only to pay the Purchase Price of the Series of Series 2001 Bonds so remarketed (i) as provided in this Attachment 2, under the caption "Procedure for Purchase of Bonds," in the case of Series 2001 Bonds tendered for purchase and (ii) as provided in this Attachment 2, under the caption "Unremarketed Bonds," in the case of Unremarketed Bonds being remarketed.

Moneys Held in Trust. All moneys deposited in the Liquidity Facility Drawings Fund and the Remarketing Proceeds Fund shall be held in trust by the Trustee and the Tender Agent, respectively, and applied only in accordance with the provisions of the Series Certificate, and the Liquidity Facility Drawings Fund and the Remarketing Proceeds Fund shall each be a trust fund for the purposes thereof. Amounts on deposit in the Liquidity Facility Drawings Fund and the Remarketing Proceeds Fund shall not be commingled with any other funds held by the Trustee or the Tender Agent, respectively, and all amounts on deposit in such funds are hereby pledged to the payment or purchase, as the case may be, of Series 2001 Bonds in accordance with the terms of the Series Certificate consistent with the terms of the 1980 Resolution. The moneys and securities pledged in the Series Certificate shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against TBTA irrespective of whether such parties have notice thereof.

Investment. Amounts on deposit in the Liquidity Facility Drawings Fund and the Remarketing Proceeds Fund shall be held uninvested by the Tender Agent.

No Lien for Trustee, Remarketing Agent, Bond Facility Issuer or Tender Agent. Notwithstanding anything in the 1980 Resolution, the Supplemental Resolution or the Series Certificate to the contrary, neither the Trustee, the Remarketing Agent, any Bond Facility Issuer, the Bond Insurer, nor the Tender Agent shall have any right to, or lien whatsoever upon, any of the amounts on deposit in the Liquidity Facility Drawings Fund and Remarketing Proceeds Fund, except to the extent they are entitled thereto by virtue of being a Holder of Series 2001 Bonds.

(Exhibit A to the Series Certificate, Section 5.01)

Certain Limitations on the Obligation to Make Payments Relating to the Series 2001 Bonds and the Standby Bond Purchase Agreement

Amounts payable to or for the benefit of Holders of the Series 2001 Bonds from the 1980 Debt Service Reserve Fund under the 1980 Resolution in respect of interest shall be calculated at rates no greater than the rate of interest established under the Forward Swap Transaction.

(Exhibit A to the Series Certificate, Section 5.02)

The Tender Agent

U.S. Bank Trust National Association is hereby appointed Tender Agent for the Series 2001 Bonds. The Tender Agent shall accept the duties and obligations thereof by execution and delivery of a written instrument of acceptance delivered to the other Notice Parties.

The Tender Agent agrees to:

(i) hold all Series 2001 Bonds properly tendered to it for purchase hereunder as agent and bailee of, and in escrow for the benefit of, the respective Holders of the Series 2001 Bonds which shall have so tendered such Bonds until moneys representing the Purchase Price of such Series 2001 Bonds shall have been delivered to or for the account of or to the order of such Holders of the Series 2001 Bonds;

(ii) hold all moneys delivered to it under the Series Certificate for the purchase of Series 2001 Bonds as agent and bailee of, and in escrow for the benefit of, the person which shall have so

delivered such moneys, until the Series 2001 Bonds purchased with such moneys shall have been delivered to or for the account of such person;

(iii) keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the other Notice Parties;

(iv) hold all Unremarketed Bonds delivered to it as provided in this Attachment 2, in clause (ii) under the caption "Disposition of Purchased Bonds," in trust for the benefit of the Liquidity Facility Issuer in accordance with the Liquidity Facility until such Series 2001 Bonds are released by the Liquidity Facility Issuer in accordance with the provisions described in this Attachment 2, under the caption "Unremarketed Bonds — Purchase, Registration and Remarketing";

(v) provide to the Trustee as soon as practicable after the close of business on each Record Date prior to all Series 2001 Bonds being in a Fixed Mode, but in no case later than 1:00 p.m., New York City time, on the applicable Interest Payment Date, a list of the names and addresses of the Holders of the Series 2001 Bonds as of such Record Date;

(vi) provide to the Trustee as soon as practicable after each Fixed Rate Conversion Date, the registration books of TBTA containing the names and addresses of the Holders of Series 2001 Bonds as of such Fixed Rate Conversion Date; and

(vii) give notices as required under the Series Certificate at the times and in the manner specified in the Series Certificate.

Upon receipt by the Tender Agent of any Tender Notice and the Series 2001 Bonds delivered pursuant to it for purchase in accordance with the Series Certificate, the Tender Agent shall deliver to the person delivering the Tender Notice and the Series 2001 Bonds written evidence of the Tender Agent's receipt of such materials. The Tender Agent shall promptly return any Tender Notice (together with the Series 2001 Bonds submitted in connection therewith) that is incomplete or improperly completed or not delivered by the date and time required under the Series Certificate to the person submitting such notice upon surrender of the receipt, if any, issued therefor. The Tender Agent's determination of whether a Tender Notice is properly completed or delivered on a timely basis shall be binding on TBTA and the Holder of the Series 2001 Bonds submitted therewith.

The Tender Agent shall be a commercial bank having trust powers or a trust company organized under the laws of the State of New York, the State or national banking association having a capital and surplus aggregating at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by the Series Certificate and shall be rated Baa 3/P3 or its equivalent, or otherwise be acceptable to the Rating Agency, as evidenced by written confirmation from the Rating Agency that the appointment of such Tender Agent will not result in the reduction or withdrawal of the then current rating on the Series 2001 Bonds. The Tender Agent shall have an office or agency in New York, New York at which its duties under the Series Certificate are to be performed. The Tender Agent may at any time resign and be discharged of the duties and obligations created by the Series Certificate by giving at least sixty (60) days' notice to the other Notice Parties. The Tender Agent may be removed at any time by TBTA upon at least seven (7) days' notice to the other Notice Parties and the Holders of the Series 2001 Bonds, other than Series 2001 Bonds then in a Fixed Mode. No such resignation or removal shall take effect until the appointment of, and the acceptance of such appointment by, a successor Tender Agent. Successor Tender Agents may be appointed from time to time by TBTA with the prior written consent of the Bond Facility Issuer. Upon the resignation or removal of the Tender Agent, the Tender Agent shall deliver any Series 2001 Bonds, any Liquidity Facility and any moneys held by it in such capacity to its successor.

The Tender Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of the Series Certificate, shall examine such instrument to determine whether it conforms to the requirements of the Series Certificate and shall, in the absence of negligence or willful misconduct on the part of the Tender Agent, be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Tender Agent may consult with counsel and the written opinion of such counsel shall be full and complete

authorization and protection in respect of any action taken or suffered by it under the Series Certificate in good faith and in accordance therewith.

Whenever the Tender Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Series Certificate, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Series Certificate upon the faith thereof; but in its discretion the Tender Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

Except as otherwise expressly provided in the Series Certificate, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of the Series Certificate by TBTA to the Tender Agent shall be sufficiently executed in the name of TBTA by an Authorized Officer.

In the event that the Tender Agent is required to act pursuant to the terms of the Series Certificate upon the receipt of telephonic notice, such notice shall be promptly confirmed in writing. If such notice shall not be so confirmed, the Tender Agent shall be entitled to rely upon such telephonic notice for all purposes whatsoever.

In purchasing Series 2001 Bonds under the Series Certificate in its capacity as Tender Agent, the Tender Agent shall be acting as a conduit and shall not be purchasing such Series 2001 Bonds for its own account.

Unless otherwise provided by contract with the Tender Agent, TBTA shall pay to the Tender Agent, from time to time, reasonable compensation for all services rendered by it under the Series Certificate, and also all reasonable expenses, charges, counsel fees and other disbursements, and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Series Certificate. None of the provisions contained in the Series Certificate shall require the Tender Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Upon any change in the Tender Agent, TBTA shall furnish to each Rating Agency the notice provided in the Series Certificate, but the failure to provide such notice shall not affect the validity of any change in the Tender Agent.

(Exhibit A to Series Certificate, Section 6.01)

The Remarketing Agent

Salomon Smith Barney Inc. is appointed the Remarketing Agent for each Series of the Series 2001 Bonds. The Remarketing Agent shall accept the duties and obligations thereof under the Series Certificate by execution and delivery of an agreement with TBTA under which the Remarketing Agent will agree, among other things, to keep such books and records regarding the remarketing of Series 2001 Bonds and determining the interest rates on such Series of the Series 2001 Bonds as provided in the Series Certificate as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Notice Parties at all reasonable times.

The Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc., having a capitalization of at least Fifty Million Dollars (\$50,000,000) and be authorized by law to perform all the duties imposed upon it by the Series Certificate. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Series Certificate by giving at least thirty (30) days' notice to the other Notice Parties and as otherwise provided in the Remarketing Agreement. The Remarketing Agent may be removed at any time by TBTA by a written notice to the other Notice Parties (i) generally, at least thirty (30) days prior to the effective date of such removal or (ii) in the event of a suspension of the Remarketing Agent's obligation pursuant to the Remarketing Agreement, immediately upon appointment and acceptance by, a successor Remarketing Agent. Prior to all Series 2001 Bonds being converted to a Fixed Mode, no such resignation or removal shall be effective until a successor Remarketing Agent shall have been appointed and shall have accepted such appointment. A

successor Remarketing Agent may be appointed from time to time by TBTA with the prior written consents of the Insurer and Liquidity Facility Issuer.

If the Remarketing Agent resigns or is removed, the Remarketing Agent shall pay over, assign and deliver any moneys and Series 2001 Bonds held by it in such capacity, other than Series 2001 Bonds held for its own account, to its successor or, if no successor has then accepted the duties of the Remarketing Agent, to the Trustee. In no event shall the Trustee be required to perform the obligations of the Remarketing Agent. Upon any change in the Remarketing Agent, TBTA shall furnish to each Rating Agency the notice provided in the Series Certificate, but the failure to provide such notice shall not affect the validity of any change in the Remarketing Agent.

(Exhibit A to Series Certificate, Section 6.02)

Dealings in Series 2001 Bonds

The Trustee, the Paying Agent, the Tender Agent, any Bond Facility Issuer, or the Remarketing Agent, each in its individual capacity, may in good faith and to the extent otherwise permitted by law, buy, sell, own, hold and deal in any of the Series 2001 Bonds, and may join in any action which any Holder of the Series 2001 Bonds may be entitled to take with like effect as if it did not act in any capacity under the Series Certificate. The Trustee, the Paying Agent, each Bond Facility Issuer, the Tender Agent or the Remarketing Agent, each in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with TBTA, and may act as depository, trustee, or agent for any committee or body of Holders of any Series 2001 Bonds secured hereby or other obligations of TBTA as freely as if it did not act in any capacity under the Series Certificate, the Bond Facility or the Standby Bond Purchase Agreement.

(Exhibit A to Series Certificate, Section 6.03)

Tax Covenant Relating to the Series 2001 Bonds

TBTA covenants that, in order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Series 2001 Bonds, TBTA will satisfy, or take such actions as are necessary to cause to be satisfied, each provision of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "1986 Code"), necessary to maintain such exclusion. Any reference to any section of the 1986 Code shall, to the extent the provisions of the 1986 Code are included in a successor code or in an equivalent section or sections of such successor code, be deemed to include such successor code and the equivalent section or sections of such successor code and the applicable regulations thereunder. In furtherance of this covenant, TBTA agrees to comply with such written instructions as may be provided by Bond Counsel. In furtherance of the covenant contained in the preceding sentence, TBTA agrees to continually comply with the provisions of the "Arbitrage and Use of Proceeds Certificate" to be executed by TBTA in connection with the execution and delivery of the Series 2001 Bonds, as amended from time to time.

Notwithstanding any other provision of the 1980 Resolution to the contrary, upon TBTA's failure to observe, or refusal to comply with, the covenant in the preceding paragraph (a) the Holders of the Series 2001 Bonds, or the Trustee acting on their behalf, shall be entitled to the rights and remedies provided to Bondholders under Section 1002 of the 1980 Resolution, other than the right (which is hereby abrogated solely as to TBTA's failure to observe, or refusal to comply with, the above covenant) to declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable pursuant to Section 567 of the Act, and (b) neither the Holders of the Bonds of any Series (other than the Series 2001 Bonds or the Trustee acting on their behalf) nor the Trustee acting on their behalf, shall be entitled to exercise any right or remedy provided to Bondholders under the 1980 Resolution based upon TBTA's failure to observe, or refusal to comply with, the above covenant.

(Supplemental Resolution, Section 4.01)

Defeasance

In the event TBTA shall seek, prior to the maturity or redemption date thereof, to pay or cause to be paid, within the meaning and with the effect expressed in Section 1004 of the 1980 Resolution, all or less than all Outstanding Series 2001 Bonds and the provisions described in this Attachment 2, under the caption “Tax Covenant Relating to the Series 2001 Bonds,” shall then be of any force or effect, then, notwithstanding the provisions of Section 1004 of the 1980 Resolution, the Series 2001 Bonds which TBTA then seeks to pay or cause to be paid shall not be deemed to have been paid within the meaning and with the effect expressed in paragraph 1 of Section 1004 of the 1980 Resolution unless (i) TBTA has confirmed in writing that the Holders of the 1980 Bonds which TBTA then seeks to pay or cause to be paid will continue, after such action, to have the benefit of the covenant of TBTA or (ii) there shall have been delivered to the Trustee an opinion of Bond Counsel to the effect that non-compliance thereafter with the applicable provisions of the 1986 Code will not affect the then current treatment of interest on the Series 2001 Bonds in determining gross income for Federal income tax purposes.

In the case of any Series 2001 Bonds payable from a Bond Facility, in addition to the requirements of the third paragraph under this caption, such Series 2001 Bonds shall be deemed to have been paid within the meaning of and with the effect expressed in Section 1004 of the 1980 Resolution only if (i) none of such Series 2001 Bonds is bearing interest at the Bank Rate and (ii) the interest due on such Series 2001 Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Bond Rate and (iii) a verification report prepared by an independent certified public accountant is delivered to the Rating Agencies, the Bond Insurer and the Trustee; provided, however, that if on any date, as a result of any of such Series 2001 Bonds having borne interest at less than the Maximum Bond Rate for any period, the total amount of moneys and investment securities required for deposit with the Trustee for the payment of interest on such Series 2001 Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Series 2001 Bonds in order for such Series 2001 Bonds to have been deemed paid within the meaning and with the effect expressed in Section 1004 of the 1980 Resolution, the Trustee shall, if requested by TBTA, pay the amount of such excess to TBTA free and clear of any trust, lien, pledge or assignment securing the Series 2001 Bonds or otherwise existing under the Series Certificate. The Trustee may not pay any excess referred to in this paragraph to TBTA unless the Trustee receives a certificate or other written evidence from an independent certified public accountant that an excess as described in this paragraph exists and specifying the amount of such excess.

Notwithstanding any provision of the Series Certificate to the contrary, TBTA may cause any or all of the Series 2001 Bonds to be deemed to have been paid within the meaning of and with the effect expressed in Section 1004 of the 1980 Resolution only with investment securities described in Section 1004 of the 1980 Resolution which are non-prepayable and non-callable.

Series 2001 Bonds in the Weekly Mode, the Daily Mode or the Long-Term Mode shall be deemed to have been paid within the meaning of and with the effect expressed in Section 1004 of the 1980 Resolution and under this caption, only if such Series 2001 Bonds are required to be called for redemption on the next succeeding date on which they are subject to redemption prior to maturity as provided in this Attachment 2, under the caption “Redemption Prices and Terms — General Optional Redemption of Series 2001 Bonds During Any Interest Mode Other Than the Long-Term Mode During a Long-Term Period That is Less Than 4 years long or the Fixed Mode,” that occurs after the deposits required under such Section 1004 of the 1980 Resolution and under this caption have been made, or, if such Series 2001 Bonds are tendered or deemed tendered for purchase prior to such date pursuant to the provisions described in this Attachment 2, under the caption “Tender, Presentation and Purchase Provisions of the Series 2001 Bonds,” they are required to be redeemed on the Purchase Date thereof.

In the case of Series 2001 Bonds payable from a Bond Facility, such Series 2001 Bonds shall be deemed to have been paid within the meaning of and with the effect expressed in Section 1004 of the 1980 Resolution only if there shall be provided to the Trustee Counsel's Opinion to the effect that use of such moneys and investment securities (or the proceeds thereof) to make payments to the Holders of such Series 2001 Bonds will not constitute voidable preferences under the Federal Bankruptcy Code in a case commenced under such code by or against TBTA.
(Supplemental Resolution, Section 4.02; Exhibit A to the Series Certificate, Section 7.01)

Consent of the Insurer When Consent of Holders of Series 2001 Bonds Required

As long as the Bond Insurance Policy is in effect, the Bond Insurer, and not the registered Holders of Series 2001 Bonds payable from the Bond Insurance Policy, shall be deemed to be the Holder of Series 2001 Bonds for the purpose of giving any approval or consent or making any request under the Series Certificate; provided, however, that if such approval or consent relates to any change in the terms of redemption, maturity, installment of interest or reduction in principal amount or Redemption Price of a Series 2001 Bond or rights of consent of its Holder, the consent of both the Holders of the Series 2001 Bonds which such change affects and the Bond Insurer, if any, to which such Series 2001 Bonds are entitled shall be required and, to the extent such changes affect the rights or obligations of the Liquidity Facility Issuer under the Liquidity Facility then in effect, the consent of such Liquidity Facility Issuer shall also be required.

