

IV. Major Assumptions 2005-2009 Projections

Utilization
(Revenue, Ridership, Vehicle Traffic)

UTILIZATION

The following assumptions for Agency utilization reflect baseline Agency utilization projections, including 2006 PEGs and service enhancements, but do not include effects of proposed post-2006 PEGs, Holiday Fare Initiatives or potential 2007 and 2009 fare and toll increases.

2005 Ridership, Traffic and Revenue

MTA consolidated ridership for the 2005 Final Estimate is projected to total 2,392.5 million trips. New York City Transit (NYCT) combined subway and bus ridership is expected to be 2,206.0 million, while Long Island Rail Road (LIRR) is projecting 79.5 million passengers and Metro-North Railroad (MNR) is projecting 72.9 million passengers for its East-of-Hudson operations. Staten Island Railway (SIR) ridership is estimated to be 3.4 million, and Long Island Bus (LIB) fixed route ridership is estimated to be 30.6 million. The 2005 Final Estimate for vehicular crossings is projected to be 300.7 million crossings.

MTA consolidated fare revenue for the 2005 Final Estimate is \$3,594.8 million, and toll revenue for the 2005 Final Estimate is \$1,207.4 million. NYCT combined subway and bus farebox revenue is expected to be \$2,677.3 million, while LIRR is projecting \$439.3 million in farebox revenue and MNR is projecting \$437.8 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$3.2 million, and LIB fixed route farebox revenue is estimated to be \$37.2 million.

The 2005 Final Estimates are based on actual results through August 2005 for NYCT, SIR, MNR, LIB and B&T, and through July 2005 for LIRR.

2006 Ridership, Traffic and Revenue

MTA consolidated ridership for 2006 is expected to increase by 50.1 million rides, a 2.1% increase, over the 2005 Final Estimate, while vehicular crossings are expected to increase 0.8 million trips, a 0.3% increase, over the 2005 Final Estimate. NYCT ridership is expected to increase by 47.6 million rides, a 2.2% increase while LIRR is projecting an increase of 0.9 million rides, or 1.2%, and MNR is projecting an increase of 1.4 million rides, or 1.9%. SIR ridership is expected to increase 0.1 million, a 2.9% increase, and LIB fixed-route ridership is projecting a 0.1 million increase, or 0.5%.

In 2006, MTA consolidated farebox revenue is projected to increase by \$108.9 million, a 3.0% increase, over the 2005 Final Estimate, and toll revenue is expected to increase by \$30.9 million, or 2.6%, over the 2005 Final Estimate. The increase in NYCT farebox revenue – an \$85.6 million improvement, a 3.2% increase, over the 2005 Final Estimate – accounts for just over three-quarters of the overall increase. LIRR farebox revenue is projected to increase by \$9.5 million, a 2.2% increase, over the 2005 Final Estimate, while MNR farebox revenue is expected to increase by \$13.5 million, or 3.1%. SIR

farebox revenue is projected to increase \$0.1 million, or 4.0%, and fixed-route farebox revenue at LIB is expected to surpass the 2005 Final Estimate by \$0.2 million, a 0.6% increase.

The impacts from 2006 PEGs and service enhancements at NYCT, LIRR and MNR are factored into the annual ridership and farebox revenue estimates, and they contribute 8.6%, or 4.3 million rides, of the annual increase in MTA consolidated ridership and 6.3%, or \$6.8 million, of the MTA consolidated farebox revenue.

The NYCT service enhancement program delays the implementation of off-peak bus guidelines, originally slated to begin in January 2006, to January 2007. This action is expected to contribute 3.9 million rides to the 2006 annual NYCT ridership improvement and \$4.0 million to the 2006 annual NYCT farebox revenue improvement.

LIRR's service enhancement program consists of: additional Main Line/Huntington service to address overcrowded trains; restoration of Hempstead train number 719 during the morning peak period; additional late evening service on the Montauk Branch to address service gaps, and; additional weekend service on the Port Washington Branch to provide half-hour service in order to meet growing demand. Of the overall 2006 annual LIRR change from the 2005 Final Estimate, these four service enhancements are projected to account for 0.1 million rides and \$0.4 million in farebox revenue.

MNR's 2006 ridership and farebox revenue levels reflect its improved revenue collection, which is part of the 2006 PEG program and is expected to result in a ridership increase of 0.2 million and a \$1.6 million farebox revenue increase. MNR also has a service enhancement program, designed to meet growing demand, which consists of: additional service on all three lines during the fringes of the evening peak period; expanded Harlem and New Haven service on weekends, and; improved service on all three lines during the early portion of the morning peak period. Of the overall 2006 annual MNR change from the 2005 Final Estimate, these service enhancements are projected to account for 0.2 million rides and \$0.9 million in farebox revenue.

2007 – 2009 Ridership, Traffic and Revenue

MTA consolidated ridership is projected to grow to 2,494.0 million by 2009, with annual increases of 22.6 million in 2007, 22.4 million in 2008 and 6.5 million in 2009. Vehicular crossings are expected to reach 305.6 million crossings by 2009, with annual increases of 0.8 million in 2007, 2.4 million in 2008 and 0.9 million in 2009. NYCT ridership is projected to increase to 2,296.7 million by 2009, with annual increases of 19.2 million in 2007, 19.7 million in 2008 and 4.1 million in 2009. LIRR ridership is expected to reach 84.5 million by 2009, increasing by 1.5 million in 2007, 1.1 million in 2008 and 1.5 million in 2009. MNR ridership is projected to grow to 77.8 million by 2009, with annual growth of 1.5 million in 2007, 1.3 million in 2008 and 0.9 million in 2009. SIR ridership is expected to reach 3.8 million by 2009, with annual increases of 0.3 million in 2007 and increases of less than 0.1 million in both 2008 and 2009. LIB fixed-route ridership is

projected to be 31.1 million by 2009, increasing by 0.2 million in both 2007 and 2008, and by less than 0.1 million in 2009.

By 2009, MTA consolidated farebox revenue is projected to increase to \$3,807.8 million, with annual increases of \$42.7 million in 2007, \$40.7 million in 2008 and \$20.6 million in 2009. Toll revenue is expected to rise to \$1,249.1 million by 2009, with increases of \$1.3 million in 2007, \$7.9 million in 2008 and \$1.7 million in 2009. NYCT farebox revenue is projected to increase to \$2,818.8 million by 2009, with annual increases of \$24.2 million in 2007, \$26.3 million in 2008 and \$5.4 million in 2009. LIRR farebox revenue is expected to reach \$471.7 million by 2009, increasing by \$8.4 million in 2007, \$6.3 million in 2008 and \$8.3 million in 2009. MNR farebox revenue is projected to grow to \$475.5 million by 2009, with annual growth of \$9.7 million in 2007, \$7.8 million in 2008 and \$6.8 million in 2009. SIR farebox revenue is expected to reach \$3.7 million by 2009, with annual increases of \$0.3 million in 2007 and increases of less than \$0.1 million in both 2008 and 2009. LIB fixed-route farebox revenue is projected to be \$38.0 million by 2009, increasing by \$0.2 million per year through 2009.

The impacts from 2006 PEGs and service enhancements at NYCT, LIRR and MNR are factored into the 2007 through 2009 ridership and farebox revenue estimates, and they contribute 3.2 million rides and \$8.3 million in 2007, 0.9 million rides and \$7.5 million in 2008 and 1.1 million rides and \$8.7 million in 2009. The NYCT service enhancement program delays the implementation of off-peak bus guidelines, originally slated to begin in January 2006, to January 2007. Implementation of the guidelines is currently scheduled to be gradually phased in, resulting in continued positive impacts during 2007, contributing 2.4 million rides to the 2007 annual NYCT ridership improvement and \$2.4 million to the 2007 annual NYCT farebox revenue improvement. LIRR's service enhancement program, begun in 2006, is projected to account for 0.1 million rides and \$0.4 million in farebox revenue each year. MNR's service enhancement program, also started in 2006, is projected to account for 0.3 million rides and \$2.4 million in farebox revenue each year, and the 2006 PEG program to improve revenue collection is anticipated to continue to impact ridership and revenue, resulting in 0.4 million rides and \$3.2 million in farebox revenue in 2007, 0.5 million rides and \$4.8 million in farebox revenue in 2008, and 0.7 million rides and \$6.0 million in farebox revenue in 2009.

