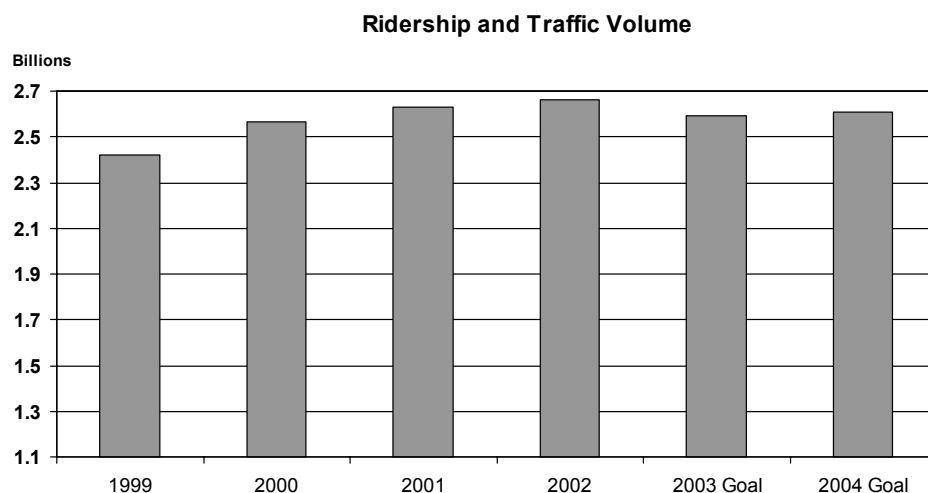


III. MTA PERFORMANCE OVERVIEW

Performance Overview

In 2004, the MTA will celebrate the 100th anniversary of the New York City subway system. This early system and the expansion that followed brought people from their homes throughout the city's boroughs to jobs, shopping and entertainment, thus shaping the development of New York City as the country's largest city and financial capital. Similarly, Long Island Rail Road and Metro North Railroad foster development out to Montauk and up to Poughkeepsie by providing easy access to NYC. The Verrazano Narrows, Throgs Neck, and Bronx Whitestone Bridges, and other B&T crossings, are vital links in the region with an average of 840,000 crossings every weekday, including an average of 68,000 trucks bringing goods into New York City and other cities on the Eastern seaboard. The New York City region simply would not be what it is without the services provided by the MTA family of agencies.

Since the creation of the MTA thirty-six years ago, the MTA has worked in partnership with New York State, New York City, the Federal government and the riding public to revitalize its critical resources through both capital investment and ever-improving operations. The MTA will continue to fulfill its commitment to New Yorkers by building on past successes and ongoing investments in its facilities and operations. The MTA's 2004 budget projects spending \$3 billion in capital commitments and \$7.1 billion in operations that will serve 2.309 billion riders and 298.5 million vehicles crossing its bridges and tunnels.



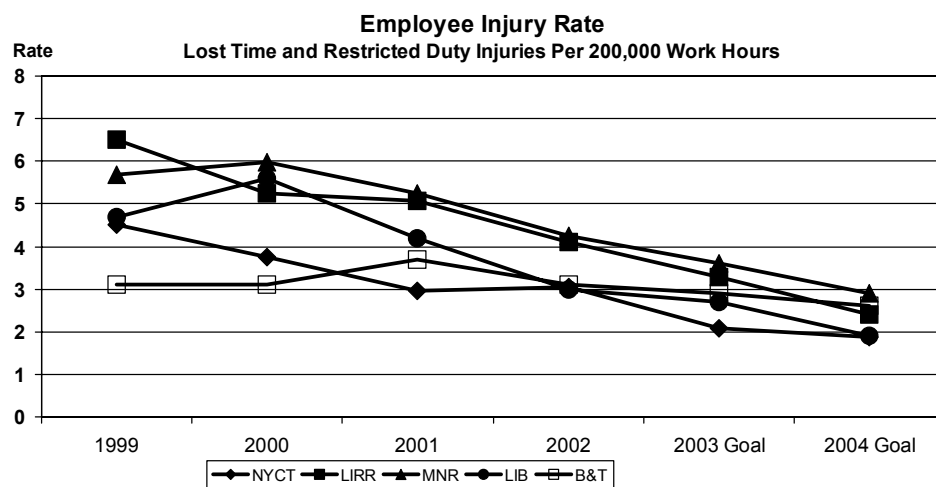
Previous capital and operating investments have yielded results in both the quantity and quality of the services the MTA provides its customers. They have been guided by two of MTA's strategic priorities, safety and customer satisfaction. The 2004-2007 operating plan will apply the resources

available to it to maintain its commitment to the people of New York and to continuously improve these services, particularly with respect to these two goal areas. This plan, together with initiatives to reorganize and expand the MTA's operations, constitutes the MTA's path to excellence, attracting new customers, and responding to the needs of region.