(Exhibit A to the Series Certificate, Section 7.02)

Notices to Bond Facility Issuer, Remarketing Agent and Bondholders

All notices, requests and other communications provided for under the Series Certificate shall be in electronic, telephonic or written (including bank wire, telegram, telecopier, telex or similar writing) form and shall be given to each Bond Facility Issuer and the Remarketing Agent.

All notices to Bondholders provided for under the Series Certificate shall be sent by first class mail, postage prepaid at their last known addresses, if any, appearing on the registration books of TBTA.

(Exhibit A to the Series Certificate, Section 8.01)

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ATTACHMENT 3

SUMMARY OF CERTAIN PROVISIONS OF THE PROPOSED TBTA RESOLUTION, INCLUDING STANDARD RESOLUTION PROVISIONS

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following sections contain definitions of certain terms used in this official statement when describing the Proposed TBTA Resolution and a general summary (Summary) of certain provisions of the Proposed TBTA Resolution. The definitions and Summary are not to be considered a full statement of all terms used in this Official Statement or the terms of the Proposed TBTA Resolution and, accordingly, are qualified by reference to and are subject to the full text of the official statement and the Proposed TBTA Resolution. A copy of the Proposed TBTA Resolution may be obtained upon request from the MTA.

PART I

Definitions

Additional TBTA Project shall mean one or more Transportation District Projects which the Issuer may now or hereafter be authorized to undertake. Each Additional TBTA Project shall be so designated by Supplemental Resolution adopted pursuant to the Resolution, and if not so designated shall not become an Additional TBTA Project. The term “Additional TBTA Project” shall not include the Convention Center Project. After the requirements of the section of the Resolution summarized under the caption “Additional TBTA Facilities” have been satisfied, the Transportation District Project so identified as an “Additional TBTA Project” shall become for all purposes of the Resolution a “TBTA Facility”.

Additional TBTA Project Revenues shall mean (i) all rates, fees, tolls, rentals or other charges and other earned income and receipts as derived in cash by or for the account of the Issuer from any Additional TBTA Projects and (ii) the proceeds of use and occupancy insurance on any portion of such Additional TBTA Projects and of any other insurance which insures against loss of revenues therefrom payable to or for the account of the Issuer.

Available TBTA Net Revenues shall mean all amounts on deposit in the General Account under the 1980 Resolution which are available to be transferred to the Issuer free and clear of the lien and pledge of the 1980 Resolution in accordance with the terms thereof.

Capital Cost Obligations shall mean Obligations for Capital Costs authenticated and delivered on original issuance.

Capital Costs shall mean (i) the costs of the Issuer or any other Related Entity for the planning, design, acquisition, construction, reconstruction, rehabilitation or improvement of all or any part of the TBTA Facilities, the TBTA Transit and Commuter Project or any Additional TBTA Project, as appropriate, including costs of acquisition of real or personal property or any interests therein, legal, administrative, engineering, planning, design, studies, insurance, financing costs (including Costs of Issuance), and initial working capital required for the commencement of operation of any such project and any capital contributions, whether or not represented by equity or debt securities or other evidences of indebtedness, made by the Issuer or any other Related Entity to any Person participating in TBTA Facilities, the TBTA Transit and Commuter Project or any Additional TBTA Project for the purpose of funding any costs described in this clause (i); (ii) amounts paid into any Fund or Account upon the issuance of any Obligations; and (iii) payment when due (whether at the maturity of principal or on the due date of interest or upon redemption or when otherwise due, including by purchase or through tender or exchange) on any indebtedness or obligation of the Issuer or any other Related Entity which was issued or incurred to finance costs that could at the time of such payment be funded directly hereunder, including Obligations, Obligation Anticipation Notes, Parity Debt, Subordinated Indebtedness, Subordinated Contract Indebtedness, or any termination or other payments for financial hedging arrangements, or any such indebtedness or obligation issued or incurred by any

Related Entity in connection with the TBTA Facilities, the TBTA Transit and Commuter Project or any Additional TBTA Project, as appropriate.

COI Account shall mean the Account by that name established in the Proceeds Fund.

Convention Center Project shall mean all land, buildings, improvements (excluding the elevated railroad structure located thereon), betterments, fixed furnishings and other property, real or personal, and all appurtenances thereto and interests therein, comprising the convention and exhibition center project authorized under the Issuer Act, including facilities ancillary or functionally related thereto, at a location generally bounded by thirty-ninth street on the north, thirtieth street on the south, eleventh avenue on the east and twelfth avenue on the west in New York county, as such boundaries or facility may be modified or expanded from time to time.

Debt Service Fund shall mean the Fund by that name established in the Resolution.

Independent Engineer shall mean an engineer or engineering firm or corporation of national reputation retained by the Issuer to perform the acts and carry out the duties provided for such engineer in the Resolution.

Issuer shall mean TBTA.

Maximum Annual Calculated Debt Service shall mean, as of any date of calculation, an amount equal to the greatest amount of Calculated Debt Service for the then current or any future calendar year.

1980 Resolution shall mean the 1980 Revenue Bond Resolution adopted by the Issuer on July 23, 1980, as amended and supplemented.

Obligations shall mean any bonds, notes, commercial paper or other form of indebtedness of the Issuer payable from the Debt Service Fund, authorized by the section of the Resolution summarized under the caption "Authorization of the Obligations" and delivered pursuant to the section of the Resolution summarized under the caption "General Provisions for Issuance of Obligations" or authorized pursuant to the section of the Resolution summarized under the caption "Special Provisions for Capital Cost Obligations", but excluding Obligation Anticipation Notes to the extent payable from, and expected by an Authorized Officer to be paid from, the proceeds of Obligations or other Obligation Anticipation Notes.

Operating Expenses shall mean the Issuer's expenses (including reserves for such expenses not monthly recurrent) incurred in the normal course of business for operation, maintenance, repair, ordinary replacements and ordinary reconstruction of the TBTA Facilities and shall include, without limiting the generality of the foregoing: administrative expenses, insurance premiums, legal and engineering expenses, pension, retirement, health and hospitalization payments, charges payable by the Issuer pursuant to any licenses, orders or mandates from any agency or regulatory body having lawful jurisdiction, any payments in lieu of taxes or other payments to municipal governments agreed to be paid by the Issuer and any taxes, governmental charges, amounts agreed to be paid by the Issuer to any other Person due to the use of toll, fee or fare media by account holders to pay for goods or services provided by such Person, and any other expenses required to be paid by the Issuer, all to the extent properly and directly attributable to any TBTA Facility, financing costs of any Series of Obligations, the expenses, liabilities and compensation of the Fiduciaries pursuant to any agreement executed by the Issuer, all costs and expenses associated with or arising out of the research, development (including feasibility and other studies) and/or implementation of any project, facility, system, task or measure deemed desirable or necessary by the Issuer, and all other costs and expenses arising out of or in connection with the conduct of Issuer business, including those expenses the payment of which is not immediately required. Notwithstanding the foregoing, Operating Expenses shall exclude (i) any costs and expenses attributable to (a) the TBTA Transit and Commuter Project, (b) any Additional TBTA Project until the requirements of the section of the Resolution summarized under the caption "Additional TBTA Facilities" have been satisfied or (c) any Separately Financed Project, (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of a TBTA Facility to the condition of serviceability thereof when new, or (iii) any provision for depreciation, amortization or similar charges.

Prior Lien Obligations shall mean any bonds, notes or other obligations (including any related contractual obligations) of the Issuer that were issued pursuant to a resolution adopted prior to the date of adoption of the

Resolution, are secured by all or any portion of the Revenues and remain outstanding following the date of issuance of the initial Series of Obligations under the Resolution, including any such bonds and notes issued under the (i) 1980 Resolution, (ii) 1991 Special Obligation Resolution adopted by the Issuer on July 26, 1991, as amended and supplemented, (iii) 1994 Subordinated Bond Resolution adopted by the Issuer on March 25, 1994, as amended and supplemented, and (iv) Trust Agreement, dated as of April 1, 1993, by and among the Transit Authority, United States Trust Company of New York (as Certificate Trustee and as Lessor-Trustee) and the Issuer.

Proceeds Fund shall mean the fund by that name established in the Resolution.

Refunding Obligations shall mean all Obligations for refunding purposes authenticated and delivered on original issuance.

Resolution shall mean the General Resolution Authorizing General Revenue Obligations (including the Standard Resolution Provisions set forth as **Annex A** to the Resolution), as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms thereof.

Revenue Fund shall mean the fund by that name established in the Resolution.

Revenues shall mean all tolls, revenues, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of the TBTA Facilities (including for purposes of this definition only, such net revenues derived from the "Battery Parking Garage" adjacent to the Manhattan Plaza of the Brooklyn-Battery Tunnel) and of any other insurance which insures against loss of Revenues therefrom payable to or for the account of the Issuer, and other income and receipts, as received by the Issuer directly or indirectly from any of the Issuer's operations, including the ownership or operation of any TBTA Facilities, but excluding (i) Additional TBTA Project Revenues attributable to any Additional TBTA Project that has not been designated as a TBTA Facility in accordance with the Resolution (unless such Additional TBTA Project Revenues have otherwise been pledged to the payment of Obligations and Parity Debt), (ii) any such income or receipts attributable directly or indirectly to the ownership or operation of any Separately Financed Project or the TBTA Transit and Commuter Project, (iii) any such income or receipts attributable directly or indirectly to amounts released from, or otherwise not subject to, the pledge and lien of the Resolution, or (iv) any federal or state grant money the receipt of which is conditioned upon its expenditure for a particular purpose or which is otherwise not legally available for application.

Separately Financed Project shall mean any project described as such in the Resolution.

Standard Resolution Provisions shall mean the Standard Resolution Provisions appended to the Resolution as **Annex A**.

TBTA Facilities shall mean all or any portion of any one or more of the following:

- (1) the bridge in the City, known and herein referred to as "Triborough Bridge",
- (2) the bridge in the City, known and herein referred to as "Bronx-Whitestone Bridge",
- (3) the bridge in the City, known and herein referred to as "Henry Hudson Bridge",
- (4) the bridge in the City, known and herein referred to as "Marine Parkway Gil Hodges Memorial Bridge",
- (5) the bridge in the City, known and herein referred to as "Cross Bay Veterans Memorial Bridge",
- (6) the bridge in the City, known and herein referred to as "Throgs Neck Bridge",
- (7) the bridge in the City, known and herein referred to as "Verrazano-Narrows Bridge",
- (8) the tunnel in the City, known and herein referred to as "Queens-Midtown Tunnel", and
- (9) the tunnel in the City, known and herein referred to as "Brooklyn-Battery Tunnel",

together with, in the case of each of the foregoing, such incidental structures, appurtenances and facilities as are necessary or appropriate thereto. For the purpose of the foregoing definitions "approaches" shall mean structures necessary or convenient to give access to a TBTA Facility from connecting streets, roads, parkways, highways and avenues. In addition, any Additional TBTA Project that has met the requirements of the Resolution shall thereafter become for all purposes of the Resolution a "TBTA Facility".

TBTA Transit and Commuter Project shall mean any Transportation District Project that may be financed with obligations issued by the Issuer, in accordance with applicable law, for the benefit of any transit system or commuter system.

Trust Estate shall mean, collectively, but subject to the terms and provisions of the Resolution, all right, title and interest of the Issuer in:

- (i) the proceeds of the sale of the Obligations,
- (ii) the Revenues, and
- (iii) all Funds, Accounts and subaccounts established by the Resolution (other than funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations; provided, however, that such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof.

(Section 102)

Standard Resolution Provisions

Except as otherwise specifically provided in the Resolution or by Supplemental Resolution, the Standard Resolution Provisions appended to the Resolution as Annex A constitute an integral part of the Resolution and have the same force and effect as if set forth in the forepart of the Resolution.

(Section 101)

Authorization of the Obligations

The Resolution authorizes Obligations of the Issuer designated as “General Revenue Obligations”, which may be issued in one or more Series or subseries. Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations which convert on a particular date or dates from Taxable Obligations to Tax-Exempt Obligations, or as Taxable Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Obligations, or otherwise as determined by Supplemental Resolution. The Obligations shall be direct and general obligations of the Issuer payable solely from the Trust Estate pledged to the payment thereof pursuant to the first paragraph of the section of the Resolution summarized under the caption “The Pledge Effected by the Resolution”. The aggregate principal amount of the Obligations which may be executed and delivered under the Resolution is not limited except as provided in the Resolution or as may from time to time be limited by law.

(Section 201)

General Provisions for Issuance of Obligations

The Opinion of Bond Counsel required by the Resolution for the issuance of Obligations shall be to the effect that the Obligations are valid, binding, direct and general obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Issuer Act as amended to the date of such Opinion of Bond Counsel.

(Section 202)

Special Provisions for Capital Cost Obligations

The Obligations issued to pay, or to provide for the payment of, all or part of Capital Costs relating to **TBTA Facilities** only upon receipt by the Trustee (in addition to the items required by the section of the Resolution summarized under the caption "General Provisions for Issuance of Obligations" and paragraph 3 of this caption) of the certification of an Authorized Officer that the proceeds thereof are to be applied to Capital Costs relating to

TBTA Facilities for the purpose of keeping such TBTA Facilities in good operating condition or preventing a loss of Revenues or Revenues after payment of Operating Expenses derived from such TBTA Facilities.

The Obligations issued to pay or provide for the payment of all or part of Capital Costs relating to the TBTA Transit and Commuter Project or any Additional TBTA Project or any TBTA Facilities for a purpose other than as set forth in the previous paragraph, in each case only upon receipt by the Trustee of:

- (a) A certificate of an Authorized Officer setting forth (i) the aggregate principal amount of all Obligations and Parity Debt of all Series to be Outstanding immediately after such authentication and delivery, (ii) the Calculated Debt Service for such Obligations and Parity Debt for the then current and each future calendar year, and (iii) the Maximum Annual Calculated Debt Service for such period, including, in each case, the proposed Capital Cost Obligations and any proposed Refunding Obligations being treated as Capital Cost Obligations for purposes of clause (ii) of the second paragraph under the section of the Resolution summarized under the caption “Refunding Obligations” hereof but excluding any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Obligations.
- (b) A certificate of an Authorized Officer setting forth the Revenues and Operating Expenses for any period of 12 consecutive calendar months out of the 18 complete calendar months next preceding the date of authentication and delivery of the Obligations of such Series (for purposes of this caption only, the “Twelve Month Period”); provided that in such certificate (i) if, on the date of authentication and delivery of the Obligations of such Series, any TBTA Facility shall not have been a TBTA Facility for all or any part of the Twelve Month Period, the Revenues and Operating Expenses of all TBTA Facilities shall be, respectively, increased by the revenues and operating expenses of such TBTA Facility for such Twelve Month Period or part thereof calculated as if the respective definitions of “Revenues” and “Operating Expenses” in the Resolution had been applicable thereto, (ii) if, on the date of authentication and delivery of the Obligations of such Series, the toll rate for any classification of vehicles using any vehicular toll TBTA Facility shall be less than it was during any part of the Twelve Month Period, then solely for the purposes of such certificate, the Revenues for the Twelve Month Period shall be decreased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of the Twelve Month Period, and (iii) if during the Twelve Month Period the toll rate for any classification of vehicles using any vehicular toll TBTA Facility shall have been increased, then solely for the purposes of such certificate, the Revenues for the Twelve Month Period may be increased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of the Twelve Month Period;
- (c) A certificate of an Authorized Officer setting forth:
 - (i) the amount of Revenues for the Twelve Month Period specified in the certificate;
 - (ii) the amount of Operating Expenses for the Twelve Month Period specified in the certificate;
 - (iii) the balance remaining after subtracting the amount set forth in subclause (ii) above, from the amount set forth in subclause (i), above (for purposes of this caption, the “Twelve Month Period Net Revenues”);
 - (iv) The Maximum Annual Calculated Debt Service for all Series of Obligations and Parity Debt Outstanding on the date of authentication and delivery of the Series of Obligations to be issued (including such additional Obligations), calculated in the manner set forth in subparagraph (a) of the previous paragraph above under this caption; and
 - (v) that the Twelve Month Period Net Revenues are at least equal to 1.40 times the Maximum Annual Calculated Debt Service specified in subclause (iv) above.

Notwithstanding the foregoing provisions of this caption, so long as Prior Lien Obligations remain outstanding and Operating Expenses are provided for under the terms of the 1980 Resolution, the calculations required by this caption shall be made, but (i) such calculations shall be based upon Available TBTA Net Revenues during the Twelve Month Period rather than Revenues and (ii) no subtraction of Operating Expenses from Available TBTA Net Revenues shall be required.

(Section 203)

Refunding Obligations

In addition to refinancings permitted under the section of the Resolution summarized under the captions “Special Provisions for Capital Cost Obligations” and “Obligations to Refund Pre-Existing Indebtedness”, one or more Series of Refunding Obligations issued to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt.