MTA Consolidated Utilization

Baseline MTA Agency Fare and Toll Revenue Projections, in millions

Including the Impact of 2006 PEGs and Service Enhancements ¹

(excludes effect of Holiday Fare Initiatives)

		Financial Plan 2006-2009				
		2005	2006	2007	2008	2009
Toll Revenue						
Bridges & Tunnels	- Baseline	\$1,207.4	\$1,238.3	\$1,239.6	\$1,247.4	\$1,249.1
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	0.0	0.0	0.0	0.0
		\$1,207.4	\$1,238.3	\$1,239.6	\$1,247.4	\$1,249.1
Fare Revenue						
Long Island Bus ²	- Baseline	\$37.2	\$37.4	\$37.6	\$37.8	\$38.0
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	0.0	0.0	0.0	0.0
		\$37.2	\$37.4	\$37.6	\$37.8	\$38.0
Long Island Rail Road	- Baseline	\$439.3	\$448.4	\$456.8	\$463.1	\$471.3
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	0.4	0.4	0.4	0.4
		\$439.3	\$448.8	\$457.1	\$463.4	\$471.7
Metro-North Railroad ³	- Baseline	\$437.8	\$448.8	\$455.4	\$461.6	\$467.2
	- 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	- 2006 Service Enhancements	0.0	0.9	2.4	2.4	2.4
		\$437.8	\$451.3	\$461.0	\$468.8	\$475.5
New York City Transit ^{2, 4}	- Baseline	\$2,677.3	\$2,758.9	\$2,784.7	\$2,813.4	\$2,818.8
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	4.0	2.4	0.0	0.0
		\$2,677.3	\$2,762.9	\$2,787.1	\$2,813.4	\$2,818.8
Staten Island Railway	- Baseline	\$3.2	\$3.3	\$3.7	\$3.7	\$3.7
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	0.0	0.0	0.0	0.0
		\$3.2	\$3.3	\$3.7	\$3.7	\$3.7
Total Farebox Revenue	- Baseline	\$3,594.8	\$3,696.9	\$3,738.2	\$3,779.6	\$3,799.1
	- 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	- 2006 Service Enhancements	0.0	5.2	5.1	2.7	2.7
		\$3,594.8	\$3,703.7	\$3,746.5	\$3,787.1	\$3,807.8
TOTAL FARE & TOLL REVENUE						
	- Baseline	\$4,802.2	\$4,935.2	\$4,977.8	\$5,027.1	\$5,048.2
	- 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	- 2006 Service Enhancements	0.0	5.2	5.1	2.7	2.7
		\$4,802.2	\$4,942.0	\$4,986.1	\$5,034.6	\$5,056.9

¹ Excludes Post-2006 PEG Program impacts.

² Excludes Paratransit Operations.

³ Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

⁴ Excludes Fare Media Liability.

MTA Consolidated Utilization

Baseline MTA Agency Ridership and Traffic Projections, in millions

Including the Impact of 2006 PEGs and Service Enhancements ¹

(excludes effect of Holiday Fare Initiatives)

		Financial Plan 2006-2009				
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Traffic						
Bridges & Tunnels	- Baseline	300.7	301.4	302.3	304.7	305.6
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	0.0	0.0	0.0	0.0
		300.7	301.4	302.3	304.7	305.6
Ridership						
Long Island Bus ²	- Baseline	30.6	30.8	30.9	31.1	31.1
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	0.0	0.0	0.0	0.0
		30.6	30.8	30.9	31.1	31.1
Long Island Rail Road	- Baseline	79.5	80.4	81.9	83.0	84.5
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	0.1	0.1	0.1	0.1
		79.5	80.4	81.9	83.1	84.5
Metro-North Railroad ³	- Baseline	72.9	73.9	75.0	76.1	76.8
	- 2006 PEGs	0.0	0.2	0.4	0.5	0.7
	- 2006 Service Enhancements	0.0	0.1	0.3	0.3	0.3
		72.9	74.2	75.7	77.0	77.8
New York City Transit ^{2, 4}	- Baseline	2,206.0	2,249.7	2,270.4	2,292.5	2,296.7
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	3.9	2.4	0.0	0.0
		2,206.0	2,253.6	2,272.8	2,292.5	2,296.7
Staten Island Railway	- Baseline	3.4	3.5	3.8	3.8	3.8
	- 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	- 2006 Service Enhancements	0.0	0.0	0.0	0.0	0.0
		3.4	3.5	3.8	3.8	3.8
Total Ridership	- Baseline	2,392.4	2,438.2	2,462.0	2,486.6	2,492.9
	- 2006 PEGs	0.0	0.2	0.4	0.5	0.7
	- 2006 Service Enhancements	0.0	4.1	2.8	0.4	0.4
		2,392.4	2,442.6	2,465.1	2,487.5	2,494.0

¹ Excludes Post-2006 PEG Program impacts.

² Excludes Paratransit Operations.

³ Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

⁴ Excludes Fare Media Liability.

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Subsidies

SUBSIDIES - Major Assumptions

The following pages contain accrual and cash summary tables for the subsidies and dedicated taxes. Following these are additional tables detailing the changes between the February Plan and the December Plan.

The only changes since December reflect minor technical adjustments for Connecticut Department of Transportation subsidy to Metro-North railroad and Bridges and Tunnel Operating Surplus Transfer. Both are related to the incorporation of service enhancements, 2006 PEGs and minor technical adjustments in these agencies' baseline budgets.

MTA Consolidated Subsidies

February Financial Plan 2006 - 2009

Accrual Basis

(\$ in millions)

	2005 Final Estimate	2006 Adopted Budget	2007	2008	2009
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$983.6	\$1,273.9	\$1,318.3	\$1,281.8	\$1,315.3
Petroleum Business Tax (PBT) Receipts	552.5	616.0	631.0	634.0	636.4
Mortgage Recording Tax (MRT)	725.5	422.9	433.7	430.6	418.3
MRT Transfer to Suburban Counties	(37.8)	(27.4)	(16.0)	(16.4)	(16.3)
Use of MRT Prior Year Balances	44.8	10.0	10.0	10.0	10.0
Carryover Balances	15.1	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(22.9)	(14.5)	(14.5)	(14.5)	(14.5)
Interest	0.6	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0
Urban Tax	503.9	327.5	355.1	370.4	379.2
Investment Income	6.3	12.6	15.5	17.0	21.3
	\$2,771.6	\$2,620.9	\$2,733.1	\$2,712.9	\$2,749.7
<i>State and Local Subsidies</i>					
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	52.1	52.1	62.1	70.7	83.9
Station Maintenance	133.1	136.6	140.4	144.7	149.3
AMTAP	38.9	0.0	0.0	0.0	0.0
	\$613.5	\$578.0	\$591.8	\$604.7	\$622.4
Commuter Operating Capital Transfer - MNR M-7	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$3,385.1	\$3,188.9	\$3,324.9	\$3,317.6	\$3,372.2
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	\$483.8	\$414.1	\$389.3	\$371.4	\$341.2
MTA Subsidy to Subsidiaries	31.5	32.3	32.8	33.7	34.9
	\$515.3	\$446.5	\$422.2	\$405.2	\$376.1
GROSS SUBSIDIES	\$3,900.3	\$3,635.4	\$3,747.1	\$3,722.7	\$3,748.2

MTA Consolidated Subsidies
February Financial Plan 2006 - 2009
Cash Basis
(\$ in millions)

	2005 Final Estimate	2006 Adopted Budget	2007	2008	2009
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$983.0	\$1,275.6	\$1,318.3	\$1,281.8	\$1,315.3
Petroleum Business Tax (PBT) Receipts	547.5	614.6	630.7	633.7	636.6
Mortgage Recording Tax (MRT)	725.5	422.9	433.7	430.6	418.3
MRT Transfer to Suburban Counties	(37.8)	(27.4)	(16.0)	(16.4)	(16.3)
Use of MRT Prior Year Balances	44.8	10.0	10.0	10.0	10.0
Carryover Balances	15.1	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(22.9)	(14.5)	(14.5)	(14.5)	(14.5)
Interest	0.6	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0
Urban Tax	520.1	325.1	353.8	369.7	378.5
Investment Income	6.3	12.6	15.5	17.0	21.3
	\$2,782.2	\$2,619.0	\$2,731.5	\$2,711.9	\$2,749.3
<i>State and Local Subsidies</i>					
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	188.4	187.9	187.9	187.9	187.9
Nassau County Subsidy (includes 18-b local match)	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	52.1	52.1	62.1	70.7	83.9
Station Maintenance	130.4	134.0	137.4	141.4	145.8
AMTAP	38.9	0.0	0.0	0.0	0.0
	\$611.2	\$575.4	\$588.8	\$601.4	\$618.9
Commuter Operating Capital Transfer - MNR M-7	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$3,393.4	\$3,184.4	\$3,320.4	\$3,313.3	\$3,368.2
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	\$515.8	\$421.1	\$391.8	\$373.2	\$344.2
MTA Subsidy to Subsidiaries	31.5	32.3	32.8	33.7	34.9
Investment Income in HQ (non-MRT)	0.0	0.0	0.0	0.0	0.0
	\$547.3	\$453.4	\$424.6	\$407.0	\$379.1
GROSS SUBSIDIES	\$3,940.8	\$3,637.8	\$3,745.0	\$3,720.3	\$3,747.3

METROPOLITAN MASS TRANSPORTATION OPERATING ASSISTANCE (MMTOA)

Metropolitan Mass Transportation Operating Assistance Taxes (MMTOA) consist of special State taxes imposed within the MTA Transportation District which, subject to State appropriation, supplement the general operating subsidies of transportation systems in the District. MMTOA is comprised of the following taxes: petroleum business tax (PBT), which is a small portion of the basic PBT imposed on petroleum businesses operating within New York State; sales tax imposed on sales and uses of certain tangible personal property and services; corporate franchise taxes imposed on certain transportation and transmission companies; and temporary corporate surcharges imposed on the portion of the franchise and other taxes of certain businesses attributable to the conduct of business within the transportation district.