Safety

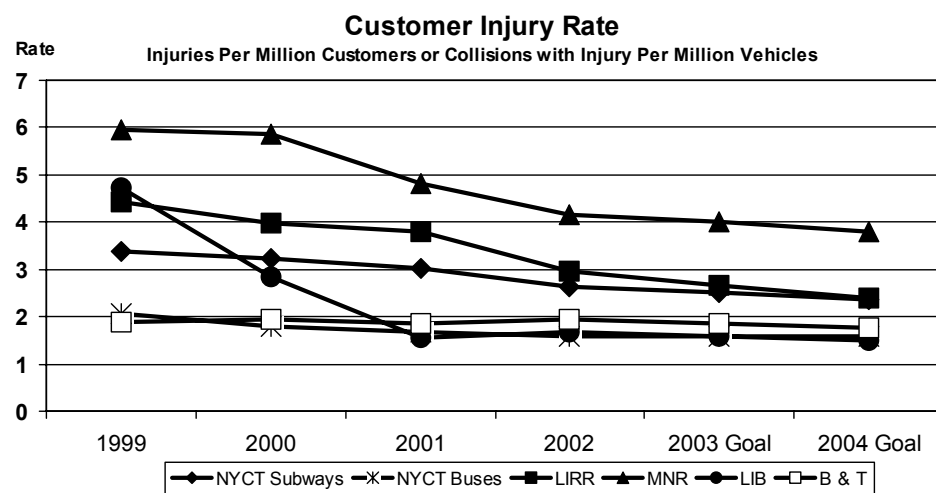
Every day of the year and every hour of the day, the MTA's employees work to provide an ever-safer environment for both its customers and employees. Since the inception of the All-Agency Safety Initiative in 1996, the MTA agencies have experienced a 54% decrease in their employee

injury rates and a 37% decrease since 1999. This translates into an estimated 2,000 injuries avoided in 2002 as compared to 1996.



This Safety Initiative will continue in the coming years. Training, safety audits, improved accident investigations and safety committees are just a few elements of the initiative that make a difference. In 2004 NYCT will add 201 positions to provide increased flagging protection to insure

maintainer safety and LI Bus will introduce its state-of-the-art simulator to improve bus operator training and accident prevention. All the MTA agencies are committed to building on past programs and reducing the employee injury rate even further in 2004.



The All-Agency Safety Initiative coupled with customer safety initiatives has also yielded a reduction in customer injuries, nearly 40% since 1996 and 19% since 1999. Programs such as the LIRR initiative to install high level platforms at 35 stations, NYCT's comprehensive

customer safety campaign, and B&T's ACROBAT program to reduce collisions have yielded spectacular results and will continue to do so.

Routine operations provided for in the 2004 budget are also essential to the safety of our employees and customers. For example, in 2004 Metro-North personnel will inspect all 1,001 track switches every month and every mile of track 100 times over, while New York City Transit will conduct 39,490 bus inspections. These activities and programs will help the MTA agencies achieve its record low goals for customer and employee injury rates.

Customer Satisfaction

In 2004, the MTA will serve its customers with 9,555 train trips and 50,167 bus trips every working day. Over the course of the year, MTA rail cars will travel a total of 450 million miles in revenue service. Over 298.5 million vehicles will use the seven bridges and two tunnels operated by MTA Bridges and Tunnels, generating more than \$1 billion in toll revenue. Not only will the MTA provide this astonishing level of service, each agency will work to continuously improve that service.

Substantial investments have been made in system expansion and capacity improvements that have allowed the MTA to provide this historic level of service. The 2004 budget provides for the highest NYC Transit service levels since 1963. The MTA's largest construction project of the decade, the \$645 million 63rd Street Connector, was the first new subway service in the region since the 1960's. In early 2004 NYCT will implement a restored and enhanced Manhattan Bridge service plan when both sides of the bridge are available. On the 'L' Line, NYCT's Communications-Based Train Control will begin operations to increase the capacity of the existing subway system by allowing the trains to travel closer together.