In addition to the requirements of the Resolution, the Refunding Obligations of any Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee of:

- (a) If the Obligations or Parity Debt to be refunded are to be redeemed, instructions to the Trustee and/or trustee for the Parity Debt, satisfactory to it, to give due notice of redemption of all the Obligations or Parity Debt to be refunded on the redemption dates specified in such instructions;
- (b) If the Obligations or Parity Debt to be refunded are to be deemed paid within the meaning of the Resolution, irrevocable instructions to the Trustee and/or trustee for the Parity Debt, satisfactory to it, to provide notice in the manner provided in the Resolution with respect to the payment of such Obligations or Parity Debt;
- (c) If the Obligations or Parity Debt to be refunded are to be deemed paid, either (i) money or (ii) Defeasance Securities as shall be necessary to comply with the provisions of the Resolution or defeasance securities as shall be necessary with respect to Parity Debt, which money and Defeasance Securities (or defeasance securities) shall be held in trust and used only as provided in the Resolution;
- (d) If the proceeds of such Series of Refunding Obligations are to be utilized by the Issuer to purchase (in connection with a tender for or redemption of Obligations or Parity Debt, or otherwise) Obligations or Parity Debt to be delivered to the Trustee in satisfaction of a Sinking Fund Installment in accordance with the Resolution, a certificate of an Authorized Officer specifying the matters required thereby; and
- (e) Either (i) a certificate of an Authorized Officer (A) setting forth (1) the Maximum Annual Calculated Debt Service on the Obligations and Parity Debt (including the Refunding Obligations then proposed to be issued but not including the Obligations and Parity Debt to be refunded) and (2) the Maximum Annual Calculated Service on the Obligations and Parity Debt as calculated immediately prior to the issuance of the Refunding Obligations (including the Obligations and Parity Debt to be refunded but not including the Refunding Obligations) and (B) stating that the Maximum Annual Calculated Debt Service set forth pursuant to (1) above is not greater than the Maximum Annual Calculated Debt Service set forth pursuant to (2) above; or (ii) upon satisfaction of the requirements of the section of the Resolution summarized under the caption “Special Provisions for Capital Cost Obligations” applicable to the type of Capital Costs being refinanced with respect to such Series of Refunding Obligations, considering for all purposes of any certificate delivered pursuant to the second paragraph of the section of the Resolution summarized under the caption “Special Provisions for Capital Cost Obligations” that (A) such Series of Refunding Obligations is a Series of Capital Cost Obligations and (B) the Refunding Obligations then proposed to be issued will be Outstanding but the Obligations or Parity Debt to be refunded will no longer be Outstanding.

(Section 204)

Obligations to Refund Pre-existing Indebtedness

Obligations may be issued for the purpose of refunding (including by redemption, payment at maturity or in connection with exchanges or tenders) any Pre-existing Indebtedness.

Any Series of Obligations issued for the purpose of refunding any Pre-existing Indebtedness shall be so authenticated and delivered only upon receipt by the Trustee, in addition to the documents required by the section of the Resolution summarized under the caption “General Provisions for the Issuance of Obligations”, of an Opinion of Bond Counsel to the effect that such Pre-existing Indebtedness has been exchanged, paid or is deemed to have been paid within the meaning and with the effect expressed in the related authorizing resolution or other document, which opinion may rely upon a certificate of an Authorized Officer or an independent verification agent to the effect that sufficient money and defeasance securities have been placed in escrow to provide for the payment of the principal or Redemption Price of, and interest on, such Pre-existing Indebtedness as such obligations mature, are tendered for purchase or exchange, or are called for redemption in accordance with the related authorizing resolution or other document. The proceeds received on the sale of such Obligations shall be applied in the manner provided in the Supplemental Resolution authorizing such Obligations and in any related escrow agreement.

(Section 205)

Separately Financed Projects

Nothing in the Resolution prevents the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Issuer Act or by other then-applicable State statutory provisions, or from financing any such project from other available funds (any such project including the Convention Center Project being referred to herein as a “**Separately Financed Project**”), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Issuer's share of any operating expenses related to such Separately Financed Project are payable solely from funds not pledged to the payment of Obligations, including amounts released from the lien of the Resolution.

(Section 206)

Redemption at Demand of the State or the City

Except as otherwise provided pursuant to a Supplemental Resolution, either the State or the City may, upon furnishing sufficient funds therefor, require the Issuer to redeem all or any portion of the Obligations as provided in the Issuer Act.

(Section 401)

The Pledge Effected by the Resolution

There are pledged for the payment of the principal and Redemption Price of, and interest on, and Sinking Fund Installments for the Obligations and, on a parity basis, the Parity Debt, in accordance with their terms and the provisions of the Resolution, 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, all right, title and interest of the Issuer in the Trust Estate. *The pledge created by the Resolution, insofar as it relates to any portion of the Trust Estate pledged to the payment of Prior Lien Obligations, is (i) subordinate in all respects to the pledge thereof created to secure such Prior Lien Obligations and (ii) subject to the covenants and agreements made with the holders of Prior Lien Obligations; and, so long as any Prior Lien Obligations remain outstanding and unpaid, no payment shall be made from the Trust Estate, whether for interest, principal or premium on any of the Obligations, except as and to the extent permitted by the related authorizing resolutions or other trust documents. In order to provide for the payment of the Obligations and Parity Debt and the fulfillment of its covenants and agreements under the*

Resolution so long as any Prior Lien Obligations remain outstanding and unpaid (during which time the pledge of Revenues shall be of no force and effect), the Issuer covenants that it shall on or before the last Business Day of each month, but subject to the covenants and agreements made with the holders of all Prior Lien Obligations then outstanding, transfer or cause to be transferred to the Trustee all Available TBTA Net Revenues free and clear of any lien or pledge for Prior Lien Obligations. The Issuer further covenants that so long as any Prior Lien Obligations remain outstanding and unpaid, it will make payments into the funds and accounts established under the 1980 Resolution in the manner and in the amounts required by the 1980 Resolution.

The pledge created by the Resolution shall in all respects secure on a pari passu basis all of the Obligations and Parity Debt and, except as expressly so provided, nothing contained in the Resolution shall be deemed to confer on the Owners of any Obligations or Parity Debt any rights in the Trust Estate superior or inferior to the Owners of any other Obligations or Parity Debt.

The pledge created by the Resolution shall be valid and binding from and after the date of issuance and delivery of the first Obligations, and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Subject to the provisions described above, 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 Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken.

Nothing contained in this caption shall be construed as limiting any authority granted to the Issuer elsewhere in the Resolution to issue or incur Obligation Anticipation Notes, Subordinated Indebtedness or Subordinated Contract Obligations or shall be deemed a limitation upon the authority of the Issuer to issue any other bonds, notes or other obligations under the Issuer Act secured by any income and funds other than the Trust Estate.

(Section 501)

Establishment of Funds and Accounts

The Resolution establishes a Revenue Fund, a Proceeds Fund, a Debt Service Fund, and a General Fund.

Established within the Proceeds Fund is the COI Account. The Issuer may establish one or more additional funds, accounts or subaccounts by delivering to the Trustee a certificate of an Authorized Officer. Amounts held at any time by the Issuer in any of the Funds or Accounts shall be held in trust separate and apart from all other funds of the Issuer.

(Section 502)

Revenue Fund

The Issuer shall pay into the Revenue Fund all Revenues (and, so long as Prior Lien Obligations remain outstanding, Available TBTA Net Revenues) as and when received and available for deposit. The Issuer shall also pay into the Revenue Fund such portion of the proceeds of any Series of Obligations which may have been issued to pay Operating Expenses as shall be specified pursuant to the Supplemental Resolution authorizing such Series. Amounts in the Revenue Fund shall be paid out, accumulated, transferred or withdrawn from time to time (but no less frequently than on or before the 25th day of each calendar month) for the following purposes and, as of any time, in the following order of priority:

- (a) payment of reasonable and necessary Operating Expenses or accumulation in the Revenue Fund as a reserve (i) for working capital, (ii) for such Operating Expenses the payment of which is not immediately required, including amounts determined by the Issuer to be required as an operating

reserve in accordance with this caption, or (iii) deemed necessary or desirable by the Issuer to comply with orders or other rulings of an agency or regulatory body having lawful jurisdiction;

- (b) transfer to the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service to the last day of the current calendar month; provided, however, that in no event shall the amount to be so transferred be less than the amounts required for all payment dates occurring prior to the 25th day of the next succeeding calendar month; provided further that, for the purposes of computing the balance in said Fund, there shall be included the amount, if any, set aside in any account within the Debt Service Fund or the Proceeds Fund or otherwise in trust for the payment of interest on Obligations or Parity Debt to the last day of the current calendar month;
- (c) transfer to another Person in accordance with any Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation, except to the extent that any such Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations provides that such amounts are payable solely from the General Fund; and
- (d) transfer to the General Fund.

Amounts paid out from any Fund or Account for an authorized purpose (excluding transfers to any other pledged Fund or Account), or withdrawn pursuant to the second paragraph of the section of the Resolution summarized under the caption “Subordinated Indebtedness; Subordinated Contract Obligations”, shall be free and clear of the lien and pledge created by the Resolution.

The Issuer shall from time to time, and in all events prior to any withdrawal of money from the Revenue Fund pursuant to subparagraph (d) of the first paragraph under this caption, determine (i) the amount, to be held as a reserve in the Revenue Fund, which in the judgment of the Issuer is adequate for the purpose of providing for the costs of emergency repairs or replacements essential to restore or prevent physical damage to, and prevent loss of Revenues from, any TBTA Facilities and (ii) the amount, to be held as a reserve in the Revenue Fund, which in the judgment of the Issuer is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to any TBTA Facilities necessary to keep the same in operating condition or required by any governmental agency having jurisdiction over such TBTA Facilities and to provide a reserve for the retirement from service, decommissioning or disposal of facilities comprising either a TBTA Facility or a part of a TBTA Facility.

Amounts in the Revenue Fund may in the discretion of the Issuer be invested in Authorized Investments. Earnings on money and investments in the Revenue Fund shall be deposited in the Revenue Fund. The Issuer may sell any such Authorized Investments at any time and the proceeds of such sale and of all payments of principal or interest received at maturity or upon redemption or otherwise of such Authorized Investments shall be deposited in the Revenue Fund.

That amount, if any, set aside by the Issuer in one or more reserve accounts in the Revenue Fund may be used by the Issuer at such time or times and in such amounts as determined by the Issuer for the purpose of paying all or a portion of the interest on and the principal or Redemption Price of the Obligations and payment of Parity Debt, on a parity basis, on their respective due dates or redemption dates, as the case may be.

(Section 503)

Proceeds Fund

The Issuer shall pay into the Proceeds Fund (and any designated Account or subaccount thereof) the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution authorizing the

issuance of any Series of Obligations for the purpose of financing Capital Costs relating to the TBTA Facilities, the TBTA Transit and Commuter Project and any Additional TBTA Projects. The portion of any such amount determined by Supplemental Resolution to be used for the payment of Costs of Issuance shall be paid into and disbursed from the COI Account.

Unless otherwise provided in a Supplemental Resolution or in a resolution authorizing Obligation Anticipation Notes, amounts in the Proceeds Fund shall be applied solely to pay Capital Costs relating to the TBTA Facilities, the TBTA Transit and Commuter Project and any Additional TBTA Projects, as applicable. Any amounts in the Proceeds Fund which are in excess of the amounts required to pay for such costs may at the direction of an Authorized Officer be transferred to the Revenue Fund or the Debt Service Fund. Upon the direction of an Authorized Officer, amounts in the Proceeds Fund may be invested in Authorized Investments. Except to the extent that a certificate of an Authorized Officer or a Supplemental Resolution provides that earnings on money and investments in the Proceeds Fund shall be deposited in the Revenue Fund or the Debt Service Fund, such earnings shall be retained in the Proceeds Fund. Upon the direction of an Authorized Officer, the Issuer may, and to the extent required for payments from the Proceeds Fund shall, sell any such obligations at any time, and the proceeds of such sale, and of all payments of principal or interest received at maturity or upon redemption or otherwise of such obligations shall be deposited in the Proceeds Fund.

Subject to any priority for Obligation Anticipation Notes, amounts in such Proceeds Fund must be applied to the payment of principal and Redemption Price of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that other money is not available therefor.

(Section 504)

Debt Service Fund

The Issuer shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations or Parity Debt the amount required for the interest payable on such date unless such interest is paid from the Proceeds Fund as capitalized interest, (ii) on or before each principal payment due date for any of the Obligations or Parity Debt the amount required for the principal amount (including the portion thereof payable in respect of a Parity Reimbursement Obligation) payable on such date, and (iii) on or before any redemption date for the Obligations or Parity Debt the amount required for the payment of the Redemption Price of and interest on the Obligations or Parity Debt then to be redeemed.

In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Obligations, the Issuer may withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Obligations being refunded and (a) deposit such amounts, free and clear of any lien, pledge or claim of the Resolution, with itself or an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the refunding Obligations, or (c) deposit such amounts in any Fund or Account established hereunder; provided, however, that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Resolution and (ii) at the time of and giving effect to such withdrawal and refunding, there shall exist no deficiency in any Fund or Account established under the Resolution.

(Section 505)

General Fund

Amounts in the General Fund are to be transferred, in the following order, to the Debt Service Fund and the Revenue Fund to make up deficiencies in or to set aside reserves for such Funds.

Subject to any lien or pledge securing Subordinated Indebtedness that has been determined by the Issuer to be superior to such purposes, amounts in the General Fund not immediately required for the purposes referred to the

previous paragraph shall, pursuant to resolution of the Issuer, be paid to or upon the order of the Issuer, free and clear of the lien and pledge created by the Resolution, for any lawful corporate purpose of the Issuer, including payment of amounts due with respect to Subordinated Indebtedness.

Purchases of Obligations, Obligation Anticipation Notes or Subordinated Indebtedness from amounts in the General Fund shall be made at the direction of the Issuer, with or without advertisement and with or without notice to other Owners of Obligations, Obligation Anticipation Notes or Subordinated Indebtedness. Such purchases shall be made at such price or prices as determined by the Issuer. If Sinking Fund Installments have been established for the maturities of Obligations purchased by the Issuer, then the Issuer shall direct the Trustee to credit the principal amount purchased against the applicable Sinking Fund Installments in such order and amounts as determined by the Issuer.

Investment income on amounts in the General Fund shall be deposited into the Revenue Fund.

(Section 506)

Subordinated Indebtedness; Subordinated Contract Obligations

The Issuer may, at any time, or from time to time, issue Subordinated Indebtedness or incur Subordinated Contract Obligations payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer pursuant to the Resolution, as specified with respect to any such Subordinated Indebtedness or Subordinated Contract Obligations by Supplemental Resolution or an Authorized Officer; provided, however, that (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Obligations and Parity Debt and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Issuer may establish such priorities of payment and security among Subordinated Indebtedness and Subordinated Contract Obligations as it deems appropriate.

The Issuer shall have the right to covenant with Persons to whom Subordinated Contract Obligations run and with the holders from time to time of Subordinated Indebtedness in order to add to the conditions, limitations and restrictions under which any additional Capital Cost Obligations or Refunding Obligations may be issued or Parity Debt incurred; provided, however, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness or the incurrence of such Subordinated Contract Obligations shall not permit the holders of such obligations to declare the same, nor to instruct such holders' trustee to declare the same, to be immediately due and payable prior to any time that all Obligations and Parity Debt have become due and payable.

(Section 507)

Power to Construct and Operate TBTA Facilities and Collect Tolls and Fees

The Issuer has, and will have so long as any Obligations are Outstanding, good right and lawful power to construct, reconstruct, improve, maintain, operate, finance, rehabilitate and repair the TBTA Facilities, and to fix and collect tolls, fees, rents and other charges as provided in the Resolution, or to cause the foregoing to be done.

(Section 601)

Sale and Lease of Property

No part of the TBTA Facilities shall be sold, mortgaged, leased or otherwise disposed of or encumbered, except that the Issuer may (i) sell, exchange or otherwise dispose of at any time and from time to time any property or facilities constituting part of any TBTA Facilities and not useful, in the opinion of the Issuer, in the operation thereof, (ii) lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to any part of, that portion of the TBTA Facilities described in subparagraph (iv) of said definition of TBTA

Facilities constituting the parking field connected with Jacob Riis Park, or (iii) lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, or otherwise dispose of, all or any part of any TBTA Facility, if such lease, contract, license, easement, right or other disposition does not, in the opinion of the Issuer, either (a) impede or restrict the operation by the Issuer of such TBTA Facility or (b) materially adversely affect the ability of the Issuer to comply with the covenants contained in the section of the Resolution summarized under the caption "Rates and Fees" taking into account application of the proceeds thereof.

Subject to the rights of the City under the TBTA Act, (i) any net proceeds of any sale, exchange or other disposition of property or facilities constituting part of TBTA Facilities pursuant to the paragraph above shall be deposited in the Revenue Fund or (so long as there is no deficiency in any other Fund or Account) such other Fund or Account designated in writing by an Authorized Officer, and any payments to the Issuer under or in connection with any such easement or right in respect of TBTA Facilities shall be deposited in the Revenue Fund, and (ii) payments received by the Issuer in connection with any such lease, contract, license or other disposition with respect to any part of any TBTA Facilities shall be deemed to be Revenues.