The 2005 Final Estimate for MMTOA was based on total statewide MMTOA tax estimates of \$1,463 million, an increase of \$301 million over the 2004 levels. The Estimate assumes \$1,399 million is allotted for Downstate transit properties, of which \$182.5 million is earmarked to fund the State's 18-b obligations. The remainder, which is consistent with the State's enacted FY2005/2006 Budget, is payable to New York City Transit for the benefit of NYCT and SIR, representing 62.5%, and to MTA for the benefit of Long Island Rail Road and Metro-North Railroad, representing 27.9%. Long Island Bus, city private buses and other downstate transportation properties also receive a portion of the MMTOA funds.

New Revenue

The Final Estimate incorporated changes to MMTOA that reflect an additional 1/8th of a percent regional sales tax enacted by New York State in its 2005-06 Budget, which took effect on June 1, 2005. This brings the sales tax levy benefiting MTA to 0.375% (three-eighths). MTA's share of the projected receipts from the new increase to the sales taxes are estimated at \$148.4 million in 2005, \$178.5 million in 2006, \$182.1 million in 2007, \$183.9 in 2008 and \$185.6 million in 2009.

2005 Final Estimate

The 2005 Final Estimate forecasts MMTOA cash receipts of \$946.7 million for NYCT, SIR and the Commuter Railroads, a \$210.3 million increase over the 2004 levels. In addition, \$36.3 million is allocated to Long Island Bus, which shows an increase of \$7.9 million over the 2004 level. These forecasts reflect the NY State Enacted Budget appropriation for MTA's MMTOA allotment.

Total downstate collections reflect year-to-date results through September. State FY 2005/2006 gross receipts in the MMTOA account are higher than earlier forecasts due to higher Corporate Surcharge and Corporate Franchise taxes, which according to the State is largely attributable to "stronger than expected growth in audit and compliance receipts." This is partially offset by lower sales

taxes which according to the State, largely reflect the effect of 'higher energy prices behaving as a 'tax' on household spending...DOB now expects slightly slower growth during the second half of the [fiscal] year."

The Final Estimate thus assumes an additional \$158.2 million in State MMTOA taxes to be generated during State FY 2005-06, which were not included in the enacted State budget for the current year but are intended to be appropriated in two equal installments in SFY 2006-07 and SFY 2007-08 according to the assumptions for MTA financing developed by DOB.

2006 Final Proposed Budget

For 2006, total MTA MMTOA is estimated to be \$1,276 million, an increase of \$293 million over the 2005 Final Estimate. Of this total, \$811.0 million is earmarked for NYCT and SIR, and \$422.7 million for the commuter railroads. These amounts assume an additional \$74.1 million available from taxes collected in SFY 2005-06, not yet appropriated. In addition, \$41.9 million is allocated for Long Island Bus.

The Plan assumes that in 2006, the State's funding of its 18-b obligation will revert back to the 2003 level of \$161.1 million. In addition, it assumes that the percentage allocations of MMTOA's downstate share that comes to the MTA will represent 61.1% for NYCT/SIR and 27.7% for the Commuter Railroads, to reflect pre-2004 levels.

The 2006 forecast of the individual MMTOA taxes assumes the following tax growth rates from the 2005 level:

Sales Tax	13.3%
Petroleum Business Tax	5.1%
Corporate Franchise Tax	0.0%
Corporate Tax Surcharge	0.6%

Note that the 2006 sales tax percentage includes the full 12-month yield from the new tax, thus accounting for the large increase over the 2005 level.

2007 - 2009

In 2007, MTA cash forecast is \$42.7 million above the prior year's level. In 2008, the forecast is \$36.5 million lower than the 2007 level, reflecting the remaining \$74.1 million of base MMTOA taxes generated in the State FY 2005-06 and carried over to 2007, as discussed above. In 2009, the forecasts for MTA MMTOA cash receipts are above the 2008 levels by \$33.5 million.

The 2007 through 2009 forecasts assume the following tax growth rates.

		2007	2008	2009
Sales Tax		4.0%	4.2%	4.2%
Petroleum Business Tax		0.4%	0.4%	0.5%
Corporate Franchise Tax		0.0%	0.0%	0.0%
Corporate Tax Surcharge		3.2%	1.6%	0.7%

MMTOA STATE DEDICATED TAXES
February Financial Plan 2006 - 2009
Tax Yield Distribution 2005 - 2009
(\$ in millions)

	FORECAST				
	2005	2006	2007	2008	2009
<u>Forecast of MMTOA Gross Receipts (\$FY):</u>					
Sales Tax	\$608.800	\$689.900	\$717.800	\$747.900	\$779.100
PBT	143.091	150.364	150.909	151.455	152.182
Corporate Franchise	73.400	73.400	73.400	73.400	73.400
Corporate Surcharge	638.100	633.998	654.289	664.995	669.898
Investment Income	0.000	0.000	0.000	0.000	0.000
Total Gross Receipts Available for Allocation	\$1,463.391	\$1,547.661	\$1,596.398	\$1,637.750	\$1,674.580
<u>Allocation of Total Gross Receipts to DownState:</u>					
Total Gross Receipts	\$1,463.391	\$1,547.661	\$1,596.398	\$1,637.750	\$1,674.580
Less: Upstate Share of PBT	(64.391)	(67.664)	(67.909)	(68.155)	(68.482)
Upstate Percent Share of Investment Income	4.40%	4.37%	4.25%	4.16%	4.09%
Less: Upstate Share of Investment Income	0.090	0.000	0.000	0.000	0.000
Total Net DownState Share Available for Allocation	\$1,399.090	\$1,479.998	\$1,528.489	\$1,569.595	\$1,606.098
Less: 18-B Adjustment	(182.540)	(161.093)	(161.093)	(161.093)	(161.093)
Adjusted Total Net DownState Share for Allocation	\$1,216.550	\$1,318.905	\$1,367.396	\$1,408.502	\$1,445.005
<u>Allocation of Total Net DownState Share to NYCT/SIR:</u>					
NYCT/SIR Share	62.51%	61.12%	61.12%	61.12%	61.12%
From Total Net DownState Share	\$874.624	\$904.624	\$934.264	\$959.389	\$981.701
Less: 18-B Adjustment	(152.021)	(146.395)	(146.395)	(146.395)	(146.395)
Adjusted Total Net DownState Share	\$722.603	\$758.229	\$787.869	\$812.994	\$835.306
From Carryover	(105.615)	52.808	52.808	0.000	0.000
Total NYCT/SIR Share of Net DownState Share	\$616.988	\$811.037	\$840.676	\$812.994	\$835.306
Total SIR Share	1.913	2.514	2.606	2.520	2.589
Total NYCT Share of Net DownState Share	\$615.075	\$808.522	\$838.070	\$810.474	\$832.717
<u>Allocation of Total Net DownState Share to MTA:</u>					
MTA Share	27.91%	27.71%	27.71%	27.71%	27.71%
From Total Net DownState Share	\$390.458	\$410.111	\$423.549	\$434.939	\$445.054
Less: 18-B Adjustment	(18.139)	(8.736)	(8.736)	(8.736)	(8.736)
Adjusted Total Net DownState Share	\$372.319	\$401.375	\$414.813	\$426.203	\$436.318
From Carryover	(42.654)	21.327	21.327	0.000	0.000
Total MTA Share of Net DownState Share	\$329.665	\$422.702	\$436.140	\$426.203	\$436.318
<u>Allocation of Total Net DownState Share to LIB:</u>					
LI Bus Share	2.77%	2.77%	2.77%	2.77%	2.77%
From Total Net DownState Share	\$38.767	\$40.996	\$42.339	\$43.478	\$44.489
Less: Used for 18-B/other	(1.835)	(0.844)	(0.844)	(0.844)	(0.844)
Adjusted Total Net DownState Share	\$36.932	\$40.152	\$41.495	\$42.634	\$43.645
From Carryover	(0.603)	1.750	0.000	0.000	0.000
Total LIB Share of Net DownState Share	\$36.329	\$41.902	\$41.495	\$42.634	\$43.645

PETROLEUM BUSINESS TAXES (PBT) (Trust Fund Taxes)

The Statewide Dedicated Funds Pool is the repository for revenues from the following dedicated taxes and fees: petroleum business taxes, a business privilege tax imposed on petroleum businesses operating in New York State; motor fuel taxes, an excise tax levied with respect to gasoline and diesel motor fuels; and motor vehicle fees that are derived mainly from vehicle registration and driver license fees. Subject to statutory allocation under current State Law, thirty-four percent (34%) of the Dedicated Funds Pool is currently deposited in the Mass Transportation Trust Fund (MTTF) for MTA's benefit. Amounts transferred from the MTTF Account to the MTA's Dedicated Tax Fund constitute MTTF Receipts. For the purposes of budget preparations, MTTF Receipts are also referred to as PBT Receipts interchangeably. Eighty-five percent (85%) of the MTTF Receipts are payable to New York City Transit (NYCT) for the benefit of NYCT and SIR, and the remaining 15% to MTA for the benefit of LIRR and Metro-North.

MTA utilizes the MTTF Receipts (PBT) to pay debt service on MTA's Dedicated Tax Fund Bonds (DTF Bonds). Debt service on DTF Bonds is payable first from PBT Receipts and then, to the extent of any deficiency, from MMTOA Taxes. On an annual basis to date, PBT Receipts have been sufficient to meet all debt service commitments and no MMTOA Taxes have been used.