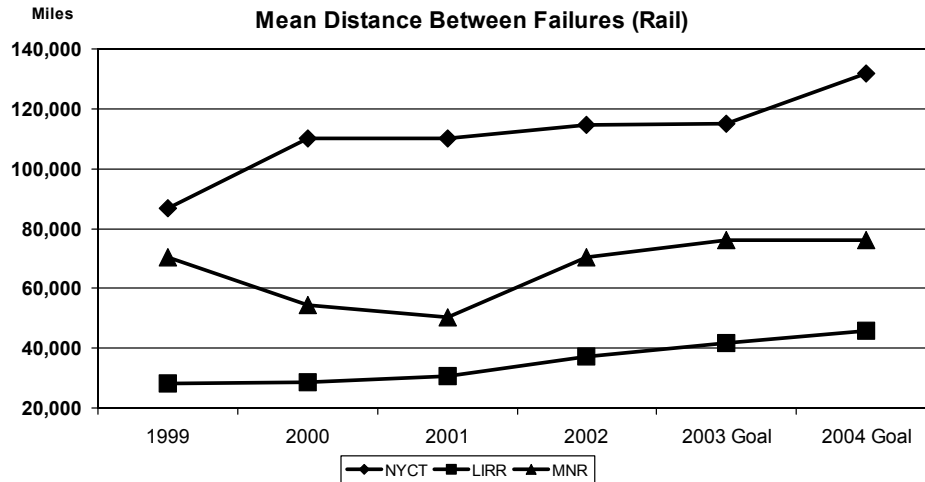
In 2000, Metro-North also had its first system expansion in more than 50 years, extending the Harlem line about six miles from Dover Plains to Wassaic and anticipates adding 3.2 track miles in 2004 through completion of the Harlem Third Track project. The LIRR Patchogue-Speonk signalization project will provide capability for trains to run at speeds of 80 miles per hour, significantly boosting capacity between Babylon and Speonk upon reaching beneficial use at the end of 2004. In 2004 LI Bus will fully deploy its Automatic Vehicle Location System optimizing schedule and route adherence to better manage capacity. Since MTA Bridges and Tunnels introduced E-ZPass in 1995, traffic has increased by over 35 million vehicles or 13 percent. B&T's facilities would not have been able to accommodate this increase without the E-ZPass system. Today, E-ZPass can also be used to pay for parking at two of the three major airports in the region; the third will accept the system by the end of the year.

In 2004, final design and construction contracts will be awarded for the Second Avenue Subway, while early construction continues on the East Side Access project that will bring LIRR trains into Grand Central Terminal. As a result of the federal investment in Lower Manhattan, a state-of-the-art Fulton Transit Center and a new South Ferry Terminal station are currently underway.

One critical element of the MTA's improved service is the massive investment in subway, commuter rail, and bus fleets. Since 1982, the MTA has purchased 4,277 new subway cars, ranging from the R-62/A and R68/A classes in the early capital program to the more recent high-tech R142/A, R143 and R160 cars, 7,516 new buses, 926 paratransit minibuses, and 1,600 commuter rail cars and coaches. Over \$4.6 billion is now being invested in rolling stock, including the purchase of nearly 3,500 subway cars, buses, and paratransit vehicles for NYCT, more than 900 cars for the MTA's two commuter railroads, and 58 new CNG buses for LIB.

Another critical element of improved service is the massive investment MTA has made and continues to make in the system's infrastructure. Track has been brought to a state of good repair, crucial infrastructure rebuilt, outdated maintenance facilities replaced, and power and signal