Notwithstanding any other provision of this caption, the Issuer may, to the extent and in the manner permitted by law, including the TBTA Act as the same may from time to time be amended:

- (a) Sell, exchange, mortgage, lease or otherwise dispose of or encumber, with or without consideration, any asset which is not a TBTA Facility; or
- (b) Sell for fair economic value (as determined by the Issuer) all or any part of any other TBTA Facilities; provided, that (i) prior to the sale of any TBTA Facilities as permitted in this clause (b), the Trustee shall receive a certificate of an Authorized Officer to the effect that such sale will not materially adversely affect the Issuer's ability to comply with the provisions of the section of the Resolution summarized under the caption "Rates and Fees" taking into account the anticipated application of the proceeds thereof, and (ii) the proceeds of such sale shall be deposited in the Debt Service Fund or in the Revenue Fund and be applied to the payment, purchase or redemption of Obligations.

(Section 602)

Creation of Liens, Issuance of Subordinated Indebtedness, Subordinated Contract Obligations and Other Debt

The Issuer shall not issue any bonds or other evidences of indebtedness, other than the Obligations and Parity Debt as provided herein, secured by a pledge of the Trust Estate and shall not create or cause to be created any lien or charge on the Trust Estate except to the extent provided in the Resolution; provided, however, that the Issuer may, at any time, or from time to time, incur Subordinated Indebtedness or enter into Subordinated Contract Obligations payable out of, and which may be secured by a pledge of, such amounts as may from time to time be available for the purpose of the payment thereof in accordance with subparagraph (c) of the first paragraph of the section of the Resolution summarized under the caption "Revenue Fund" and such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for payment of the Obligations and Parity Debt; and provided further that nothing contained in the Resolution shall prevent the Issuer from issuing (i) bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution to finance a Separately Financed Project, or (ii) other bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution payable from, among other sources, money withdrawn by the Issuer from the General Fund pursuant to the second paragraph of the section of the Resolution summarized under the caption "General Fund".

(Section 604)

Operation and Maintenance

The Issuer shall at all times operate or cause to be operated the TBTA Facilities properly and in a sound and economical manner and shall maintain, preserve, reconstruct and keep the same or cause the same to be maintained, preserved, reconstructed and kept, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the

operation thereof may be properly and advantageously conducted; provided, however, that nothing herein contained shall be construed (i) to affect the Issuer's powers under the section of the Resolution summarized under the caption "Sale and Lease of Property" or (ii) to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of, all or any of the TBTA Facilities if, in the judgment of the Issuer, it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof shall not be essential to the maintenance and continued operation of any remaining TBTA Facilities and such cessation or disposition will not materially impair the Issuer's ability to meet the requirements of the section of the Resolution summarized under the caption "Rates and Fees", and provided further that the sale-leaseback or the lease-leaseback of any of the TBTA Facilities or other similar contractual arrangements, the effect of which is that the Issuer continues to retain as part of the Trust Estate the Revenues from such TBTA Facilities, shall not constitute a lease or disposition of such TBTA Facility for purposes of this caption or the section of the Resolution summarized under the caption "Sale and Lease of Property".

(Section 605)

Rates and Fees

The Issuer shall at all times establish, levy, maintain and collect, or cause to be established, levied, maintained and collected, such tolls, rentals and other charges in connection with the TBTA Facilities as shall always be sufficient, together with other money available therefor (including the anticipated receipt of proceeds of sale of Obligations or other bonds, notes, or other obligations or evidences of indebtedness of the Issuer that will be used to pay the principal of Obligations issued in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of the TBTA Facilities), to equal or exceed in each calendar year the greater of (A) an amount equal to the sum of amounts necessary in such calendar year (i) to pay all Operating Expenses of the Issuer, (ii) to pay Calculated Debt Service, all amounts due with respect to Prior Lien Obligations and the debt service on all Subordinated Indebtedness then outstanding, and all Subordinated Contract Obligations, all as the same respectively become due and payable, and (iii) to maintain any reserve established by the Issuer pursuant to the Resolution, in such amount as may be determined from time to time by the Issuer in its judgment and (B) (i) so long as Prior Lien Obligations remain outstanding and Operating Expenses are provided for under the terms of the 1980 Resolution, an amount such that Available TBTA Net Revenues shall equal at least 1.25 times Calculated Debt Service for such calendar year and (ii) thereafter, an amount such that Revenues less Operating Expenses shall equal at least 1.25 times Calculated Debt Service for such calendar year.

Notwithstanding the foregoing provisions of this Section, the toll rate for automobiles, which contain not more than two persons, using the following designated TBTA Facilities shall at all times be at least one dollar for each crossing over the Verrazano-Narrows Bridge, the Triborough Bridge (a round trip to Randall's Island or Ward's Island to constitute a single crossing), the Bronx Whitestone Bridge, the Throgs Neck Bridge or through the Brooklyn-Battery Tunnel or the Queens-Midtown Tunnel, at least sixty cents for each crossing over the Henry Hudson Bridge and at least fifty cents for each crossing over the Marine Parkway Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge. In connection with the use of single fare tokens issued by the Issuer as a means of paying tolls on any of the aforementioned facilities, the Issuer may allow 1 toll free crossing with the purchase of a package of at least twenty such tokens.

Except as hereinafter set forth, the undiscounted toll rate for automobiles which contain not more than two persons shall at all times be at least three dollars for each crossing over the Triborough Bridge (a round trip to Randall's Island or Ward's Island to constitute a single crossing), the Bronx-Whitestone Bridge or the Throgs Neck Bridge or through the Brooklyn Battery Tunnel or the Queens-Midtown Tunnel, at least two dollars and fifty cents for each crossing of the Verrazano-Narrows Bridge, at least one dollar and fifty cents for each crossing over the Henry Hudson Bridge, and at least one dollar and twenty-five cents for each crossing of the Marine Parkway Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge; the minimum undiscounted toll rates established in this paragraph shall not be applicable to tolls collected from such automobiles by means of an electronic toll collection system, and the minimum undiscounted toll collected in such manner from such automobiles for each of the TBTA Facilities shall be deemed to be the highest minimum undiscounted toll rate for such TBTA Facilities elsewhere provided in this caption.

In the event that the Issuer shall at any time impose a surcharge or surcharges in addition to the toll rate for crossings or specified crossings over or through any one or more of the TBTA Facilities, such surcharge or surcharges shall not constitute part of the toll rate to which it is added for purposes of computing the maximum discount from the applicable undiscounted toll rate permitted by this caption, and the Issuer may exempt or exclude, in whole or in part, from the application of any such surcharge specified users or classes of users without regard to the limits on maximum discounts from undiscounted toll rates provided in this caption.

In the event that the Issuer at any time imposes on one or more of the TBTA Facilities different undiscounted toll rates to be applicable depending upon whether a toll is paid by means of an electronic toll collection system or otherwise and, in the case of tolls collected by means of an electronic toll collection system, imposes different tolls to be applicable at different times of the day, on different days of the week or during different periods of the year, the limits on the maximum discounts from undiscounted toll rates shall be measured against the undiscounted toll rate applicable to the crossing over or through that TBTA Facility in the absence of a discount.

The minimum crossing charge, regardless of whether such charge is denominated as a toll, surcharge, fee or in any other manner after giving effect to any exemption, exclusion or discount applicable thereto and without regard to the manner in which such charge is collected, for automobiles which contain not more than two persons shall at all times be at least one dollar and sixty cents for each crossing over the Verrazano-Narrows Bridge, the Triborough Bridge (a round trip to Randall's Island or Ward's Island to constitute a single crossing), the Bronx-Whitestone Bridge or the Throgs Neck Bridge or through the Brooklyn Battery Tunnel or the Queens-Midtown Tunnel and at least .667 dollars for each crossing over the Henry Hudson Bridge, the Marine Parkway Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge.

The Issuer may permit toll free crossings with respect to the TBTA Facilities designated in this caption with respect to (i) the vehicles of present and former members, officers and employees of the Issuer, (ii) military, police, fire, ambulance and other emergency, service and maintenance vehicles, (iii) vehicles of persons employed on Ward's Island or Randall's Island traveling to and from such Islands over the Triborough Bridge and (iv) other vehicles by passes or permits, provided that there shall not be more than 500 passes or permits outstanding at any one time.

The Issuer may with respect to such TBTA Facilities at any time convert to methods of toll collection other than those presently utilized, including toll collection in one direction only.

On or before the 120th day after the close of each calendar year when the calculations made pursuant to the first paragraph under this caption indicate that Revenues are not at the required levels, the Issuer shall cause an Independent Engineer to complete a review of the Issuer's financial condition for the purpose of estimating whether the Revenues in each of two subsequent calendar years will be sufficient, together with other moneys available therefor, to meet all requirements as specified in the first paragraph under this caption. Such review shall be evidenced by a certificate of an Independent Engineer which shall be filed with the Trustee on or before the 60th day thereafter and shall set forth a reasonably detailed statement of the actual and estimated Revenues, Operating Expenses, and other pertinent information for such year upon which such determination was made. If any such statement shows that such Revenues may not be sufficient to meet the requirements specified in the first paragraph under this caption, the Issuer shall promptly fix and establish such tolls, rentals and other charges and take such other action as shall be necessary and sufficient to comply as nearly as practicable with the covenants in the first paragraph under this caption, as evidenced by a certificate of an Authorized Officer filed with the Trustee. Failure to comply with the covenants in the first paragraph under this caption will not constitute a default if the Independent Engineer is of the opinion that a schedule of tolls, rentals and other charges which will comply with such covenants is impracticable at that time and the Issuer establishes a schedule of tolls, rentals and other charges which is recommended by the Independent Engineer to comply as nearly as practicable with such covenants.

(Section 606)

Agreement of the State; Limited Waiver by Owners

The Issuer incorporates the pledges, covenants and agreements of the State with the Owners of the Obligations set forth in the TBTA Act as though set forth in full in the Resolution. Notwithstanding the provisions of the agreement of the State contained in the TBTA Act, all Owners, by their acceptance and holding of the Obligations, consent to the construction and operation by the Issuer (or to the construction by Persons other than the Issuer if the Issuer shall have assumed the operation thereof), and waive any and all rights under the TBTA Act with respect to such construction and operation, of any vehicular toll bridge or toll tunnel crossing the East River in the City as to which (i) so long as any Prior Lien Obligations remain outstanding and unpaid, a supplemental resolution confirming the pledge of the revenues therefrom shall have been filed with the trustee under the 1980 Resolution, together with any supporting documentation required in connection therewith pursuant to the 1980 Resolution, and (ii) after the payment of all Prior Lien Obligations within the meaning and with the effect expressed in the 1980 Resolution or other applicable authorizing document, a Supplemental Resolution confirming the pledge of the revenues therefrom shall have been filed with the Trustee together with the Counsel's Opinion required in connection therewith pursuant to the Resolution.

(Section 607)

Additional TBTA Facilities

An Additional TBTA Project shall become a TBTA Facility as of any date on or prior to which there has been submitted to the Trustee a certificate of an Authorized Officer designating such Additional TBTA Project to be a TBTA Facility, as well as each of the following items:

- (1) A certificate of an Authorized Officer to the effect that either (a) the Additional TBTA Project has been in operation (whether or not by the Issuer) for a period of at least 12 months prior to the date of such designation, and that for a period of any 12 consecutive calendar months out of the 18 calendar months next preceding the date of designation as an additional TBTA Facility the Additional TBTA Project Revenues derived from the operation of such Additional TBTA Project exceeded the operating expenses for such Additional TBTA Project or (b) the Additional TBTA Project is in operation and, in such Authorized Officer's opinion, the Additional TBTA Project Revenues to be derived from the operation of such Project will exceed the operating expenses for such Additional TBTA Project during the first 12 months of operation;
- (2) A Counsel's Opinion to the effect that the Issuer has good right and lawful authority to acquire, design, construct, maintain, operate, finance, improve, reconstruct, rehabilitate or otherwise undertake such Additional TBTA Project and to establish, levy, maintain and collect, during the term of the Obligations, tolls, rentals, rates, fees or other charges in connection therewith, which establishment, levy, maintenance or collection shall not then require or be subject to any legislative appropriation;
- (3) A Counsel's Opinion stating whether or not the Issuer is required by law to have a license, order or other authority from any federal, State or other governmental agency or regulatory body having lawful jurisdiction in connection with such Additional TBTA Project, and, if so required, that such license, order or other authority has been obtained, provided that if any such license, order or other authority shall not have been obtained, the Trustee may accept in lieu of the Opinion of Counsel provided for in this paragraph, a certificate of an Authorized Officer that the Issuer represents and warrants that it will proceed with all diligence to obtain such license, order or other authority;
- (4) A certificate of an Authorized Officer setting forth (A) as applicable, the actual or anticipated Revenues and Operating Expenses of the Issuer for the 12-month period selected; provided that in such Certificate (i) the Revenues and Operating Expenses shall be respectively increased by (a) as applicable, the actual or anticipated Additional TBTA Project Revenues and operating expenses of such Additional TBTA Project for such 12-month period and (b) the actual or anticipated Additional TBTA Project Revenues and operating expenses of any Additional TBTA Project

operated by or under lease from the Issuer otherwise than as an Additional TBTA Project during any part of the period covered by such Certificate calculated as if the respective definitions of Revenues and Operating Expenses in the Resolution had been applicable thereto, and (ii) if on the date of such designation by the Issuer the toll rate for any classification of vehicles using any vehicular toll TBTA Facility (including the Additional TBTA Project) shall be less than it was during any part of the period covered by such Certificate, the Revenues for such part of such period shall be decreased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of such 12-month period and (iii) if on the date of such designation by the Issuer the toll rate for any classification of vehicles using any vehicular toll TBTA Facility (including the Additional TBTA Project) shall be greater than it was during any part of the period covered by such Certificate, the Revenues for such part of such period may be increased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of such 12-month period, and (B) that for such 12-month period the Revenues less Operating Expenses, as calculated pursuant to clause (A) of this paragraph (for purposes of this caption, "Net Revenues"), are at least equal to 1.40 times Maximum Annual Calculated Debt Service during such period;

- (5) A certificate of an Independent Engineer setting forth that, in the opinion of such Independent Engineer, for each of five successive 12-month periods, the earliest of which begins on a calendar quarterly date not more than 60 days immediately following the date of designation as an Additional TBTA Project, the Net Revenues in each 12-month period (after giving effect to such designation) will be at least equal to 1.40 times the maximum Calculated Debt Service for any of such successive 12-month periods; and
- (6) A certificate of an Authorized Officer to the effect that the Additional TBTA Project Revenues of such Additional TBTA Project are deemed to be Revenues and are pledged for the payment of the principal and Redemption Price of, and interest on, the Obligations and, on a parity basis, the Parity Debt.

(Section 608)

Events of Default

Each of the following events is defined as and shall constitute an "Event of Default" under the Resolution:

- (1) if default shall be made in the due and punctual payment of the principal or Redemption Price of, or interest on, any Obligation when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise and such default shall continue for a period of 30 days, or
- (2) if default shall be made by the Issuer in the performance or observance on its part of any other of the covenants, agreements or conditions contained in the Resolution or in the Obligations, and such default shall continue for a period of 60 days after written notice thereof to the Issuer by the Trustee or to the Issuer and to the Trustee by the Owners of a majority in principal amount of the Obligations Outstanding; provided, however, that if such default shall be such that it cannot be corrected within such 60 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected.

(Section 701)

Powers of Trustee

In the event that any Event of Default specified in the section of the Resolution summarized under the caption "Events of Default" shall occur and be continuing, the Trustee may, and, upon written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, shall, in its name,

- (1) by suit, action or proceeding in accordance with the civil practice law and rules, enforce all rights of the Owners of Obligations;
- (2) bring suit upon the Obligations against the Issuer;
- (3) by action or suit, require the Issuer to account as if it were the trustee of an express trust for the Owners of the Obligations;
- (4) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Obligations; or
- (5) declare, on thirty days' written notice to the Issuer, the principal of all the Obligations then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Obligations contained to the contrary notwithstanding. The right of the Trustee or of the Owners of a majority in principal amount of the Obligations to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Obligations shall have matured by their terms, all overdue installments of interest upon the Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Issuer under the Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Obligations due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Obligations or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of a majority in principal amount of the Obligations Outstanding, by written notice to the Issuer and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the Owners, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of a majority in principal amount of the Obligations then Outstanding, then any such declaration shall automatically be deemed to be rescinded and any such default and its consequences shall automatically be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

The remedies conferred upon or reserved to the Trustee in respect of any Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

The Trustee shall in addition to the foregoing powers, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Resolution or incidental to the general representation of Owners of Obligations in the enforcement and protection of their rights.

The Issuer covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Issuer and all other records relating to the Trust Estate shall at all times be

subject to the inspection and use of the Trustee and of its agents and attorneys and, upon demand of the Trustee, the Issuer will account, as if it were the trustee of an express trust, for the Trust Estate for such period as shall be stated in such demand.