After debt obligations are satisfied, the remaining PBT funds are transferred for use by New York City Transit and the Commuter Railroads as a subsidy.

New Revenue

The February Financial Plan reflects the projected receipts from new taxes appropriated in the 2005-06 NYS Enacted Budget, which affect certain Department of Motor Vehicle fees that commenced on October 2005 as well as the projected DMV receipts in 2006. MTA would receive approximately 34% of the Statewide collections. Total new tax receipts earmarked for the MTA are \$8.2 million in 2005, \$61.5 million in 2006, and \$71.1 million in each of the years 2007, 2008 and 2009.

New Taxes (In dollars)	Dollars in Millions				
	2005	2006	2007	2008	2009
PBT-Native American Share	\$0.0	\$ 3.1	\$ 4.1	\$ 4.1	\$ 4.1
Motor Fuel Tax – Native American Share	0.0	1.1	1.5	1.5	1.5
2005-06 DMV Fee Increases	8.2	57.3	65.5	65.5	65.5
Total	\$8.2	\$61.5	\$71.1	\$71.1	\$71.1

2005 Final Estimate

The 2005 Final Estimate, on a cash basis, forecasts MTA PBT Receipts of \$547.5 million, an increase of \$15.46 million over the prior year. Of the total PBT allocation, 85% or \$467.9 million is earmarked for New York City Transit and 15%, or \$79.6 million, for the Commuter Railroads.

On an accrual basis, PBT estimates for 2005 are \$552.5 million, which is \$10.4 million above the 2004 level. The accrual estimate is based on a one-month lag in the booking and collections of PBT proceeds.

2006 Final Proposed Budget

For 2006, PBT cash is estimated to be \$614.6 million or \$67.1 million more than the 2005 level. The 2006 forecast inflates the 2005 level by 2.6% before incorporating the new taxes.

On an accrual basis, PBT is estimated at \$616.0 million, an increase of \$63.4 million from the prior year's level.

2007 - 2009

For 2007 through 2009, PBT cash estimates are \$630.7 million, \$633.7 million and \$636.6 respectively. The 2007 through 2009 forecasts inflate the previous year's level by 1.2%, 0.5% and 0.5% respectively.

On an accrual basis, PBT estimates for 2007 through 2009 are \$631.0 million, \$634.0 million and \$636.4 million respectively.

SUMMARY OF DEDICATED TAX FUND PROJECTIONS
February Financial Plan 2006 - 2009
Tax Yield Distribution 2005 - 2009
(\$ in millions)

FORECAST					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net Base PBT Collections Available for Distribution	\$961.626	\$966.434	\$969.334	\$974.180	\$953.872
<u>Forecast of Supplemental PBT Collections for Distribution:</u>					
Supplemental PBT Collections	\$685.396	\$684.025	\$692.234	\$695.695	\$695.695
Month Cash Lag / DOT Special Programs	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Net Supplemental PBT Collections Available for Distribution	\$685.396	\$684.025	\$692.234	\$695.695	\$695.695
Total Net PBT Collections Available for Distribution	\$1,610.397	\$1,807.727	\$1,855.108	\$1,863.905	\$1,872.284
<u>Distribution Shares:</u>					
MTA Total	34.00%	34.00%	34.00%	34.00%	34.00%
Other Transit	3.00%	3.00%	3.00%	3.00%	3.00%
Highway Trust Fund	63.00%	63.00%	63.00%	63.00%	63.00%
General Fund	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Share Total	100.00%	100.00%	100.00%	100.00%	100.00%
<u>Amount of Total Net Collections Available for the MTA:</u>					
MTA Total	\$547.535	\$614.627	\$630.737	\$633.728	\$636.576
<u>Accrued</u>					
NYCT/SIR Share of MTA Total	472.427	526.414	539.247	541.793	543.864
Commuter Railroad Share of MTA Total	<u>80.122</u>	<u>89.556</u>	<u>91.739</u>	<u>92.172</u>	<u>92.524</u>
MTA Total of Net Collections	\$552.549	\$615.970	\$630.986	\$633.965	\$636.388

MORTGAGE RECORDING TAXES (MRT)

The Mortgage Recording Taxes consist of two separate taxes: Mortgage Recording Tax-1 (MRT-1) and Mortgage Recording Tax-2 (MRT-2).

MRT-1 is imposed on the borrower for recorded mortgages of real property situated in New York State, subject to certain exclusions, and collected by New York City and the seven other counties within the MTA's service area, at the rate of three-tenths of one percent (3/10%) of the debt secured by certain real estate mortgages. (As discussed below, this rate was recently increased from one-quarter of one percent). It must be applied, first, to meet MTA Headquarters operating expenses and, second, to make deposits into the New York City Transit (NYCT) Account (55% of the remaining amount) and the Commuter Railroad Account (45% of the remaining amount).

Moneys in the NYCT Account are required to be used to pay operating and capital costs of the Transit Authority, its subsidiaries, and SIR. Moneys in the Commuter Railroad Account are required to be used first to pay up to \$20 million to the State Suburban Transportation Fund each year. In the event the transfer would result in a Commuter Railroad operating deficit, the amount of the deficit is appropriated to the MTA for Commuter Railroad operating purposes, and not transferred to the Suburban Fund. After first making the required transfers to the State Suburban Transportation Fund, the balance in the Commuter Railroad Account is required to be used to pay operating and capital costs of the commuter railroad operations of MTA, other than SIR.

MRT-2 is a tax imposed on the institutional lender. It consists of one-quarter of one percent (1/4%) of certain recorded mortgages within New York State secured by real estate improved or to be improved by structures containing one to six dwelling units in the Authority's service area. MRT-2 Receipts are to be applied, first, to make deposits into the Payment Sub-accounts of Dutchess, Orange and Rockland counties and, second, to make deposits into the Corporate Purposes Sub-account for the purposes of paying operating and capital costs, including debt service and debt service reserve requirements, if any, incurred for the benefit of MTA, the Transit Authority and their respective subsidiaries.

Each year, MTA is required to transfer in equal quarterly installments, from the Corporate Transportation Account to the Metropolitan Transportation Authority's Dutchess, Orange and Rockland Fund (DORF) an annual amount of \$5.0 million, of which \$1.5 million is for each of the counties of Dutchess and Orange, and \$2.0 million is for the county of Rockland. Additionally, MTA must transfer from that Account to such fund for each of these three counties, respectively, an amount equal to the product of (i) the percentage by which such county's mortgage recording tax payment to MTA in the preceding calendar year increased over such payment in calendar year 1989 and (ii) \$1.5 million each for Dutchess and Orange Counties and \$2.0 million for Rockland County.

New Revenue

The February Financial Plan incorporates changes to MRT-1 that reflect an increase from 25 cents per hundred dollars of recorded mortgage to 30 cents, effective with the June 1, 2005 mortgage origination. The resulting effect is a 20% increase in the MRT-1 tax rate. Since MTA's receipts are lagged one month, the 2005 Final Estimate cash forecast assumed six months of the tax revenue at the new rate.

Forecast Methodology

Mortgage Recording Tax receipts are projected by utilizing 16 individual models. For each of eight jurisdictions – New York City and the seven suburban counties in the MTA region – there is an MRT-1 model and an MRT-2 model. In these models, which are time-service regression models with a log-log specification, tax collections are a function of the ten-year U.S. Treasury Note rate and population of the jurisdiction

2005 Final Estimate

The 2005 Final Estimate is based on October year-to-date actual cash receipts, and forecasts for November and December are added to year-to-date actuals in order to obtain a 2005 estimate. For the Final Estimate, the 10-Year U.S. Treasury Note rate is estimated to be 4.4%. Population growth estimates for 2005 are 0.2% for New York City, 0.4% for the Nassau/Suffolk combined area, 0.2% for Westchester, 1.7% for Putnam, 1.2% for Dutchess, 0.6% for Rockland and 1.4% for Orange.

For 2005, MRT-1 receipts on a cash basis are estimated at \$426.9 million, an increase of \$77.7 million, or 22.3%, over the 2004 level. The MRT-1 rate increase accounts for \$37.7 million of the total MRT-1 receipts. MRT-2 receipts on a cash basis are estimated at \$298.6 million, an increase of \$10.5 million, or 3.6%, over the prior year. Overall, combined MRT is projected to be \$725.5 million, an increase of \$88.2 million, or 12.2%, over the MRT estimate for 2004.

The improvement over the prior year reflects continued strength in real estate – both sales and refinancing activity – mainly the result of lower than anticipated mortgage interest rates. However, economists, including the MTA's economic consultant Global Insight, expect the Fed to continue increasing the Federal Funds Rate in the coming months. While receipts from these taxes have reached record levels, the booming real estate market is expected to drop significantly in 2006.

2006 - 2009

Even though the Federal Funds Rate has increased, short-term and long-term interest rates have not maintained their historic relationship with the Federal Funds Rates and have not increased sufficiently to dampen real estate transaction activity. Recently, both short-term and long-term rates have begun moving higher and, with continued Fed rate increases projected by economists, real estate activity is expected to slow down rather quickly. In particular, refinancing activity is expected to significantly fall off as

mortgage rates increase. These factors are expected to result in significantly lower tax revenues in 2006 through 2009 compared with recent levels.