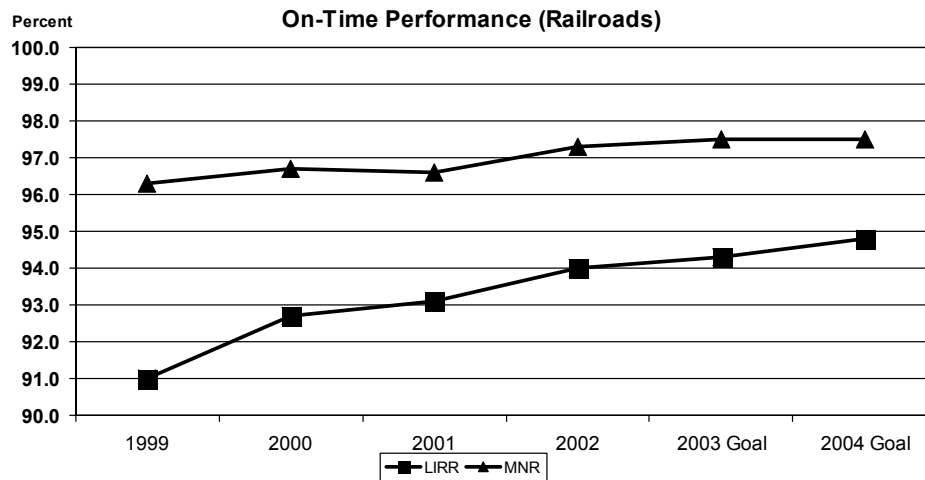
equipment upgraded. Bridges and Tunnels is expanding its painting program over the 2004-2007 period; both the Throgs Neck and Triborough Bridges will be painted during this time. These efforts continue through the ongoing state of good repair and normal replacement components of the capital program.



These investments coupled with comprehensive maintenance activities contribute to constant improvements in reliability and on time performance. The Mean Distance Between Failures (MDBF) for all trains and buses will continue to increase, thanks not only to new equipment

but also to ongoing maintenance activities.

NYCT will invest nearly \$60 million in 2004 to continue investments in scheduled subway fleet maintenance. Transit will carry out 1,122 overhauls on its buses while Metro-North car equipment personnel will conduct 6,148 railcar inspections. LIRR will make enhancements to the design of speed sensors used on its MU's.



Investments in new rolling stock, improved technology, basic infrastructure and improved operations have paid off. Not only is MDBF improving, but the railroads are projecting record high On-Time Performance.

This plan also promises further improvement in the environment that

our customers experience. As a first step in the immense job of renovating all 468 subway stations, more than 145 were rehabilitated or upgraded. Grand Central Terminal was returned to its original grandeur. Major station improvements now underway or funded in the 2000-2004 Capital Program include renovations at Jamaica Station, Atlantic Terminal, Yonkers, and 68 subway stations including Times Square and Stillwell Terminal.

Enhanced cleaning programs and better customer amenities improve the customer's experience both at stations and on-board trains and buses. LIRR instituted new cleaning procedures that allowed cleaners to clean trains during the morning rush hour. NYCT's vacuum trains clean 600 miles of the underground portion of the subway system each year. Over the plan period, cleaning personnel will clean each of MNR's 120 stations every day. NYCT will complete 246,700 subway car washings with a projected 4% increase through 2007. MNR has added additional restroom facilities on the lower level of Grand Central Terminal and will add 19 additional elevators and escalators throughout its system.

The MTA is committed to communicating effectively with its customers and improving the timeliness and quality of information that customers receive through automated announcements, improved public address systems and variable message signs. The MTA will continue to refine and improve the newly implemented FAQ and Customer feedback features of its web site and maintain its performance and financial indicators on the web. In 2004, MTA Customer service personnel are expected to answer 9.3 million customer calls or information inquiries, which is projected to increase 2% by 2007.

Technology advancements brought the region the MetroCard and E-ZPass, which make it easier and cheaper to move around the City. MetroCard opened the gates to a revolution in fare policy. In 1997, the MTA eliminated two-fare zones and introduced fare discounts including daily, weekly, and monthly passes. In fact, the average fare for a subway or bus ride today is \$1.26, lower than it was seven years ago when it was \$1.38. Today, over two million customers save time and money using E-ZPass. Interoperable E-ZPass systems are being operated by 17 agencies in seven states throughout the eastern United States and market shares at MTA B&T are averaging 70%, including a remarkable 80% of weekday truck crossings.

New, easy-to-use, ticket vending machines and expansion of the WebTicket program for the commuter rail systems will make it easier for customers to purchase tickets. Waiting times to purchase tickets at GCT have decreased 60%. In 2004, to support approximately 50 million ticket purchases, railroad ticket clerks and agents will work 70,302 shifts, while 416 Ticket Vending Machines will be available throughout the system.

The commitments of resources detailed in this budget proposal and four-year plan reflect MTA's priorities of safety and customer satisfaction. Through these investments, the MTA will maintain a high level of service while providing our customers with greater safety, a more reliable infrastructure, and a transportation network worthy of all those who keep this city and region going.

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