The right of the Trustee to the appointment of a receiver as provided in the TBTA Act is abrogated under the Resolution.

(Section 702)

Priority of Payments After Default

In the event that the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal or Redemption Price then due on the Obligations and for payments then due with respect to Parity Debt, such funds (excluding funds held for the payment or redemption of particular Obligations which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Obligation Anticipation Notes) and any other money received or collected by the Fiduciaries, or the Trustee, after making provision for the payment of any expenses necessary in the opinion of the Trustee to preserve the continuity of the amounts to be received under the Resolution or otherwise to protect the interest of the Owners of the Obligations, and for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Resolution, shall be applied as follows:

Unless the principal of all of the Obligations shall have become due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Obligations and the interest components of Parity Debt in the order of the maturity of such installments and interest components, and, if the amount available shall not be sufficient to pay in full any installments and interest components due on the same date, then to the payment thereof ratably, according to the amounts due on such installments and interest components, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Obligations and Parity Debt; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Obligations and the principal component of Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Obligations and Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal and Redemption Price and principal component due on such date, to the Persons entitled thereto, without any discrimination or preference

If the principal of all of the Obligations and the principal component of Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations and Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discretion or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

(Section 703)

PART II

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE STANDARD RESOLUTION PROVISIONS

The following sections contain definitions of certain terms used in this official statement when describing the Proposed TBTA Resolution and a general summary (Summary) of certain provisions of the Standard Resolution Provisions of the Proposed TBTA Resolution. The definitions and Summary are not to be considered a full statement of all terms used in this official statement or the terms of the Standard Resolution Provisions or the Proposed TBTA Resolution and, accordingly, are qualified by reference to and are subject to the full text of the official statement and the Standard Resolution Provisions and the Proposed TBTA Resolution. Copies of the Standard Resolution Provisions and the Proposed TBTA Resolution may be obtained upon request from the MTA.

Definitions

Accrued Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued and unpaid Debt Service with respect to all Obligations and Parity Debt, calculating the accrued Debt Service with respect to each obligation at an amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Obligations and interest components of Parity Debt accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Obligations and Parity Debt next due which would have accrued (if deemed to accrue in the manner set forth in the definition of "Debt Service") to the end of such calendar month. For purposes of calculating Debt Service Fund deposits, Principal Installments shall not include amounts that an Authorized Officer has notified the Trustee are to be paid from sources other than Revenues, nor shall Accrued Debt Service include any amounts that, as certified by an Authorized Officer, have been set aside hereunder or otherwise in trust for the payment thereof.

Authorized Investment shall mean and include any of the following, to the extent the same are legal for investment of the Issuer's funds:

- (1) obligations of the State or the United States government;
- (2) obligations the timely payment of the principal and interest on which are unconditionally guaranteed by the State or the United States government;
- (3) certificates of deposit of banks or trust companies in the State, secured, if the Issuer shall so require, by obligations of the United States or of the State of a market value equal at all times to the amount of the deposit;
- (4) banker's acceptances with a maturity of 90 days or less which are eligible for purchase by the federal reserve banks and whose rating at the time of purchase is in the highest Rating Category of each of the Rating Agencies that then rates such banker's acceptances;
- (5) obligations of any bank or corporation created under the laws of either the United States or any state of the United States maturing within 270 days, provided that such obligations are rated in the highest Rating Category of each of the Rating Agencies that then rates such obligations;
- (6) notes, bonds, debentures, mortgages and other evidences of indebtedness, issued or guaranteed at the time of the investment by the United States Postal Service, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the Federal Farm Credit System, or any other United States government sponsored agency, provided that at the time of the investment such agency or its obligations are rated and the agency receives, or its obligations receive, ratings in the highest Rating Category of each of the Rating Agencies that then rates such agency or its obligations;

- (7) (A) general obligation bonds and notes of any state other than the State, provided that such bonds and notes are rated in the highest Rating Category of each of the Rating Agencies that then rates such bonds and notes, and (B) bonds and notes of any county, town, city, village, fire district or school district of the State, provided that such bonds and notes are rated in either of the 2 highest Rating Categories of each of the Rating Agencies that then rates such bonds and notes;
- (8) mutual funds registered with the United States Securities and Exchange Commission, whose investments are limited to obligations of the State described in clause (i) above, obligations the principal and interest of which are guaranteed by the State as described in clause (ii) above, and those securities described in clause (vii) above, and that are rated in the highest Rating Category of each of the Rating Agencies that then rates such funds;
- (9) repurchase agreements with any dealer or bank, which agreement is secured by any one or more of the securities described in clauses (i), (ii) or (vi) above, which securities shall (A) at all times have a market value of not less than the full amount held or invested pursuant to the agreement and (B) be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian, that is independent from the dealer or bank with whom the repurchase agreement is executed; and
- (10) any other investment in which the Issuer is authorized from time to time to invest under applicable law with respect to which an Authorized Officer has, on or before the date thereof, delivered to the Trustee (A) a certificate to the Trustee designating the additional investment as an Authorized Investment and (B) Rating Confirmation.

In addition to the foregoing, in the case of any money held in reserve and sinking funds “Authorized Investments” shall include any other securities in which the trustee or trustees of any public retirement system or pension fund has the power to invest the money thereof pursuant to Article four-a of the Retirement and Social Security Law of the State, each such reserve and sinking fund being treated as a separate fund for the purposes of Article four-a of the Retirement and Social Security Law of the State.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the issuer of the particular obligations or of a recognized securities depository.

Authorized Officer shall mean (i) the Chairman and the Vice Chairman, (ii) the Executive Director, the Comptroller, the Chief Financial Officer, the Secretary and any Assistant Secretary of the Issuer, (iii) the Chief Financial Officer, the Director of Finance, and the Director of Budgets and Financial Management of the MTA, and (iv) any other Person authorized by the Issuer to perform the act or sign the document in question.

Bank shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Business Day shall mean any day of the year other than (i) Saturday or Sunday, (ii) any day on which Banks located in New York, New York or the city in which the principal office of the Trustee is located are required or authorized by law to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

Calculated Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt, the sum of Debt Service for such period determined by the Issuer based on the following adjustments:

- (1) Interest on Variable Interest Rate Obligations shall be based on the Estimated Average Interest Rate applicable thereto.

(2) Interest on any Obligation or Parity Debt in respect of which the Issuer has entered into a Qualified Swap shall be based on:

- (A) the fixed rate or rates of the Qualified Swap if the Issuer has entered into what is generally referred to as a “floating-to-fixed” Qualified Swap (where the Issuer pays a fixed rate and receives a floating rate); or
- (B) the lower of (i) the Estimated Average Interest Rate and (ii) the effective capped rate of any Obligation or Parity Debt if the Issuer has entered into a Qualified Swap that is generally referred to as an “interest rate cap” (where the Issuer receives a payment if a variable rate exceeds a certain amount); or
- (C) the Estimated Average Interest Rate of the Qualified Swap if the Issuer has entered into either what is generally referred to as a “fixed-to-floating” Qualified Swap (where the Issuer pays a variable rate and receives a fixed rate) or a “floating-to-floating” Qualified Swap (where the Issuer pays a variable rate and receives a different variable rate).

(3) With respect to Put Obligations and any Obligations of a Series the interest on which is payable periodically and at least twenty-five per centum (25%) of the original principal amount of which is stated to mature at one time and for which maturing principal amount amortization requirements have not been designated, (i) Principal Installments shall be deemed to amortize over a 30-year period from their date of issuance (or any shorter period provided by Supplemental Resolution) based on substantially level debt service as estimated by the Issuer, and (ii) interest shall be based on the actual interest rate or the Estimated Average Interest Rate, as applicable.

(4) If the Issuer has irrevocably deposited Authorized Investments or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Authorized Investments and money shall be deducted from Debt Service.

(5) If the Issuer has, at any time, irrevocably called for redemption one or more Series of Obligations, including pursuant to a covenant to apply any portion of the Trust Estate to redeem Obligations or Parity Debt (which particular Obligations or Parity Debt need not be specifically identified in advance, except as to interest rate and maturity), the Issuer shall take into account such redemption for purposes of determining Calculated Debt Service.

(6) With respect to Parity Reimbursement Obligations, accelerated payments of principal shall only be taken into account if, at the time of calculation, such amounts are payable due to a draw under a credit or liquidity facility.

Capital Appreciation Obligations shall mean any Obligations denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Obligations. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Capital Appreciation Obligation in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Obligation shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

Certificate of Determination shall mean a certificate of an Authorized Officer of the Issuer fixing terms, conditions and other details of Obligations, Parity Debt, Credit Facilities, Subordinated Indebtedness or Subordinated Contract Obligations in accordance with the delegation of power to do so under a Supplemental Resolution.

Costs of Issuance shall mean the costs of the authorization, sale and issuance of a Series of Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, including with respect to any party to a transaction State bond issuance

charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, fees and charges of the Trustee and other Fiduciaries and agents, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution, transportation and safekeeping of Obligations, premiums, fees and charges in order to obtain, renew, extend or terminate Credit Facilities and Qualified Swaps and other financial arrangements, costs and expenses of refunding such Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, and other costs, charges and fees, including those of the Issuer and any other Related Entities, in connection with the foregoing.

Counsel's Opinion or **Opinion of Counsel** or **Opinion** shall mean an opinion signed by an attorney or firm of attorneys of recognized standing (who may be counsel to the Issuer) selected by the Issuer.

Credit Facility shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Issuer and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Obligations, Parity Debt or Obligation Anticipation Notes.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt outstanding, the sum of: (i) interest on the Obligations of such Series and the interest components of Parity Debt accruing during such period and (ii) that portion of each Principal Installment for such Obligations and Parity Debt that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Obligations and Parity Debt; provided, however, that, unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until the later of one year prior to such Principal Installment's due date and the date of issuance or incurrence of the related Obligation or Parity Debt.

Debt Service Payment Date shall mean, with respect to any portion of Debt Service, the date on which the Debt Service shall be payable.

Defeasance Security shall mean

- (1) an Authorized Investment as specified in clause (1) of the definition thereof (other than an obligation of the State), which is not redeemable at the option of the issuer thereof,
- (2) an Authorized Investment as specified in clause (1) (which is an obligation of the State), (2), (3), (6) or (7) of the definition thereof, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency,
- (3) any depositary receipt issued by a Bank as custodian with respect to any Defeasance Security which is specified in clause (a) above and held by such Bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any such Defeasance Security which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Defeasance Security or the specific payment of principal or interest evidenced by such depositary receipt,
- (4) any certificate of deposit specified in the Resolution, including certificates of deposit issued by the Trustee or by a Paying Agent, secured by obligations specified in clause (a) above of a market value equal at all times to the amount of the deposit, which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency, or
- (5) any other Authorized Investment designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Obligations authorized by such Supplemental Resolution,

which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency.

Deferred Income Obligation shall mean any Obligation (A) as to which interest accruing thereon prior to the Interest Commencement Date of such Obligation is (i) compounded on each Valuation Date for such Deferred Income Obligation and (ii) payable only at the maturity or prior redemption of such Obligations and (B) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Deferred Income Obligation in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Obligation shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

Estimated Average Interest Rate shall mean, as to any Variable Interest Rate Obligations or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Obligations or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer.

Final Judgment shall mean any judgment or order of any court of competent jurisdiction, or of any arbitrator or panel of arbitrators, as to which all appeals have been exhausted.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Obligation, the date determined by Supplemental Resolution after which interest accruing on such Obligation shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

LIRR shall mean The Long Island Rail Road Company and any successor thereto.

MaBSTOA shall mean the Manhattan and Bronx Surface Transit Operating Authority and any successor thereto.

MNCRC shall mean the Metro-North Commuter Railroad Company and any successor thereto.

MSBA shall mean the Metropolitan Suburban Bus Authority and any successor thereto.

MTA shall mean the Metropolitan Transportation Authority, the corporation organized and existing under the MTA Act, and any successor thereto.

MTA Act shall mean the Metropolitan Transportation Authority Act, being Title 11 of Article 5 of the New York Public Authorities Law, as from time to time amended.

Obligation Anticipation Notes shall mean any such notes issued and delivered pursuant to the Resolution, except to the extent (but only to the extent) that all or any portion of such notes either are not payable, or are anticipated by the Issuer not to be paid, from the proceeds of the Obligations in anticipation of which such notes are being issued.

Opinion of Bond Counsel shall mean an opinion signed by Hawkins, Delafield & Wood or any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities, selected by the Issuer.

Outstanding, when used with reference to Obligations or Obligations of a Series, shall mean, as of any date, Obligations or Obligations of such Series theretofore or thereupon to be delivered under the Resolution except:

- (1) Any Obligations canceled at or prior to such date;
- (2) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;
- (3) Obligations in lieu of or in substitution for which other Obligations shall have been delivered;
- (4) Obligations deemed to have been paid;
- (5) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the Purchase Price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution; and
- (6) For the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, Obligations owned or held by or for the account of the Issuer or any Related Entity.

The principal component of any Parity Debt shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Issuer thereunder in lieu of the related Obligation, regardless of the authorized amount of the principal component of such Parity Debt or the related Obligation and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Debt shall not by itself increase the Outstanding principal amount of Obligations.

Owner, or any similar terms, shall mean the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations.

Parity Debt shall mean any Parity Reimbursement Obligation, any Parity Swap Obligation or any other contract, agreement or other obligation of the Issuer designated as constituting “Parity Debt” in a certificate of an Authorized Officer delivered to the Trustee; provided, however, that any such Parity Reimbursement Obligation, Parity Swap Obligation, or other contract, agreement or other obligation shall not constitute Parity Debt solely to the extent of any obligations to pay termination or other fees, expenses, indemnification or other similar payments to the counterparty to such arrangement; provided further that Parity Reimbursement Obligations may include accelerated principal amortization provisions to the extent permitted by the terms of the Resolution.

Parity Reimbursement Obligation has the meaning provided under the caption “Credit Facilities; Qualified Swaps and Other Similar Agreements; Parity Debt”.

Parity Swap Obligation has the meaning provided under the caption “Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt”.

Pre-existing Indebtedness shall mean any bonds, notes or other obligations of the Issuer or any Related Entity that are issued or incurred under an authorizing resolution or other document in effect prior to the date of issuance of the initial Series of Obligations under the Resolution, including any Prior Lien Obligations.

Principal Installments shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt, as applicable, (a) the principal amount of Outstanding Obligations of such Series, due on the dates and in the amounts specified by Supplemental Resolution, reduced by the principal amount of such Obligations which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance (determined as provided in the Resolution) of any Sinking Fund Installments due on any certain future date for Obligations of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Debt, the amount due thereunder on the dates and in the amounts established in accordance with the Resolution as a principal component of such Parity Debt payable on a parity with the Obligations.

Purchase Price shall mean, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

Put Obligations shall mean Obligations which by their terms may be tendered at the option of the Owner thereof, or are subject to a mandatory tender other than at the election of the Issuer or a Related Entity, for payment or purchase prior to the stated maturity or redemption date thereof.

Qualified Swap shall mean, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Issuer for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Obligations or Variable Interest Rate Obligations on a synthetic basis or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such Obligations.

Qualified Swap Provider shall mean an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either at least as high as (i) the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider or (ii) any such lower Rating Categories which each such Rating Agency indicates in writing to the Issuer and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

Rating Agency shall mean each nationally recognized statistical rating organization then maintaining a rating on the Obligations at the request of the Issuer.

Rating Category shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rating Confirmation shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken under the Resolution; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Obligations.

Redemption Price shall mean, with respect to any Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Resolution.

Reimbursement Obligation has the meaning provided in the section of the Resolution summarized under the caption "Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt".

Related Entity shall mean any of the MTA, TBTA, MaBSTOA, the Transit Authority, MNCRC, LIRR, SIRTOA, MSBA and any affiliate or subsidiary of any of the foregoing now or hereafter established and designated as a Related Entity by an Authorized Officer.

Responsible Officer shall mean any officer assigned to the corporate trust office of the Trustee, or any other officer of the Trustee customarily performing functions similar to those performed by any of such officers and who has direct responsibility for the administration of the Resolution, and also, with respect to a particular matter,

any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Securities Depository shall mean a recognized securities depository selected by the Issuer to maintain a book-entry system in respect to all or any portion of a Series of Obligations (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

Series shall mean all of the Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any Obligations thereafter delivered in lieu of or in substitution therefor, regardless of variations in maturity, interest rate, or other provisions.

Sinking Fund Installment shall mean, as of a particular date, any Sinking Fund Installment established pursuant to the terms of the Resolution.

SIRTOA shall mean the Staten Island Rapid Transit Operating Authority and any successor thereto.

State shall mean the State of New York.

Subordinated Contract Obligation shall mean any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, (b) any Qualified Swap or portion thereof which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, and (c) any other contract, agreement or other obligation of the Issuer designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee. Each Subordinated Contract Obligation shall be payable and secured in a manner permitted by Article V of the Resolution, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Contract Obligations shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

Subordinated Indebtedness shall mean any bond, note or other indebtedness authorized by Supplemental Resolution or other resolution of the Issuer and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer delivered to the Trustee, which shall be payable and secured in a manner permitted by Article V of the Resolution, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Indebtedness shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Issuer in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

TA Act shall mean the New York City Transit Authority Act being Title 9 of Article 5 of the New York Public Authorities Law, as amended from time to time.