During the forecast period, the 10-Year U.S. Treasury Bill rate is expected to increase to 5.0% in 2006, 5.2% in 2007, 5.4% in 2008 and 5.7% in 2009. Population growth estimates are 0.3% per year for New York City, range from 0.3% to 0.4% per year for the Nassau/Suffolk area, range from 0.1% to 0.2% per year for Westchester, range from 1.4% to 1.7% per year for Putnam, range from 0.7% to 0.8% per year for Dutchess, range from 0.4% to 0.5% per year for Rockland and range from 0.9% to 1.0% per year for Orange.

The forecasts for 2006 through 2009 reflect these assumptions. Over the Financial Plan period, MRT-1 receipts are projected to be \$263.4 million in 2006, \$271.2 million in 2007, \$271.3 million in 2008 and \$266.3 million in 2009. Of these amounts, the MRT-1 rate increase accounts for \$45.7 million in 2006, \$47.0 million in 2007, \$47.0 million in 2008 and \$46.2 million in 2009. MRT-2 receipts are projected to be \$159.5 million in 2006, \$162.6 million in 2007, \$159.2 million in 2008 and \$152.0 in 2009. Total MRT receipts are forecast to be \$422.9 million in 2006, \$433.7 million in 2007, \$430.6 million in 2008 and \$418.3 million in 2009.

Additional Assumptions

The MTA General Reserve is funded from MRT-2 and earmarked before the transfer to NYCT and Commuter Railroads subsidy accounts. In the February Financial Plan \$40 million in unspent reserve earmarked for 2005 was reallocated evenly in 2006 through 2009, with \$10 million added to each year. In addition, because there are significant downside risks that could materially impact MTA during the current financial plan period, including volatile energy and insurance costs, both of which have a commensurate impact on inflation and interest rates, the February Plan further increased the general reserve by \$25 million to a total of \$75 million annually beginning in 2006. Use of the unspent 2005 reserve reduces the impact on the financial plan to a net \$25 million annually.

MRT-2 is also used to reimburse the agencies for certain security expenses from a fund managed by MTA Police. Previous financial plans incorporated two sources for reimbursing agencies' security projects. Due to the growth in these areas and the ensuing need to properly account for capital and operating projects, it has become necessary to modify the funding mechanisms for these projects. Those projects which are not eligible for capital funding, e.g., overtime, staffing, etc., will be reimbursed to the agencies from the MTAHQ Budget and will be funded by MRT-1. If expenditures for agency security projects are capital eligible and therefore will affect depreciation and asset values in the MTA Financial Statements, then these will be funded by MRT-2. This change has resulted in an increase in MTAHQ's budget, while MRT-2 funding decreases by almost an equal amount.

The MRT-2 allocations in the February Plan reflect the baseline assumptions before implementation of certain policy actions. Implementation of these policy actions are expected to affect agency transfers of these funds.

SUMMARY OF MORTGAGE RECORDING TAX PROJECTIONS
February Financial Plan 2006 - 2009
Tax Yield Distribution 2005 - 2009
(\$ in millions)

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009

MORTGAGE RECORDING TAX #261-1

Receipts Available for Transfer to NYCT and CRs:

Total Gross Receipts	\$349.163	\$426.886	\$263.417	\$271.157	\$271.328	\$266.334
Carryover	(15.114)	15.114	0.000	0.000	0.000	0.000
Less: MTAHQ Operating Deficit	(219.165)	(273.426)	(284.791)	(289.923)	(294.014)	(302.813)

Net Receipts Available for Transfer	\$114.884	\$168.574	(\$21.374)	(\$18.766)	(\$22.686)	(\$36.479)
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Allocation of Net Receipts to NYCT/SIR Account:

Opening Balance	\$0.000	\$15.777	\$0.000	\$0.000	\$0.000	\$0.000
NYCT/SIR Share	55%	55%	55%	55%	55%	55%
From Current Year Net Receipts	63.186	92.716	(11.756)	(10.321)	(12.477)	(20.063)
Interest	0.101	0.250	0.000	0.000	0.000	0.000
Carryover	(10.395)	0.000	0.000	0.000	0.000	0.000
Transfers from MRT-2	0.000	0.000	11.756	10.321	12.477	20.063

Total NYCT/SIR Net Cash Share	\$52.892	\$108.743	\$0.000	\$0.000	\$0.000	\$0.000
Total SIR Net Cash Share	0.164	0.337	0.000	0.000	0.000	0.000
Total NYCT Net Cash Share	\$52.728	\$108.406	\$0.000	\$0.000	\$0.000	\$0.000

Allocation of Net Receipts to Commuter Railroad Account:

Opening Balance - CR/SHF	\$14.532	\$27.359	\$0.000	\$0.000	\$0.000	\$0.000
Commuter Railroad Share	45%	45%	45%	45%	45%	45%
From Net Receipts	51.698	75.858	(9.619)	(8.445)	(10.209)	(16.416)
Interest	0.003	0.310	0.000	0.000	0.000	0.000
Carryover	(22.957)	0.000	0.000	0.000	0.000	0.000
Less: Suburban Highway Fund	(38.935)	(20.000)	0.000	0.000	0.000	0.000
Transfers from MRT-2	0.000	0.000	9.619	8.445	10.209	16.416

Total Commuter Railroad Net Cash Share	\$4.341	\$83.527	\$0.000	\$0.000	\$0.000	\$0.000
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MORTGAGE RECORDING TAX #261-2

Receipts Available for Transfer to NYCT and CRs:

Total Receipts to Corporate Account	\$288.186	\$298.636	\$159.473	\$162.551	\$159.225	\$152.011
Opening Fund Balance (starting in 1998)	104.178	41.625	40.000	30.000	20.000	10.000
Transfer (to)/from Agency Operating Accounts	(26.367)	(22.882)	(14.500)	(14.500)	(14.500)	(14.500)
Reserve for Following Year/Cash Flow Provision	(46.098)	(40.000)	(30.000)	(20.000)	(10.000)	0.000
General Reserve	0.000	0.000	(75.000)	(75.000)	(75.000)	(75.000)
Real Estate Tax Stabilization Account	(200.000)	0.000	0.000	0.000	0.000	0.000
Investment Income	2.898	0.000	0.000	0.000	0.000	0.000

Total Receipts Available for Transfer	\$122.797	\$277.379	\$79.973	\$83.051	\$79.725	\$72.511
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Use of Total Receipts:

DORF Opening Balance	\$3.750	\$4.473	\$0.000	\$0.000	\$0.000	\$0.000
Less: Transfer to MTA DORF Account	(20.250)	(22.262)	(27.415)	(15.980)	(16.389)	(16.269)
Less: Transfer to MTAHQ Funds	0.000	0.000	(21.374)	(18.766)	(22.686)	(36.479)

Net Receipts Available	\$106.297	\$259.590	\$31.183	\$48.305	\$40.650	\$19.763
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Allocation of Net Receipts to NYCT/SIR Corporate Account:

Projected NYCT/SIR Share	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
From Net Receipts	\$90.352	\$220.651	\$26.506	\$41.060	\$34.553	\$16.798

Total NYCT/SIR Cash Share	\$90.352	\$220.651	\$26.506	\$41.060	\$34.553	\$16.798
Total SIR Cash Share	0.000	0.000	0.000	0.000	0.000	0.000
Total NYCT Cash Share	\$90.352	\$220.651	\$26.506	\$41.060	\$34.553	\$16.798

Allocation of Net Receipts to CRs Corporate Account:

Projected Commuter Railroad Share	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
From Net Receipts	\$15.945	\$38.938	\$4.677	\$7.246	\$6.098	\$2.964

Total Commuter Railroad Net Cash Share	\$15.945	\$38.938	\$4.677	\$7.246	\$6.098	\$2.964
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URBAN TAXES

Urban Taxes consist of two taxes: a Mortgage Recording Tax imposed on New York City commercial properties' mortgages that exceed \$500,000; and, a Real Property Transfer Tax imposed on New York City commercial properties valued over \$500,000. Tax receipts are available only for transit purposes in New York City. New York City Transit (NYCT) is entitled to 90% of the revenues collected for its general operations. In addition, NYCT receives 6% of the revenues collected for partial reimbursement of Paratransit costs. The remaining 4% is earmarked as subsidy for the City private buses. The City is currently utilizing these funds to reimburse MTA Bus expenses.

Forecast Methodology

Urban Tax receipts are projected by utilizing two models, one for the Mortgage Recording Tax (MRT) and one for the Real Property Transfer Tax (RPTT). In these models, which are time-series regression models with a log-log specification, tax collections are a function of the ninety-day U.S. Treasury Bill rate and New York City private-sector employment.

2005 Final Estimate

The revenue projections for the 2005 Final Estimate include actual tax cash receipts to the MTA through October 2005. Forecasts for November and December are added to year-to-date actuals in order to obtain a 2005 estimate. For the Final Estimate, the 90-Day U.S. Treasury Bill rate is estimated to be 3.1%, and New York City private-sector employment is expected to grow by 1.3% over the 2004 employment level.

Urban Tax receipts on a cash basis are estimated at \$520.1 million, an increase of \$197.6 million, or 61.3%, over the 2004 level. This reflects continued strong real estate activity, primarily fueled by lower than anticipated interest rates. Real estate transaction activities were expected to slow as interest rates increased during 2005. Conversely, interest rates remained low – yet the specter of higher interest rates was ever present – and activity remained at or near record high levels. The expectation of higher interest rates was based on actions taken, and expected to be taken, by the Federal Reserve Board of Governors. In an effort to contain and control inflation as the U.S. economy emerged from the recent recession, the Fed began raising the Federal Funds Rate on June 30, 2004 from 1.00% to 1.25%. This increase has been followed by eleven further rate increases, and with the November 1 rate increase, the Federal Funds rate reached 4.0%. Economists, including the MTA's economic consultant Global Insight, expect the Fed to continue increasing the Federal Funds Rate in the months to come.

2006 - 2009

While the Federal Funds Rate has increased, short-term and long-term interest rates have not maintained their historic relationship with the Federal Funds Rate and have not increased sufficiently to dampen real estate transaction activity. Recently, both short-

term and long-term rates have begun moving higher and with continued Fed rate increases projected by economists, real estate activity is expected to slow down rather quickly. During the forecast period, the 90-Day U.S. Treasury Bill rate is expected to increase to: 4.3% in 2006; 4.5% in 2007; 4.7% in 2008; and, 4.9% in 2009. New York City private-sector employment is projected to grow by 1.3% in 2006, 1.0% in 2007, 0.9% in 2008 and 0.6% in 2009.

The Plan forecasts for 2006 through 2009 reflect this assumption. Over the Financial Plan period, Urban Tax receipts are forecast to be \$325.1 million in 2006, \$353.8 million in 2007, \$369.7 million in 2008 and \$378.5 million in 2009.

STATE AND LOCAL SUBSIDIES

State and Local Subsidies consist of New York State and Local Section 18-B Operating Assistance, Nassau County Subsidy, Station Maintenance and Connecticut Department of Transportation (CDOT) Subsidy to Metro-North Railroad. In addition the Commuter Railroads' subsidies include additional Mass Transit Assistance Program (AMTAP) aid, appropriated by the State and an operating capital transfer scheduled to be made in 2006.

New York State 18-b Operating Assistance is direct State aid to the MTA appropriated by the State Legislature on an annual basis. Each County in the MTA Transportation District is required by the transportation law to match the State amounts by making quarterly payments of Local 18-b Operating Assistance to the MTA. Beginning in 1994, the State earmarked a portion of the dedicated taxes to fund the State's obligations for 18-b payments.

Nassau County subsidies include of Nassau County's payment obligations to cover LIB's operating deficit. Nassau's Local 18-b match for LIB is also included in the Nassau County subsidy.

Connecticut Department of Transportation (CDOT) subsidy payments are made to Metro-North Railroad as reimbursement for expenses associated with commuter train operations by Metro-North in the State of Connecticut.

Station Maintenance subsidy is paid by the City and each of the seven counties in the MTA region for the operation, maintenance and use of Commuter System passenger stations within the City and each of the counties. Station Maintenance base amounts were established in 1999 and are subject to CPI (Consumer Price Index) adjustment each year thereafter.

2005 Final Estimate

In the 2005 Final Estimate, State and Local cash subsidy receipts are estimated at \$611.2 million, an increase of \$38.0 million over the 2004 level. This change was primarily due to receipt of an AMTAP payment for the commuter railroads that was not part of the prior year's receipts.

State and Local 18-b Operating Assistance to MTA has not changed in the last 15 years.

2006 Final Proposed Budget

In 2006, State and Local subsidy, on a cash basis, is estimated at \$575.4 million, an increase of \$0.4 million over the December 2005 level. The change reflects

minor technical adjustments for Connecticut Department of Transportation subsidy to Metro-North due to the incorporation of service enhancements, 2006 PEGs and minor technical adjustments to the Metro-North Budget.

2007 - 2009

In 2007, 2008 and 2009, State and Local subsidy estimates are \$14.1 million, \$13.0 million and \$17.9 million above the prior years' level, respectively. The changes primarily represent reforecast of CDOT and Station Maintenance. In each of the years 2007, 2008 and 2009, minor technical adjustments to CDOT subsidies resulted in CDOT levels that were \$0.2 million, \$0.7 million and \$1.1 million below the December 2005 forecast, respectively.

Commuter Operating Capital Transfer – 2006

In January 2004, the MTA Board authorized the exercise of a M-7 car option to permit Metro-North to accelerate the purchase of 120 additional cars. Included in the action was a provision for the Metro-North Operating Budget to transfer savings of \$10 million to the capital program. Metro-North's financial plan included the requisite \$10 million savings in 2004. Since this resulted in \$10 million of commuter rail subsidy savings, a commensurate operating capital transfer is included as a reduction to 2006 commuter rail subsidies. The car purchase payment schedule will require the transfer in that year.

MTA SUBSIDY TO SUBSIDIARIES

In the 2005 Final Estimate, total estimated MTA subsidy payment to its subsidiaries on a cash basis is \$31.5 million. Staten Island Railroad's (SIR) share is \$17.5 million; Long Island Bus' (LIB) share is \$14.0 million.

SIR's share reflects amounts needed to cover the operating deficit after all other subsidies and operating revenues are allocated.

In 2006, the forecast for MTA subsidy payment to LIB and SIR on a cash basis is \$32.3 million.

For each of the years 2007 through 2009, MTA subsidy to its subsidiaries is \$32.8 million, \$33.7 million and \$34.9 million respectively. The Long Island Bus portion remains at \$14.0 million in each year.

MTA New York City Transit Subsidy Allocation
2005-2009
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assist. (MMTOA)	615.1	808.5	838.1	810.5	832.7
Petroleum Business Tax (PBT) Receipts	467.9	525.3	539.0	541.6	544.0
Mortgage Recording Tax (MRT)	329.1	26.5	41.1	34.6	16.8
Urban Tax	520.1	325.1	353.8	369.7	378.5
	\$1,932.2	\$1,685.4	\$1,771.9	\$1,756.3	\$1,772.1
<i>State and Local Subsidies</i>					
State Operating Assistance	158.2	158.2	158.2	158.2	158.2
Local Operating Assistance	158.2	158.2	158.2	158.2	158.2
	\$316.4	\$316.4	\$316.4	\$316.4	\$316.4
Total Dedicated Taxes & State and Local Subsidies	\$2,248.6	\$2,001.8	\$2,088.3	\$2,072.7	\$2,088.4
<i>Inter-agency Subsidy Transactions</i>					
Bridges and Tunnels Operating Surplus Transfer	207.3	160.5	144.3	134.9	120.4
MTA Subsidy to Subsidiaries	0.0	0.0	0.0	0.0	0.0
	\$207.3	\$160.5	\$144.3	\$134.9	\$120.4
GROSS SUBSIDIES	\$2,455.9	\$2,162.3	\$2,232.6	\$2,207.6	\$2,208.8

MTA Commuter Railroad Subsidy Allocation
2005-2009
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	329.7	422.7	436.1	426.2	436.3
Petroleum Business Tax (PBT) Receipts	79.6	89.4	91.7	92.1	92.6
Mortgage Recording Tax (MRT)	122.5	4.7	7.2	6.1	3.0
Investment Income	6.3	12.6	15.5	17.0	21.3
	\$538.0	\$529.4	\$550.6	\$541.4	\$553.2
<i>State and Local Subsidies</i>					
State Operating Assistance	29.3	29.3	29.3	29.3	29.3
Local Operating Assistance	29.7	29.3	29.3	29.3	29.3
CDOT Subsidy	52.1	52.1	62.1	70.7	83.9
Station Maintenance	130.4	134.0	137.4	141.4	145.8
AMTAP	38.9	0.0	0.0	0.0	0.0
	\$280.4	\$244.6	\$258.0	\$270.6	\$288.1
Commuter Operating Capital Transfer - MNR M-7 Acceleration	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$818.4	\$764.0	\$808.6	\$812.1	\$841.3
<i>Inter-agency Subsidy Transactions</i>					
Bridges and Tunnels Operating Surplus Transfer	308.5	260.6	247.5	238.3	223.8
GROSS SUBSIDIES	\$1,127.0	\$1,024.5	\$1,056.1	\$1,050.4	\$1,065.1

MTA Staten Island Railway Subsidy Allocation
2005-2009
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	1.9	2.5	2.6	2.5	2.6
Mortgage Recording Tax (MRT)	0.3	0.0	0.0	0.0	0.0
	\$2.2	\$2.5	\$2.6	\$2.5	\$2.6
<i>State and Local Subsidies</i>					
State Operating Assistance	0.5	0.5	0.5	0.5	0.5
Local Operating Assistance	0.5	0.5	0.5	0.5	0.5
	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Total Dedicated Taxes & State and Local Subsidies	\$3.2	\$3.5	\$3.6	\$3.5	\$3.6
<i>Inter-agency Subsidy Transactions</i>					
MTA Subsidy to Subsidiaries	17.5	18.3	18.8	19.7	20.9
GROSS SUBSIDIES	\$20.7	\$21.8	\$22.4	\$23.2	\$24.5