Taxable Obligations shall mean any Obligations which are not Tax-Exempt Obligations.

Tax-Exempt Obligations shall mean any Obligations the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Obligations in the Supplemental Resolution authorizing such obligations.

TBTA shall mean the Triborough Bridge and Tunnel Authority, the corporation organized and existing under the TBTA Act, and any successor thereto.

TBTA Act shall mean the Triborough Bridge and Tunnel Authority Act, being Title 3 of Article 3 of the New York Public Authorities Law, as amended from time to time.

Transit Authority shall mean the New York City Transit Authority, the corporation organized and existing under the TA Act, and any successor thereto.

Transportation District shall mean the Metropolitan Commuter Transportation District created by Section 1262 of the MTA Act.

Transportation District Project shall mean any project, program or facility that the Issuer or any other Related Entity (in either case, by itself or with any other Person) is authorized from time to time by law to plan, design, acquire, establish, construct, effectuate, operate, maintain, renovate, improve, extend, rehabilitate or repair within, or for the benefit of, the Transportation District.

Valuation Date shall mean (i) with respect to any Capital Appreciation Obligations the date or dates set forth in the Supplemental Resolution authorizing such Obligations on which specific Accreted Values are assigned to the Capital Appreciation Obligations and (ii) with respect to any Deferred Income Obligations, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Resolution authorizing such Obligations on which specific Appreciated Values are assigned to the Deferred Income Obligations.

Variable Interest Rate shall mean a variable interest rate to be borne by any Obligation. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Obligations.

Variable Interest Rate Obligations shall mean Obligations which bear a Variable Interest Rate.

(Section A-101)

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Obligations and Parity Debt authorized to be issued under the Resolution by those who are Owners of the Obligations and Parity Debt from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Obligations and Parity Debt; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Owners of any and all of the Obligations and Parity Debt, all of which, regardless of the time or times of their authentication, issuance and delivery, or maturity, shall be of equal rank without preference, priority or distinction of any of the Obligations or Parity Debt over any other Obligations or Parity Debt, except as expressly provided in or permitted by the Resolution.

(Section A-104)

Certain Provisions for Issuance of Obligations

The Obligations may be sold in one or more Series or subseries (each of which shall contain a designation distinguishing it from other Series or subseries), and shall be delivered by the Issuer under the Resolution but only upon receipt by the Trustee of, a number of items, including:

An Opinion of Bond Counsel in customary form to the effect that (i) the Issuer has the right and power under the Issuer Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect, and is valid and binding upon the Issuer, and enforceable in accordance with its terms, and no other authorization for the Resolution is required as of the date thereof; (ii) the Resolution creates the valid pledge which it purports to create of the Trust Estate in the manner and to the extent provided in the Resolution; (iii) the Obligations are valid and binding obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Issuer Act as amended to the date of such Opinion of Bond Counsel; and (iv) such Obligations have been duly and validly authorized and issued in accordance with law and the Resolution.

(Section A-201)

Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt

The Issuer may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Issuer deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Resolution, including:

So long as the Credit Facility is in full force and effect and payment on the Credit Facility is not in default, then (i) the issuer of the Credit Facility shall be deemed to be the sole Owner of the Outstanding Obligations the payment of which such Credit Facility secures or (ii) in the alternative or with respect to particular matters, the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Owners of the Outstanding Obligations, in either case when the approval, consent or action of the Owners for such Obligations is required or may be exercised under the Resolution including any Supplemental Resolution and following an Event of Default hereunder; provided, however, that no issuer of a Credit Facility shall be deemed to be the sole Owner of Outstanding Obligations pursuant to this provision in the event that the Credit Facility or Credit Facilities securing such Obligations provide only liquidity support.

In addition, such Supplemental Resolution may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on Obligations secured by the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

The Issuer may secure such Credit Facility by an agreement providing for the purchase of the Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Resolution. The Issuer may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the “**Reimbursement Obligation**”); provided, however, that no amounts shall be payable by the Issuer under a Reimbursement Obligation for purposes of the Resolution, until amounts are paid under such Credit Facility by the issuer thereof. As determined by Supplemental Resolution, any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Obligation and accelerated principal amortization, (i) may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by the Resolution to secure the Obligations (a “**Parity Reimbursement Obligation**”), but only to the extent that (prior to any acceleration of all Obligations, if permitted) any principal amortization requirements are either (A) commensurate with the amortization requirements for such related Obligations, without acceleration or (B) accelerated to no greater extent than to require repayment in equal principal installments over 5 or more years, or (ii) may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Reimbursement Obligations shall not include any payments (other than interest calculated at a higher rate pursuant to a Credit Facility) (i) of any fees or expenses, (ii) pursuant to any indemnification provisions or (iii) pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than permitted by clauses (A) and (B) of the preceding sentence, and any such payments of the items specified in clauses (i), (ii) or (iii) shall constitute Subordinated Contract Obligations.

In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Issuer may, to the extent permitted pursuant to law, from time to time enter into Qualified Swaps. The Issuer’s obligation to pay any amount under any Qualified Swap may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by the Resolution to secure the Obligations (a “**Parity Swap Obligation**”), or may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

Except to the extent that an Authorized Officer directs that such amounts be deposited in any other Fund or Account pledged to the payment of Obligations, any amounts paid to the Issuer under a Qualified Swap shall be deposited in the Debt Service Fund.

(Section A-202)

Obligation Anticipation Notes

Whenever the Issuer shall have authorized the issuance of a Series of Obligations, the Issuer may by resolution authorize the issuance of Obligation Anticipation Notes in anticipation of the issuance of such authorized Series of Obligations, in a principal amount not exceeding the principal amount of the Obligations of such Series so authorized. The principal of and premium, if any, and interest on such Obligation Anticipation Notes and any renewals of such Obligation Anticipation Notes shall be payable only from any or all of the following items designated by the Issuer at or prior to issuance of any such series of Obligation Anticipation Notes (i) the proceeds of any renewals of such Obligation Anticipation Notes issued to repay such Obligation Anticipation Notes, (ii) the proceeds of the sale of the Series of Obligations in anticipation of which such Obligation Anticipation Notes are issued, (iii) amounts available to pay Subordinated Indebtedness, or (iv) any other money available therefor and not pledged under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Obligation Anticipation Notes, and any such pledge of the items set forth in clauses (i) and (ii) shall have priority over any other pledge created by the Resolution.

(Section A-203)

Redemption at the Election of the Issuer; Tender to Related Entities; Optional Redemption

The Issuer may elect to redeem Obligations in accordance with the Supplemental Resolution under which such Obligations were issued, prior to the redemption date, cause to be paid out to the appropriate Paying Agent or Paying Agents out of money available therefor an amount in cash which, in addition to other money, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Obligations to be redeemed.

In addition, as provided by Supplemental Resolution, the Issuer may, in its sole discretion, purchase or grant to any Related Entity the option to purchase, at any time and from time to time, any Obligations which are redeemable at the election of the Issuer at a purchase price equal to the redemption price therefor.

(Section A-402, A-403)

Investment of Funds

Subject to the provisions of the Resolution, amounts in the Funds and Accounts established by the Resolution may be invested only in Authorized Investments and only when and as specifically directed in writing by an Authorized Officer.

Except as provided by Supplemental Resolution, in computing the amount of such Funds, Accounts and subaccounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value.

(Section A-501)

Satisfaction of Sinking Fund Installments

Any amount accumulated in the Debt Service Fund in respect of and up to the unsatisfied balance of each Sinking Fund Installment shall be applied by the Trustee to either (a) or (b) below as directed by the Issuer (together with amounts accumulated in the Debt Service Fund with respect to interest on the Series of Obligations for which

such Sinking Fund Installment was established) if so directed by an Authorized Officer prior to the 45th day preceding the due date of such Sinking Fund Installment as follows:

- (a) to the purchase of Obligations for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Obligations plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Issuer shall direct; or
- (b) to the redemption of Obligations for which such Sinking Fund Installment was established, if then redeemable by their terms at the prices referred to in clause (a) above.

All Obligations so purchased or redeemed shall be canceled by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Installment.

Upon the purchase or redemption of any Obligation pursuant to the preceding paragraph, an amount equal to the principal amount of the Obligations so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Obligations of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments for such Series as specified by an Authorized Officer. Prior to the purchase or redemption of such Obligations, the Issuer shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Obligations so to be purchased or redeemed, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Obligations are so to be purchased or redeemed, (iii) the aggregate principal amount of the Obligations so to be purchased or redeemed, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Obligations.

In satisfaction, in whole or in part, of any Sinking Fund Installment, the Issuer may deliver to the Trustee at least 45 days prior to the date of such Sinking Fund Installment, for cancellation, Obligations acquired by purchase or redemption, except Obligations acquired by purchase or redemption pursuant to the provisions of the first paragraph of this caption, of the maturity and interest rate entitled to such Sinking Fund Installment. All Obligations so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Obligations.

(Section A-502)

Trustee; Appointment; Resignation or Removal and Appointment of Successor

The Resolution appoints the Trustee named on the cover page hereof as Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Issuer and mailing notice thereof to the Owners of the Obligations.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing. A successor may be appointed by the Owners of a majority in principal amount of the Obligations then Outstanding.

Any Trustee appointed under the provisions of the Resolution in succession to the Trustee shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in The City of New York, and having a capital and surplus aggregating at least \$100 million, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-701, A-708, A-709, A-710)

Paying Agents and Registrars; Appointment; Resignation or Removal and Appointment of Successor

The Trustee is also the Registrar and a Paying Agent with respect to the Obligations. The Issuer may at any time or from time to time appoint one or more other Paying Agents and Registrars. The Issuer may be appointed a Paying Agent or Registrar.

Any Paying Agent or Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Issuer, the Trustee, and the other Paying Agents or Registrar, as the case may be. Any Paying Agent or Registrar may be removed at any time by an instrument filed with such Paying Agent or Registrar and the Trustee and signed by the Issuer. Any successor Paying Agent or Registrar shall be appointed by the Issuer, with the approval of the Trustee, and shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America doing business and having a corporate trust office in The City of New York and having a capital and surplus aggregating at least \$100 million, which is willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-703, A-713)

Supplemental Resolutions Effective Upon Filing With the Trustee

The Issuer may adopt at any time or from time to time, for any one or more of the purposes specified in the Resolution including but not limited to the following, a Supplemental Resolution, which does not require the consent of or notice to any Owner:

- (1) To authorize Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Resolution authorizing issuance of Obligations, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Obligations or Put Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Obligations or Put Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Resolution, provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Obligation of a Series or Put Obligations, as applicable, provisions regarding an Owner's right or obligation to tender Put Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Obligations or Put Obligations, as applicable, which the Owner thereof has the right to, or has exercised a right to, tender for redemption or purchase in lieu of redemption shall be treated for purposes of various definitions and provisions of the Resolution, (c) set forth provisions governing the administration of any Qualified Swap or Credit Facility, and provisions providing for the issuance of Reimbursement Obligations or the conversion of other Obligations to Reimbursement Obligations (and in connection with such conversion to change the interest rates, sinking fund provisions or maturity date on such Obligations) to secure or reimburse the provider of such Credit Facility, (d) in the case of either Taxable Obligations or Tax-Exempt Obligations, set forth defeasance provisions with respect thereto (including the manner of attaining such defeasance and the effect thereof), and (e) make such additional changes herein, not materially adverse to the rights of the Owners of the Obligations previously issued, as are necessary or appropriate; or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance and delivery of such Obligations;
- (2) To (a) establish for any one or more Series of Obligations a separate debt service reserve fund which shall be permitted to be applied solely to the payment of specified Obligations, provided that (i) the specified Obligations shall have no claim or lien on nor be payable from any amounts in any other such debt service reserve fund, (ii) the specified Obligations shall be excluded from the calculation of any applicable debt service reserve fund requirement for any other Outstanding Obligations, and (iii) the amount required to be on deposit in such debt service reserve funds shall be specified in the Supplemental Resolutions authorizing the specified Obligations, but in no event

shall such amount, after giving effect to any surety bond, insurance policy, letter of credit or similar obligation deposited in any such separate debt service reserve fund pursuant to the Resolution, be in excess of the amount that would otherwise be the debt service reserve fund requirement for such specified Obligations assuming that such Obligations were the only Obligations Outstanding under the Resolution; and (b) make such other amendments, changes or modifications to the Resolution as may be deemed necessary or desirable by the Issuer to insure that such debt service reserve funds function in the manner contemplated in this subsection;

- (3) To authorize Parity Debt and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things referred to in that section of the Resolution summarized under the caption "Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt", and also any other matters and things relative to such Parity Debt which are not contrary to or inconsistent with the Resolution as then in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance or entering into of such Parity Debt, and at any time to rescind or limit any authorization for any such Parity Debt theretofore authorized but not issued or entered into; in connection with the authorization of Parity Swap Obligations and Parity Reimbursement Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of the Funds, Accounts and subaccounts established pursuant to the Resolution for the benefit of such Parity Swap Obligations and Parity Reimbursement Obligations; and shall grant to the Owners of such Parity Debt the same rights granted to Owners of Obligations in the section of the Resolution summarized under the caption "Supplemental Resolutions Effective With Consent of Owners of Obligations" and in the Resolution relating to amendments to the Resolution;
- (4) To authorize Subordinated Indebtedness or Subordinated Contract Obligations and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness or Subordinated Contract Obligations which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness or Subordinated Contract Obligations theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness or Subordinated Contract Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness or Subordinated Contract Obligations and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness or Subordinated Contract Obligations;
- (5) To add to the Resolution any provisions required by law to preserve the exclusion from gross income for Federal income tax purposes of interest received on Tax-Exempt Obligations then Outstanding or to be issued or the exemption of interest received on any Obligations from State income taxation;
- (6) To modify, amend or supplement the Resolution in any manner, not already provided for in or pursuant to the Supplemental Resolution authorizing the related Series of Obligations in order to provide for a Credit Facility, Qualified Swap, or other similar arrangement with respect to any Series of Obligations, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Owners of Outstanding Obligations;
- (7) To modify, amend or supplement the Resolution in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add thereto such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar Federal statute;

- (8) To amend or modify any Supplemental Resolution authorizing Obligations of a Series to reflect the substitution of a new Credit Facility for the Credit Facility then in effect;
- (9) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;
- (10) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect, including, in the event the Issuer Act is amended or other legislation is enacted to so provide, the substitution of an alternate or different legal name for the current name of the Issuer or any other Related Entity in the Resolution or the form of Obligations; or
- (11) With Rating Confirmation, to make any other modification or amendment of the Resolution which the Issuer shall in its sole discretion determine will not have a material adverse effect on the interests of the Owners of Outstanding Obligations.

(Section A-801)

Supplemental Resolutions Effective With Consent of Owners of Obligations

At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Owners of Obligations in accordance with and subject to the provisions of the Resolution, covering any subject.

(Section A-802)

Amendments

Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Owners, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the Owners of a majority in principal amount of the Obligations Outstanding at the time such consent is given, and (ii) in case less than all of the Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the Obligations so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as particular Obligations remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this caption. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Obligation, (b) reduce the percentages or otherwise affect the classes of Obligations the consent of the Owners of which is required to waive an Event of Default or otherwise effect any such modification or amendment, (c) create a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Owners of all such Obligations, (d) create a lien prior to or on parity with the lien of the Resolution securing Obligations, without the consent of the Owners of all of the Obligations then Outstanding, or (e) change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this caption, an Obligation shall be deemed to be affected by a modification or amendment of the Resolution if the same materially and adversely affects the rights of the Owner of such Obligation. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment particular Obligations would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Issuer and all Owners of Obligations. The Trustee may request and receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether particular Obligations would be so affected by any such modification or amendment of the Resolution and the Trustee shall have no duty or obligation to take any action hereunder unless and until it has received such opinion. *Notwithstanding anything in the Resolution to the contrary, the consent of Owners of any Series of additional Obligations to be issued thereunder shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or*

amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Obligations is offered and sold.

(Section A-902)

Consent of Owners of Obligations

The Issuer at any time may adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution to take effect when and as provided in this caption. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Issuer to the Owners (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as provided in this caption). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Obligations specified in the section of the Resolution summarized under the caption "Amendments" and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Issuer in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms, and (ii) a notice shall have been mailed to Owners as hereinafter provided. Any such consent, including any consent provided by the initial purchaser of an Obligation from the Issuer, shall be binding upon the Owner of the Obligations giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Owner of such Obligations and of any Obligations issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof). At any time after the Owners of the required percentages of Obligations shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Issuer and the Trustee a written statement that the Owners of such required percentages of Obligations have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Obligations and will be effective as provided in this caption, may be given to Owners of Obligations by the Issuer by mailing such notice to Owners of Obligations (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this caption). The Issuer shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this caption to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Fiduciaries and the Owners of all Obligations at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40-day period; provided, however, that any Fiduciary and the Issuer during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

(Section A-903)

Defeasance

If the Issuer shall pay or cause to be paid to the Owners of all Obligations then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Issuer, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Issuer to the Owners of Obligations shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Issuer, execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Issuer all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Obligations not theretofore surrendered for such payment or redemption.