MTA Long Island Bus Subsidy Allocation
2005-2009
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
MMTOA Allocation	36.3	41.9	41.5	42.6	43.6
	36.3	41.9	41.5	42.6	43.6
<i>State and Local Subsidies</i>					
State Operating Assistance	3.0	3.0	3.0	3.0	3.0
Nassau County Subsidy	10.5	10.5	10.5	10.5	10.5
	13.5	13.5	13.5	13.5	13.5
Total Dedicated Taxes & State and Local Subsidies	49.8	55.4	55.0	56.1	57.1
<i>Inter-agency Subsidy Transactions</i>					
MTA Subsidy to Subsidiaries	14.0	14.0	14.0	14.0	14.0
GROSS SUBSIDIES	\$63.8	\$69.4	\$69.0	\$70.1	\$71.1

MTA Headquarters Subsidy Allocation
2005 - 2009
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
<u>Mortgage Recording Tax</u>					
Net Receipts After Agency Transfers	275.3	401.7	395.4	399.9	408.6
<u>Adjustments</u>					
Funding of General Reserve	0.0	(75.0)	(75.0)	(75.0)	(75.0)
Diversion of MRT to Suburban Counties	(37.8)	(27.4)	(16.0)	(16.4)	(16.3)
Carryover/Opening Balances/Interest	58.8	0.0	0.0	0.0	0.0
Agency Security Costs from MRT	(22.9)	(14.5)	(14.5)	(14.5)	(14.5)
<i>Total Adjustments</i>	(1.9)	(116.9)	(105.5)	(105.9)	(105.8)
Net Funding of MTA Headquarters	\$273.4	\$284.8	\$289.9	\$294.0	\$302.8

MTA BRIDGES & TUNNELS
SURPLUS TRANSFER
2005 -2009
(\$ in millions)

NON-REIMBURSABLE

FORECAST

2005

2006

2007

2008

2009

Deductions from Net Operating Income:

Investment Income	\$2.320	\$2.506	\$2.598	\$2.703	\$2.813
Total Debt Service	397.644	457.624	475.028	491.588	509.318
Construction Reserve and Capital Reimbursement Funds	14.402	14.693	14.943	15.221	15.539
Capital Projects	10.099	10.991	11.178	11.386	11.624
Gain on Escrow (2003 Only)	-	-	-	-	-

Total Deductions from Net Operating Income	\$424.465	\$485.814	\$503.747	\$520.898	\$539.294
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Net Income Available for Transfer to MTA and NYCT	\$483.761	\$414.142	\$389.320	\$371.433	\$341.159
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Distribution of Funds to MTA:

Investment Income in Current Year	\$2.320	\$2.506	\$2.598	\$2.703	\$2.813
Accrued Current Year Allocation	284.969	257.873	246.340	237.402	222.259

Total Accrued Amount Distributed to MTA	\$287.289	\$260.379	\$248.938	\$240.105	\$225.072
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Distribution of Funds to NYCT:

First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000
Additional Accrued Current Year Allocation	174.793	132.269	118.980	110.030	94.900

Total Accrued Amount Distributed to NYCT	\$198.793	\$156.269	\$142.980	\$134.030	\$118.900
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Actual Cash Transfer to MTA and NYCT:

From Current Year Surplus	\$308.523	\$260.583	\$247.493	\$238.296	\$223.773
Investment Income in Prior Year	1.368	2.320	2.506	2.598	2.703

Total Cash Amount Distributed to MTA	\$309.891	\$262.903	\$249.999	\$240.894	\$226.476
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Total Cash Amount Distributed to NYCT	\$207.296	\$160.521	\$144.309	\$134.925	\$120.413
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	FORECAST				
	2005	2006	2007	2008	2009
<u>Debt Service Detail by Agency:</u>					
B&T Own Purpose DS + Total BICs DS	\$111.127	\$130.986	\$143.830	\$160.361	\$178.125
NYCT Transportation DS + MRT Second Resolution DS	198.346	226.121	229.279	229.299	229.276
MTA Transportation DS + MRT Second Resolution DS	88.170	100.517	101.919	101.927	101.917
Total Debt Service by Agency	\$397.644	\$457.624	\$475.028	\$491.588	\$509.318

Total Accrued Amount for Transfer to MTA and NYCT:

Total Adjusted Net Income Available for Transfer	\$881.405	\$871.766	\$864.348	\$863.020	\$850.477
Less: B&T Total Debt Service	(111.127)	(130.986)	(143.830)	(160.361)	(178.125)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)
Remainder of Total Accrued Amount for Transfer	\$746.278	\$716.780	\$696.517	\$678.659	\$648.352

Calculation of Actual Cash Transfer to MTA:

Distribution of Remainder to MTA					
Fifty Percent of Total Accrued Amount for Transfer	\$373.139	\$358.390	\$348.259	\$339.330	\$324.176
Less: MTA Total Debt Service	(88.170)	(100.517)	(101.919)	(101.927)	(101.917)
MTA's Accrued Current Year Allocation	\$284.969	\$257.873	\$246.340	\$237.402	\$222.259
Cash Conversion of MTA's Accrued Amount					
Current Year Amount	\$256.472	\$232.086	\$221.706	\$213.662	\$200.033
Balance of Prior Year	52.051	28.497	25.787	24.634	23.740
Cash Transfer to MTA	\$308.523	\$260.583	\$247.493	\$238.296	\$223.773

Calculation of Actual Cash Transfer to NYCT:

Distribution of Remainder to NYCT					
Fifty Percent of Total Accrued Amount for Transfer	\$373.139	\$358.390	\$348.259	\$339.330	\$324.176
Less: NYCT Total Debt Service	(198.346)	(226.121)	(229.279)	(229.299)	(229.276)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000	24.000	24.000
NYCT's Accrued Current Year Allocation	\$198.793	\$156.269	\$142.980	\$134.030	\$118.900
Cash Conversion of NYCT's Accrued Amount					
Current Year Amount	\$178.913	\$140.642	\$128.682	\$120.627	\$107.010
Balance of Prior Year	28.382	19.879	15.627	14.298	13.403
Cash Transfer to NYCT	\$207.296	\$160.521	\$144.309	\$134.925	\$120.413

B & T Charged Debt Service Detail by Type:

Project Debt Service					
B & T Own Purpose Debt Service	\$111.127	\$130.986	\$143.830	\$160.361	\$178.125
NYCT Transportation Project Debt Service	198.346	226.121	229.279	229.299	229.276
MTA Transportation Project Debt Service	88.170	100.517	101.919	101.927	101.917
Total Project Debt Service	\$397.644	\$457.624	\$475.028	\$491.588	\$509.318

Debt Service

Debt Service in the Financial Plan

The following table reflects debt service projections for 2005 through 2009 associated with approved Capital Programs, including the recently approved five-year capital program for the 2005–2009 period. The table lists all MTA and TBTA debt service excluding State Service Contract and Convention Center debt service which is fully paid by New York State, as detailed in this February 2006 Financial Plan.

Debt Service Forecast (\$ in millions)	
Year	February 2006 Plan Debt Service
2006	1,340.1
2007	1,485.4
2008	1,631.1
2009	<u>1,816.5</u>
Total:	\$6,273.1

The following is a summary of the key assumptions used to determine new money debt service projections.

Debt Issuance Assumptions:

Forecasted Borrowing Schedule	2006	2007	2008	2009
New Money Bonds (\$ in millions)	2,279	1,906	2,676	3,197
Assumed Fixed-Rates				
Transportation Revenue Bonds	4.81%	4.89%	4.96%	5.02%
Dedicated Tax Fund Bonds	4.69%	4.76%	4.84%	4.89%
Triborough Bridge & Tunnel Authority	4.69%	4.76%	4.84%	4.89%
Assumed Variable Rates ⁽¹⁾	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates ⁽²⁾				
Transportation Revenue Bonds	4.61%	4.67%	4.72%	4.77%
Dedicated Tax Fund Bonds	4.52%	4.57%	4.63%	4.67%
Triborough Bridge & Tunnel Authority	4.52%	4.57%	4.63%	4.67%

(1) Long term assumption for new money debt; existing variable rate debt service assumed at 3.5% for 2006.

(2) Weighted Average of fixed and variable forecasted rates (see below for explanation)

- All debt is assumed to be issued as 30-year level debt, principal amortized over the life of the bonds.
- Prevailing fixed-rate estimates derived from prevailing Fair Market Yield Curves for A- and AA- Transportation issuers using Bloomberg Information Service. Financial Plan years 2006 – 2009 derived by applying changes in U.S. Municipal Forward Curves to prevailing transportation fixed rates.
- Split of fixed-rate debt versus variable rate debt each year is 75% / 25%.
- New bond issues calculated interest rate at time of issuance use weighted average of fixed and variable assumptions (actual fixed-rates in table above assumed for fixed-rate bonds).
- Cost of issuance is 2% of gross bonding amount.
- New money bonds for currently approved transit and commuter projects assumed issued 25% under the DTF credit and 75% under the Transportation credit.
- All bonds issued to finance TBTA capital projects issued under the TBTA General Revenue Resolution.