Outstanding Obligations or any portions thereof for the payment or redemption of which money shall have been set aside and shall be held in trust by the Paying Agents shall at the respective maturity or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. Outstanding Obligations or any portions thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph either (A) with respect to the defeasance of Taxable Obligations, Tax-Exempt Obligations or otherwise, as provided in the Supplemental Resolution authorizing their issuance or (B) if (a) in case any of said Obligations are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption on said date of such Obligations, (b) there shall have been irrevocably deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such Obligations or such portions thereof on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Obligations are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Obligations that the deposit required by (b) above has been made with the Trustee and that said Obligations are deemed to have been paid in accordance with this caption and stating such maturity or redemption date upon which money is to be available for the payment of the principal or Redemption Price, if applicable, on such Obligations. Neither Defeasance Securities nor money deposited with the Trustee pursuant to this caption nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Obligations; provided, however, that any money on deposit with the Trustee, (i) to the extent such money will not be required at any time for such purpose, shall be paid over to the Issuer as received by the Trustee, free and clear of any trust, lien or pledge securing said Obligations or otherwise existing under the Resolution, and (ii) to the extent such money will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient, together with any money available to the Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Obligations on and prior to such redemption date or maturity date thereof, as the case may be. *Notwithstanding any other provision hereof, the Issuer may at the time of defeasance elect to retain the right to redeem or require the tender of any obligations deemed paid. The Trustee shall, at the direction of the Issuer, select the Obligations or portions thereof that are deemed to have been paid in advance of the redemption of such Obligations.*

Any money held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the Obligations which remains unclaimed for 2 years after the date when such principal, Redemption Price or interest, respectively, has become due and payable, either at stated maturity dates or by call for earlier redemption, if such money was held by the Fiduciary at such date, or for 2 years after the date of deposit of such money if deposited with the Fiduciary after the date when such principal, Redemption Price, or interest, respectively, became due and payable, shall, at the written request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Issuer for the payment of such principal, Redemption Price, or interest, respectively. Any money held by a Fiduciary in trust for the payment and discharge of any Obligations which remains unclaimed after such money was to be applied to the payment of such Obligations in accordance with the Resolution may be applied in accordance with the provisions of the Abandoned Property Law of the State, being Chapter 1 of the Consolidated Laws of the State or any successor provision thereto, and upon such application, the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Issuer or the Comptroller of the State for the payment of such Obligations. Before being required to make any such payment to the Issuer or to apply such money in accordance with the Abandoned Property Law of the State, the Fiduciary shall, at the expense of the Issuer, cause to be mailed to the Owners entitled to receive such money a notice that said money remains unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such money then unclaimed will be returned to the Issuer or applied in accordance with the Abandoned Property Law of the State, as the case may be.

(Section A-1101)

General Regulations as to Money and Funds

Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

All amounts of the Issuer held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Issuer in its name, on demand or time deposit, in such Banks as shall be selected by the Issuer. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Issuer may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution. Such deposits shall be continuously secured by the obligations of the United States of America or of the State, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits, which obligations shall be segregated in trust for the account of the Issuer, or shall be otherwise held as the Issuer and the depository may agree. Securities deposited with the Federal Reserve Bank to secure all trust accounts of a depository shall be deemed to comply with the foregoing requirement.

Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Obligations, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, and all such deposits shall be continuously secured by the obligations of the United States of America or of the State which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits. Securities deposited with the Federal Reserve Bank to secure all trust accounts of the Fiduciary shall be deemed to comply with the foregoing requirement. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(Section A-1104)

ATTACHMENT 4

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company will act as securities depository for the Series 2001B and C Bonds. The Series 2001B and C Bonds will be issued as fully-registered securities registered in the name of The Depository Trust Company or its nominee (together, "DTC"). One fully-registered Series 2001B and C Bond will be issued for each maturity of the Series 2001B and C 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 2001B or C Bonds exceeds \$400 million, one Bond of such maturity will be issued with respect to each \$400 million of principal amount and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

DTC 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, as amended. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and 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 securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2001B and C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2001B and C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2001B and C 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, but Beneficial Owners are 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 2001B and C 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 2001B and C Bonds, except in the event that use of the book-entry system for the Series 2001B and C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2001B and C 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 2001B and C Bonds with DTC and their registration in the name of Cede & Co. do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2001B and C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2001B and C 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.

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 2001B and C Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2001B and C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of Series 2001B and C Bonds may wish to ascertain that the nominee holding the Series 2001B and C Bonds for their benefit has agreed to obtain and transmit

notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

DTC will not consent or vote with respect to the Series 2001B and C Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to TBTA as soon as possible after a “record date” has been established by the issuer for the purpose of obtaining consents or votes. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2001B and C Bonds will be made to Cede & Co. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from TBTA 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 TBTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of TBTA or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A beneficial owner shall give notice to elect to have its Series 2001B and C Bonds tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2001B and C Bonds by causing the Direct Participant to transfer the Participant’s interest in the Series 2001B and C Bonds, on DTC’s records, to the Tender Agent. The requirement for physical delivery of Series 2001B and C Bonds in connection with an optional or a mandatory tender will be deemed satisfied when the ownership rights in the Series 2001B and C Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Series 2001B and C Bonds to the Tender Agent’s DTC account.

NEITHER TBTA, THE UNDERWRITER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE TO THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS DTC IS THE REGISTERED OWNER OF THE SERIES 2001B AND C BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2001B AND C BONDS (OTHER THAN UNDER THE CAPTION “TAX MATTERS” IN THIS OFFICIAL STATEMENT) SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2001B AND C BONDS.

Under the Resolution, payments made by the Trustee to DTC shall satisfy TBTA’s obligations under the Resolution to the extent of such payments.

For every transfer and exchange of the Series 2001B and C Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2001B and C Bonds at any time by giving notice to TBTA and the Trustee. TBTA may decide at any time to discontinue the system of book-entry transfers through DTC (or a successor Securities Depository). Under such circumstances, Series 2001B and C Bond certificates are required to be printed and delivered as described in the Resolution.

In the event that the book-entry only system is discontinued, the following provisions would apply. The Trustee shall keep the registration books for the Series 2001B and C Bonds at its principal corporate trust offices. Subject to further conditions contained in the Resolution, the Series 2001B and C Bonds may be transferred or exchanged for one or more Series 2001B and C Bonds in different authorized denominations upon surrender thereof at the principal corporate trust office of the Trustee by the registered owners or their duly authorized attorneys. Upon

surrender of any Series 2001B and C Bonds to be transferred or exchanged, the Trustee shall record the transfer or exchange in its registration books and shall authenticate and deliver new Series 2001B and C Bonds appropriately registered and in appropriate authorized denominations. During the 15 days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Trustee shall not be required to effect or register any transfer or exchange of any Series 2001B and C Bond which has been selected for such redemption. TBTA and the Trustee shall be entitled to treat the registered owners of the Series 2001B and C Bonds, as their names appear in the registration books as of the appropriate dates, as the owners of such Series 2001B and C Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Portions of the information in this section concerning DTC and DTC's book-entry only system are based on information furnished by DTC to TBTA. No representation is made herein by TBTA or the Underwriter as to the accuracy or completeness thereof.

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ATTACHMENT 5

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2001B and C Bonds in definitive form, Hawkins, Delafield & Wood, New York, New York, Bond Counsel to TBTA, proposes to render its final approving opinion in substantially the following form:

[Date of Closing]

Triborough Bridge and Tunnel Authority
New York, New York

Ladies and Gentlemen:

We have examined a certified copy of the proceedings of the Triborough Bridge and Tunnel Authority (“TBTA”) and other proofs submitted to us relative to the issuance and sale of \$296,400,000 aggregate principal amount of Triborough Bridge and Tunnel Authority General Purpose Variable Rate Revenue Bonds, Series 2001B and C (the “Series 2001B and C Bonds”), as more particularly described below. The Series 2001B and C Bonds are dated and bear interest from their date of delivery or the most recent payment date to which interest has been paid or duly provided for. Interest is payable on each January 1 and July 1, commencing January 1, 2002. The Series 2001B and C Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, set forth in the Official Statement relating to the Series 2001B and C Bonds. The Series 2001B and C Bonds are subject to redemption prior to maturity as provided in the 1980 Resolution (as hereinafter defined). The Series 2001B and C Bonds are initially issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2001B and C Bonds are exchangeable as provided in the 1980 Resolution.

The principal and Redemption Price of the Series 2001B and C Bonds are payable at the principal corporate trust office of U.S. Bank Trust National Association, the Trustee and Paying Agent. Interest on the Series 2001B and C Bonds is payable by check or draft mailed by U.S. Bank Trust National Association, the Trustee and Paying Agent, or, upon compliance with conditions set forth in the 1980 Resolution, by wire transfer to an account within the continental United States.

All terms defined in the 1980 Resolution described below and used herein shall have the meanings assigned in the 1980 Resolution, except where the context hereof otherwise requires.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2001B and C Bonds in order that interest on the Series 2001B and C Bonds be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of TBTA, dated the date hereof, (the “Arbitrage and Use of Proceeds Certificate”), in which TBTA 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 2001B and C Bonds, including but not limited to certain representations with respect to the use of the proceeds of the Series 2001B and C Bonds and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates TBTA to take certain actions necessary to cause interest on the Series 2001B and C 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 2001B and C Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained. TBTA has covenanted in the 1980 Resolution to maintain the exclusion of the interest on the Series 2001B and C Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code. As used in relation to this covenant, Code shall mean the Internal Revenue Code of 1986, as amended to the date of initial issuance and delivery of the Series 2001B and C Bonds.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion of interest on the Series 2001B and C Bonds from gross income for Federal income tax purposes under Section 103 of the Code and (ii) compliance by TBTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

Proceeds of the Series 2001B and C Bonds are being used to refund Outstanding Bonds of TBTA issued pursuant to the 1980 Resolution, such Bonds referred to collectively as the Refunded Bonds, as such term is defined in the Escrow Agreement hereinafter referred to. A portion of the proceeds of the Series 2001B and C Bonds, together with other moneys of TBTA, has been deposited uninvested or has been used to purchase direct obligations of the United States of America (including uninvested cash, the "Defeasance Deposit") in an aggregate amount sufficient, as invested, to pay when due the principal or Redemption Price of and interest due and to become due on said Refunded Bonds (the "Defeasance Requirement"). Such Defeasance Deposit is being held in trust under the Escrow Deposit Agreement Relating to General Purpose Revenue Bonds, Series 2001B and C, dated December __, 2001 (the "Escrow Agreement"), by and between TBTA and U.S. Bank Trust National Association, as Trustee. TBTA has given the Trustee, in form satisfactory to it, irrevocable instructions to give notice in accordance with the 1980 Resolution of the redemption of the Refunded Bonds and the deposit of the Defeasance Deposit. Samuel Klein and Company has prepared a report stating that it has reviewed the accuracy of the mathematical computations of the adequacy of the Defeasance Deposit, as invested, to pay in full the Defeasance Requirement when due. We have undertaken no independent verification of the adequacy of the Defeasance Deposit.

We have also examined one of said Series 2001B and C Bonds as executed, and, in our opinion, the form of said Series 2001B and C Bond and its execution are regular and proper.

We are of the opinion that:

1. TBTA is a validly existing public benefit corporation under the Constitution and laws of the State of New York, and such proceedings and proofs show lawful authority for the issuance and sale of said Series 2001B and C Bonds pursuant to the Triborough Bridge and Tunnel Authority Act, Title 3 of Article 3 of the Public Authorities Law, constituting Chapter 43-A of the Consolidated Laws of the State of New York, as amended (the "Act"), and the 1980 Revenue Bond Resolution of TBTA, adopted on July 23, 1980, as supplemented and amended, including as supplemented by the General Purpose Revenue Bonds Series X Refunding Series Supplemental Revenue Bond Resolution, adopted on January 27, 1999, as amended and restated on October 30, 2001, and the Bond Series Certificate relating to the Series 2001B and C Bonds (the "Series Certificate") (such 1980 Revenue Bond Resolution as from time to time amended or supplemented by said and other Supplemental Resolutions and the Series Certificate being herein called the "1980 Resolution" and any bonds issued pursuant to such 1980 Resolution, including the Series 2001B and C Bonds, being herein called the "Bonds").

2. The Series 2001B and C Bonds are valid and legally binding direct and general obligations of TBTA and the full faith and credit of TBTA are pledged to the payment thereof. The Bonds are secured by a pledge, subject only to the terms of the 1980 Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the 1980 Resolution, of (i) the proceeds of the sale of the Bonds, (ii) the Revenues, and (iii) all Funds and Accounts established by the 1980 Resolution, including the investments, if any, thereof. To the extent provided in the 1980 Resolution, the provisions of a new bond resolution and the source of payment and security set forth in such resolution may be substituted for the provisions of the 1980 Resolution and the source of payment and security for the Series 2001B and C Bonds.

3. Under the 1980 Resolution, TBTA may issue Additional Bonds and Refunding Bonds on a parity with the Series 2001B and C Bonds for the purposes and on the terms and conditions provided in the 1980 Resolution.

4. The Series 2001B and C Bonds are on a parity and rank equally, as to lien on and source and security for payment from sources enumerated in paragraph 2 hereof, with the Outstanding Bonds and any Additional Bonds, and Refunding Bonds which may hereafter be issued under the 1980 Resolution.

5. The Series 2001B and C Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal 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 municipal 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, interest on the Series 2001B and C Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. Under the Code, interest on the Series 2001B and C Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax applicable to individuals and corporations; such interest, however, is includable in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed with respect to such corporations by the Code. We express no opinion as to the exclusion from gross income of interest on any Series 2001B and C Bond subsequent to any date on which action is taken that, pursuant to the Series Certificate requires a Favorable Opinion of Bond Counsel (as defined in the Series Certificate), unless we deliver such an opinion as of such date.

7. Under the Act, interest on the Series 2001B and C Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York), and the Series 2001B and C Bonds are exempt from taxation directly imposed thereon by or under authority of the State except for estate taxes and taxes on transfers by or in contemplation of death.

8. The Escrow Agreement has been duly authorized, executed and delivered by TBTA and, assuming the due authorization, execution and delivery by the Trustee, is a valid and binding obligation of TBTA, enforceable in accordance with its terms. The Refunded Bonds have been paid within the meaning and with the effect expressed in the 1980 Resolution, and the covenants, agreements and other obligations of TBTA to the holders of the Refunded Bonds have been discharged and satisfied.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any Federal, state or local tax consequences arising with respect to the Series 2001B and C Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Series 2001B and C Bonds, or under State of New York and local tax law.

The foregoing opinions are qualified only to the extent that the enforceability of the 1980 Resolution and the Series 2001B and C Bonds may be limited by bankruptcy, moratorium, insolvency, reorganization or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We express no opinion as to the accuracy, adequacy, or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2001B and C Bonds.

This opinion 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 is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

Very truly yours,

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ATTACHMENT 6

UPDATE LETTER OF CONSULTING ENGINEERS

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December 13, 2001

To Triborough Bridge and Tunnel Authority:

URS' report, dated April 27, 2001, regarding the Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of Triborough Bridge and Tunnel Authority, was filed as Appendix M to the Metropolitan Transportation Authority's 2001 Combined Continuing Disclosure Filings. The forecasts for the 10-year period, 2001 through 2010, were based on actual audited traffic, toll revenue and expense data through the year 2000. URS was also provided with the monthly (unaudited) traffic and toll revenue data for January and February of 2001, in order to compare the 2001 forecast with these actual results for the first two months. All this occurred prior to the September 11, 2001 terrorist attacks on the World Trade Center and the Pentagon, and the economic conditions that preceded it and now appear to be exacerbated by it.

Interestingly, even with the extra leap-year day in February 2000 and the more severe weather conditions in January and February 2001, traffic and toll revenue during the initial two-month period of 2001 were up 0.7 percent and 0.2 percent, respectively, compared with the same 2000 period. URS' toll revenue forecast for 2001, contained in the April 2001 report, of \$942,073,000 was 0.16 percent above the 2000 actual revenues of \$940,607,000.

Since then, conditions deteriorated through August, due to worsening economic conditions, and then in September due to the terrorist attacks. Accordingly, in our role as Consulting Engineers, URS (1) analyzed the 2001 monthly data now available through September for each of the TBTA's nine facilities; (2) estimated toll revenues for the remaining three months of the year; and (3) prepared a "macro" update of the forecasts in the April 2001 report, in connection with the issuance of TBTA's General Purpose Revenue Bonds, Series 2001A. This update was summarized in a letter-report, dated October 30, 2001, as Attachment 6-1 within the Official Statement for the Series 2001A Bonds.

TBTA has now released the toll revenue results for October 2001, which were not available at the time of the October 30 letter-report. This has enabled us now to conduct a due-diligence check in connection with the issuance of TBTA's General Purpose Variable Rate Revenue Bonds, Series 2001B and Series 2001C.

In addition to URS' toll revenue update, the TBTA updated the operating expense estimates for 2001 and 2002, also contained in URS' April 2001 report. This was stated in the October 30, 2001 update letter.

The text that follows traces that of the October 30, 2001 update letter. Reference to the due-diligence check specifically addressed in this letter is highlighted on page 3 in *italics*.

Revised Toll Revenue Forecast

In assessing the impact of the terrorist attacks on toll revenues, we had to consider separately and then in combination (a) the direct consequences of the operational changes at the Brooklyn-Battery and Queens Midtown Tunnels (along with the four City-owned bridges south of 63 Street, Queensboro, Williamsburg, Manhattan and Brooklyn) and on the Verrazano-Narrows Bridge (along with the Gowanus Expressway that connects the Verrazano-Narrows Bridge with the Brooklyn-Battery Tunnel); and (b) the indirect economic impacts in terms of lost jobs and, therefore, reduced trip-making.

Considering 2001 first, while toll revenues systemwide were up 0.2 percent through February, in aggregate, they were down 1.1 percent by August. However, total traffic was up 0.6 percent through August 2001 compared to August 2000. The lower revenue reflected a greater percentage of *E-ZPass* discounts than expected and the severe winter weather, as well as the worsening economic conditions. The revenue and traffic record through August established a database from which to measure performance in September, which then provided the basis for estimating revenues for October, November and December.

Systemwide, toll revenues were down 13 percent in September, but when the first 10 days of the month are separated from the monthly total, the impact of the terrorist attacks on September 11 is evident: revenues were down 19 percent systemwide during the September 11-30 period. During this period the Brooklyn-Battery Tunnel was closed (it reopened to limited service October 11); the Queens Midtown Tunnel was restricted to high-occupancy vehicles (2+ persons per vehicle) between 6:00 AM and 12 Noon (relaxed now to 6:00-10:00 AM), as were the other City crossings south of 63 Street; and there were lane reductions on the Verrazano-Narrows Bridge



and Gowanus Expressway. The reductions in toll revenues varied from a high of nearly 100 percent at the Brooklyn-Battery Tunnel to a low of 4 percent at the Throgs Neck Bridge. The outlying bridges also experienced reductions in toll revenues during the September 11-30 period due to reduced trip making.

For the remaining months of the year, URS estimated toll revenues on a facility-by-facility basis as set forth below in Table 1. The forecast of \$906,758,000 for the year consisted of a compilation of the actual revenues for the January-September period and the estimates for the October-December period, aggregated for the nine facilities.

Table 1
Revised 2001 Toll Revenue Estimate

Facility	Toll Revenue (000)				2001 Change from 2000 Actual			
	Actual		Estimated		Actual		Estimated	
	Jan.-Aug.	Sept.	Oct.-Dec.	Total	Jan.-Aug.	Sept.	Oct.-Dec.	Year
Throgs Neck Bridge	\$98,908	\$12,564	\$35,689	\$147,161	-3.4%	-3.6%	-3.6%	-3.5%
Bronx-Whitestone Bridge	103,968	11,754	36,942	152,665	+0.8	-12.6	-6.1	-2.1
Triborough Bridge	144,448	16,536	51,141	212,124	-2.7	-12.3	-7.6	-4.7
Queens Midtown Tunnel	60,082	6,202	20,364	86,649	-0.3	-14.0	-7.2	-3.1
Brooklyn-Battery Tunnel	45,267	2,080	11,513	58,860	-2.0	-63.3	-32.8	-14.7
Verrazano-Narrows Bridge	135,662	16,433	49,566	201,661	+0.3	-4.5	-2.1	-0.7
Henry Hudson Bridge	21,444	2,356	7,710	31,510	+2.1	-13.8	-6.0	-1.3
Marine Parkway Bridge	5,763	674	1,818	8,256	+0.6	-9.1	-4.4	-1.4
Cross Bay Bridge	5,442	630	1,801	7,873	+4.5	-3.3	+0.5	+2.9
Total	\$620,984	\$69,230	\$216,544	\$906,758	-1.1	-13.0	-7.2	-3.6

As stated on page 1, toll revenues for 2001 were estimated in URS' April 2001 report at \$942,073,000. In the October 30, 2001 update letter, the revenue estimate was revised to \$906,758,000, down \$35,315,000 for the year. This represented a differential between the previous and current estimates for 2001 of -3.75 percent.

With the revenue results available for October 2001, URS was able to determine whether the estimate (in Table 1) for the October-December 2001 period continues to be reasonable. URS had estimated, in aggregate, a 7.2 percent reduction in toll revenue for the October-December period, compared with the same period in the year 2000.

We now know that October 2001 revenues were 6.3 percent less than those collected in October 2000. While revenues were down, as expected, the decrease is not quite as severe as previously estimated for the October-December period. Based upon this, we believe the \$906,758,000 forecast for 2001 has a good likelihood of being met. The relative closeness of the actual result for October compared to the previous estimate for the October-December period provides us with a solid basis for retaining the \$906,758,000 forecast for 2001, and beyond 2001 to 2010.



Assuming no further catastrophic events in New York City and to a lesser extent nationwide, we started with the updated 2001 estimate from Table 1 and projected toll revenues through 2010 on the basis that it will take some time to restore the businesses in lower Manhattan affected by the attack, and that general economic conditions will adversely affect trip making on the TBTA's facilities during the next five years through 2006. Our procedure utilized the forecast from the April 2001 report by applying adjustments to account for the economic and related impacts. It should be noted that this projection was prepared on a "macro" basis in that the adjustments were made to total revenues. We did not analyze each facility separately due to the limited amount of detailed data on future conditions now available. The -3.75 percent adjustment for 2001 was increased to -5.0 percent in 2002 to take into account 12 months of the post September 11 period (contrasted with the 3-2/3 months of 2001). From 2003 through 2006, the adjustment was tapered gradually down to -1.0 percent, on the basis that there still will be residual impacts by that time, followed by a return to the original trend by 2007. Finally, we continue to display the forecast in terms of constant tolls and with assumed toll increases in 2003 and 2008, as described in the April 2001 report.

Table 2
Revised Toll Revenue Forecast

Year	From April 2001 Report		Adjustment			Revised Forecast	
	Constant Tolls (000)	Periodic Toll Incr. (000)	Percent	Amount		Constant Tolls (000)	Periodic Toll Incr. (000)
				Constant Tolls (000)	Periodic Toll Incr. (000)		
2001	\$ 942,073	\$ 942,073	-3.75%	(\$35,315)	(\$35,315)	\$ 906,758	\$ 906,758
2002	951,031	951,031	-5.0	(47,552)	(47,552)	903,479	903,479
2003	955,884	1,066,599	-4.0	(38,235)	(42,664)	917,649	1,023,935
2004	963,475	1,075,495	-3.0	(28,904)	(32,265)	934,571	1,043,230
2005	970,280	1,084,473					
2006	977,138	1,092,127	-1.0	(9,771)	(10,921)	967,367	1,081,206
2007	984,050	1,099,470	—	—	—	984,050	1,099,470
2008	991,016	1,220,820	—	—	—	991,016	1,220,820
2009	998,037	1,229,447	—	—	—	998,037	1,229,447
2010	1,005,113	1,238,143	—	—	—	1,005,113	1,238,143

Revised Operating Expense Forecast

The MTA has updated the TBTA's operating expense estimates for 2001 and 2002. Additional expenses have been incurred in the aftermath of the attack on the World Trade Center. The MTA describes the added expenses as follows:

- 2001 — Overtime labor costs for security and traffic management, cleanup costs for the Brooklyn-Battery Tunnel and Battery Parking Garage, and emergency electricity generation for the Brooklyn-Battery Tunnel. Also included are costs associated with assigning personnel to disaster recovery tasks and overtime incurred by represented employees required to make up for lost time as a result of the temporary closure of 2 Broadway, the TBTA's office.
- 2002 — Upgrade of communication and electrical systems, including the replacement of a radio communication system.

In URS' April 2001 report, total operating expenses (Personnel and Other Than Personnel Services) were estimated at \$256,334,000 in 2001 and \$274,064,000 in 2002, and projected to increase to \$341,408,000 by 2010. With the additional costs estimated by the MTA, along with a delay in bridge painting from 2001 to 2002, operating expenses are estimated now at \$248.0 million in 2001 and \$283.9 million in 2002. The increase of \$1.5 million over the two-



Triborough Bridge and Tunnel Authority
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December 13, 2001

year period represents the net expense increment to TBTA. Most of the additional costs are expected to be covered by insurance and from funds released by FEMA.

No further increases in expenses (over those set forth in URS' April 2001 report) are projected at the present time. This will be reevaluated when the Consulting Engineers' report is prepared in the spring of 2002.

* * * * *

In preparing these updated forecasts, it is important to point out that, in trying to assess the impacts of the September 11 attack at the time of URS' update letter on October 30, 2001, only the September 2001 data were available to provide some insight when compared with the months prior to the attack. Accordingly, because little time has passed since the September 11 events and only data through October 2001 are currently available, it should be cautioned that this analysis represents only a precursor to a future, more in-depth study. Such a study will be done in connection with the Consulting Engineer's report to be prepared in the spring of 2002.

Finally, it is our opinion that the revenue projections presented herein are reasonable and that they have been prepared in accordance with accepted practice for investment-grade studies. However, given the uncertainties within the current international and economic climate, URS considers it necessary to conclude with the following caveats:

- 1. This report presents the results of our consideration of the information available to us as of the date hereof and the application of our experience and professional judgment to that information. It is not a guarantee of any future events or trends.*
- 2. The traffic and revenue forecasts will be subject to future economic and social conditions and demographic developments that cannot be predicted with certainty.*
- 3. The projections contained in this report, while presented with numerical specificity, are based on a number of estimates and assumptions which, though considered reasonable to us, are inherently subject to significant economic and competitive uncertainties and contingencies, many of which will be beyond our control and that of the TBTA. In many instances, a broad range of alternative assumptions could be considered reasonable. Changes in the assumptions used could result in material differences in projected outcomes.*
- 4. If, for any reason, any of these conditions should change due to changes in the economy or competitive environment, or other factors, URS' opinion or estimates may be affected.*

Respectfully,

URS CORPORATION GROUP CONSULTANTS

Arthur H. Goldberg, P.E.
Vice President

Kathleen Massarelli, AICP
Vice President

ATTACHMENT 7

FORM OF SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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Obligor:

Policy Number:

Obligations:

Premium:

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

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

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

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

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

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

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



President



Secretary

Effective Date:

Authorized Representative

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



Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee

Ambac

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

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

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

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

Ambac Assurance Corporation



President

Secretary

Authorized Representative

ATTACHMENT 8
INITIAL LIQUIDITY FACILITY ISSUERS

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**CERTAIN INFORMATION CONCERNING
STATE STREET BANK AND TRUST COMPANY**

State Street Bank and Trust Company (State Street), a wholly-owned subsidiary of State Street Corporation (the Corporation), provides banking, securities processing and investment management services to a broad base of customers worldwide. State Street combines information processing with banking to process and manage virtually all types of financial assets. In addition to financial processing services, State Street provides a full range of capital market services to businesses and financial institutions in New England and selected national and international markets. At December 31, 2000, State Street and its consolidated subsidiaries had total assets of \$69.298 billion, total deposits (including deposits in foreign offices) of \$37.937 billion, total loans and lease finance assets net of unearned income, allowance and reserve for possible credit losses of approximately \$5.216 billion and total equity capital of \$3.262 billion.

State Street's Consolidated Reports of Condition for Insured Commercial and State Chartered Savings Banks FFIEC 031 for December 31, 2000, as submitted to the Federal Reserve Bank of Boston, are incorporated by reference in this Attachment and shall be deemed to be a part hereof.

In addition, all reports filed by State Street pursuant to 12 U.S.C. §324 after the date of this official statement shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and State Street is set forth in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000. Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this official statement are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The Standby Bond Purchase Agreement relating to the Series 2001B Bonds is an obligation of State Street and not of the Corporation.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this official statement to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this official statement.

State Street hereby undertakes to provide, without charge to each person to whom a copy of this official statement has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this official statement by reference, other than exhibits to such documents. Written requests for such copies should be directed to Marketing Services, State Street Corporation, Box 351, Boston, Massachusetts 02110, (617) 654-3383.

Neither State Street nor its affiliates make any representation as to the contents of this official statement (except as to this Attachment), the suitability of the Series 2001B Bonds for any investor, the feasibility or performance of any project or compliance with any securities or tax laws and regulations.

The information contained on this page relates to and has been obtained from State Street. The delivery of the official statement shall not create any implication that there has been no change in the affairs of State Street since the date hereof, or that the information contained or referred to on this page is correct as of any time subsequent to its date.

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CERTAIN INFORMATION CONCERNING BAYERISCHE LANDESBANK GIROZENTRALE

Bayerische Landesbank Girozentrale (BLG) was incorporated as a public law financial institution (Rechtsfähige Anstalt des Oeffentlichen Rechts) by the Law Establishing Bayerische Landesbank Girozentrale (Gesetz ueber die Errichtung der Bayerischen Landesbank Girozentrale) of June 27, 1972, as amended, as adopted by the Parliament of the Free State of Bavaria, and is subject to the German Federal Banking Act of July 10, 1961, as amended (Gesetz ueber das Kreditwesen) (the Federal Banking Act). Its statutes authorize BLG to provide universal financial services including both commercial and investment banking as well as brokerage activities. The Free State of Bavaria owns 50% of BLG's share capital, the other 50% being owned by the Bavarian Savings Bank and Clearing Association (Bayerischer Sparkassen-und Giroverband) (which is the central organization of the Bavarian Savings Banks).

BLG is equipped to provide a full range of domestic and international banking services; with regard to local banking functions, BLG also makes use of the Bavarian Savings Bank's network. In the domestic field, BLG places emphasis on wholesale banking, lending to federal and local authorities and mortgage lending, together with industrial credit. BLG holds the function of a banker of the Free State of Bavaria and its municipalities, and also finances public and private development projects, administers public funds and performs certain treasury functions for the Free State of Bavaria.

The Free State of Bavaria and the Bavarian Savings Bank and Clearing Association are jointly and severally liable for the obligations of BLG if the liabilities cannot be satisfied from BLG's assets (Gewahrtraeger). The owners of BLG also have an obligation to maintain BLG in a financial position which enables it to carry out its functions. This liability (Anstaltslast), which is peculiar to German law, obliges the owners to provide funds for BLG that are necessary to enable it to fulfill its functions, to meet its liabilities and to keep its finances sound. As an additional safeguard, it is noted that as a public law institution BLG can only be put into liquidation through a specific law to this effect.

BLG established a Representative Office in New York in October 1979 and obtained a license from the office of the Comptroller of the Currency in October 1981 to operate through a branch located in the City of New York.

The New York Branch engages in a diversified banking business, and is a major wholesale lending participant throughout the United States, offering a full range of domestic and international financial services, including loans, foreign exchange and money market operations.

All banking institutions in the Federal Republic of Germany are subject to governmental supervision and regulation exercised by the Federal Banking Supervisory Authority (Bundesaufsichtsamt fuer das Kreditwesen), an independent federal authority with regulatory powers and by the Deutsche Bundesbank (the "German Federal Central Bank") in accordance with the Federal Banking Act. The Federal Banking Act contains major rules for banking supervision and regulates BLG's business activities, capital adequacy and liquidity. In addition to the above-mentioned general banking supervision, the group of Landesbanks is subject to special supervision by their respective federal states.

As reported in BLG's Annual Report for the Fiscal Year ended December 31, 2000, BLG had total assets of EURO (EUR) 285.5 billion (EUR 305.0 billion on a consolidated basis). Business volume (balance sheet total, own drawings charged to borrowers, endorsement liabilities, and guarantees) expanded by 8.9% to EUR 304.3 billion from the previous year end. BLG's consolidated lending volume increased by EUR 9.3 billion to EUR 203.2 billion from year end 1999. Total equity of BLG, including, among other items, nominal capital of EUR 0.97 billion, profits participation rights with a nominal value of EUR 2.57 billion and capital contributions of silent partners in an amount of EUR 2.75 billion, totaled EUR 10.3 billion or 3.6 % of the unconsolidated balance sheet. Net income after tax amounted to EUR 493.0 million, an increase of 7.8% compared to year end 1999. EUR 425 million of such amount has been allocated to revenue reserves, raising BLG's published reserve to EUR 3.91 billion. The accounting principles applied in the preparation of BLG's financial statements comply with generally accepted accounting principles in the Federal Republic of Germany and may not conform to generally accepted accounting principles applied by United States banks.

The rate of exchange between the EUR and the dollar is determined by the forces of supply and demand in the foreign exchange markets, which, in turn, are affected by changes in the balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The foregoing information relating to BLG is based upon facts and circumstances present on the dates referenced above. Such facts and circumstances may change from time to time. BLG shall have no obligation to update the foregoing information to reflect any such change.

Copies of BLG's Annual Report for the most recent available fiscal year may be obtained at the New York Branch in person during normal business hours or by mail by writing to the New York Branch at: Bayerische Landesbank Girozentrale, 560 Lexington Avenue, New York, New York 10022, Attention: Corporate Finance.

BLG has supplied the information relating to it in the previous paragraphs. BLG does not accept responsibility for any information contained in this Official Statement other than the information contained in this attachment relating to BLG.