Metropolitan Transportation Authority
February Financial Plan 2006 - 2009
Summary of Total Budgeted Debt Service
(\$ in millions)

Line Number		FORECAST				
		2005	2006	2007	2008	2009
9	<u>New York City Transit:</u>					
10						
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$242.569	\$344.531	\$298.755	\$298.611	\$298.772
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	2.622	13.746	98.274	168.165	263.133
13	2 Broadway Certificates of Participation - NYCT Lease Portion	23.133	17.516	17.518	19.221	19.226
14	2 Broadway Certificates of Participation - Additional NYCT Share of MTA Lease Portion	2.453	1.759	1.759	1.931	1.931
15	Transportation Resolution Commercial Paper	11.045	11.292	30.694	30.694	30.694
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	162.724	170.763	173.995	174.089	174.232
17	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>9.001</u>	<u>27.214</u>	<u>50.253</u>	<u>81.557</u>
18	Sub-Total MTA Paid Debt Service	\$444.546	\$568.609	\$648.211	\$742.964	\$869.546
19						
20	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$124.404	\$141.794	\$143.621	\$143.548	\$143.581
21	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>73.943</u>	<u>84.328</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>
22	Sub-Total B&T Paid Debt Service	\$198.346	\$226.121	\$229.279	\$229.299	\$229.276
23						
24						
25	Total NYCT Debt Service	\$642.892	\$794.730	\$877.489	\$972.263	\$1,098.822
26						
27	<u>Commuter Railroads:</u>					
28						
29	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$154.719	\$248.624	\$221.708	\$221.600	\$221.720
30	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	2.800	19.493	73.462	99.453	135.653
31	Transportation Resolution Commercial Paper	6.494	5.403	14.685	14.685	14.685
32	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	32.046	32.965	33.588	33.607	33.634
33	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>7.415</u>	<u>18.682</u>	<u>27.250</u>	<u>31.966</u>
34	Sub-Total MTA Paid Debt Service	\$196.060	\$313.899	\$362.125	\$396.595	\$437.659
35						
36	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$55.683	\$63.467	\$64.285	\$64.252	\$64.267
37	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>32.487</u>	<u>37.050</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>
38	Sub-Total B&T Paid Debt Service	\$88.170	\$100.517	\$101.919	\$101.927	\$101.917
39						
40	Total CRR Debt Service	\$284.230	\$414.416	\$464.044	\$498.523	\$539.576
41						
42	<u>Bridges and Tunnels:</u>					
43						
44	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$73.487	\$87.006	\$88.127	\$88.083	\$88.103
45	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	29.209	33.311	33.836	33.873	33.851
46	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	4.448	15.645	31.578	49.342
47	2 Broadway Certificates of Participation - TBTA Lease Portion	3.417	2.626	2.626	2.882	2.883
48	2 Broadway Certificates of Participation - Additional TBTA Share of MTA Lease Portion	5.014	3.595	3.595	3.945	3.946
49						
50	Total Debt Service	\$111.127	\$130.986	\$143.830	\$160.361	\$178.125
51						
52	<u>MTA Total:</u>					
53						
54	Budgeted Gross Debt Service for Existing Bonds	\$981.270	\$1,243.838	\$1,181.207	\$1,181.089	\$1,181.506
55	2 Broadway Certificates of Participation	34.017	25.496	25.500	27.979	27.986
56	Transportation Resolution Commercial Paper	17.539	16.695	45.380	45.380	45.380
57	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	5.423	33.239	171.737	267.618	398.787
58	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	16.416	45.895	77.503	113.522
59	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	4.448	15.645	31.578	49.342
60						
61	Total Debt Service	\$1,038.249	\$1,340.132	\$1,485.364	\$1,631.147	\$1,816.523

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Debt Service Affordability Statement

MTA 2006 - 2009 Financial Plan

Debt Affordability Statement

\$ in millions

Forecasted Debt Service and Borrowing Schedule	Notes	2005	2006	2007	2008	2009
Combined MTA/TBTA Forecasted Debt Service Schedule	1, 2, 3	1,004.2	1,314.6	1,459.9	1,603.2	1,788.5
Forecasted New Money Bonds Issued	4	526.8	2,279.3	1,905.7	2,675.7	3,197.4

Forecasted Debt Service by Credit	Notes	2005	2006	2007	2008	2009
Transportation Revenue Bonds						
Pledged Revenues	5	\$7,368.5	\$7,037.9	\$7,154.7	\$7,145.3	\$7,155.8
Debt Service	9, 10	420.2	643.1	737.6	833.2	964.7
Debt Service as a % of Pledged Revenues		6%	9%	10%	12%	13%
Dedicated Tax Fund Bonds						
Pledged Revenues	6	\$547.5	\$614.6	\$630.7	\$633.7	\$636.6
Debt Service	10	194.8	220.1	253.5	285.2	321.4
Debt Service as a % of Pledged Revenues		36%	36%	40%	45%	50%
Triborough Bridge and Tunnel Authority General Revenue Bonds						
Pledged Revenues	7	\$908.2	\$900.0	\$893.1	\$892.3	\$880.5
Debt Service	10	253.6	296.7	311.7	327.5	345.3
Debt Service as a % of Total Pledged Revenues		28%	33%	35%	37%	39%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds						
Pledged Revenues	8	\$654.7	\$603.2	\$581.4	\$564.9	\$535.2
Debt Service	10	135.6	154.7	157.1	157.3	157.2
Debt Service as a % of Total Pledged Revenues		21%	26%	27%	28%	29%

Cumulative Debt Service (Excluding State Service Contract Bonds)	Notes	2005	2006	2007	2008	2009
Total Debt Service		\$1,004.2	\$1,314.6	\$1,459.9	\$1,603.2	\$1,788.5
Operating Revenues and Subsidies		8,649.2	8,601.2	8,795.7	8,850.6	8,943.6
Total Debt Service as a % of Operating Revenues and Subsidies		12%	15%	17%	18%	20%
Fare and Toll Revenues		4,830.4	4,972.3	5,018.4	5,068.6	5,092.9
Total Debt Service as a % of Fare and Toll Revenue		21%	26%	29%	32%	35%
Non-reimbursable expenses		8,703.2	9,326.4	9,745.2	10,202.5	10,673.6
Total Debt Service as % of Non-reimbursable expenses		12%	14%	15%	16%	17%

Notes

- 1** Unhedged tax-exempt variable rate debt reflect assumed interest rates of 3.00% for remainder of 2005 (2005 estimates based on actuals for first nine months), 3.5% for 2006 and 4.00% for the remaining life of bonds.
- 2** Synthetic fixed-rate debt assumed at swap rate.
- 3** Total debt service excludes COPS lease payments, and includes effect of debt service prepayments made in 2005.
- 4** New money bonds amortized as 30-year level debt. Assumes an increase in the MTA/TBTA bond cap by the State Legislature in conjunction with the 2005-09 Capital Program. New debt issued assumed 75% fixed-rate and 25% variable rate.
- 5** Transportation Revenue Bonds pledged revenues consist generally of the following: fares and other miscellaneous revenues from the transit and commuter systems, including advertising, rental income and certain concession revenues (not including Grand Central Terminal and Penn Station); revenues from the distribution to the transit and commuter system of TBTA surplus; State and local general operating subsidies; special tax-supported operating subsidies after the payment of debt service on the MTA Dedicated Tax Fund Bonds; New York City urban tax for transit; station maintenance and service reimbursements; and revenues from the investment of capital program funds. Pledged revenues secure Transportation Revenue Bonds before the payment of operating and maintenance expenses.
- 6** Dedicated Tax Fund pledged revenues consist generally of the following: petroleum business tax, motor fuel tax and motor vehicle fees deposited into the Dedicated Mass Transportation Trust Fund for the benefit of the MTA; and the petroleum business tax, district sales tax, franchise taxes and temporary franchise surcharges deposited into the Metropolitan Mass Transportation Operating Assistance Account for the benefit of the MTA. Thereafter, such payments are available to pay debt service on the MTA Transportation Revenue Bonds, and then any remaining amounts are available to be used to meet operating costs of the transit system, the commuter system, and SIRTOA.
- 7** Triborough Bridge and Tunnel Authority General Revenue Bond pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels. Pledged revenues secure TBTA General Revenue Bonds after the payment of TBTA operating and maintenance expenses, including certain reserves.
- 8** Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue Bonds.
- 9** Transportation Revenue debt service includes effect of prepayments of debt service in 2005
- 10** Debt service schedules for each credit are attached as addendum hereto.

Special Notes

- 1** Debt service estimates reflect a Financial Plan assumption of \$9.3 billion of bonds as a funding source for the 2005-2009 Capital Programs. \$3 billion of bonding for Transit and Commuter projects is expected under the existing Transportation Revenue credit, \$1.2 billion for Bridge & Tunnel Projects will be done under the TBTA credits, and the remaining \$5.1 billion will be associated with new augmented fees and taxes authorized in the New York State budget.
- 2** Pledged revenues as discussed in above notes 5, 7, and 8 do not include proposed post-2006 PEGs or 2007 and 2009 fare/toll increases.

Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)
Total Budgeted Annual Debt Service
All Issuance to October 2005 (\$ in millions)

Fiscal Year	Transportation Revenue Resolution			Dedicated Tax Fund Resolution			TBTA General Revenue Resolution			TBTA Subordinate Resolution			MTA and TBTA Debt Service		
	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined
2005	414.8	5.4	420.2	194.8	-	194.8	253.6	-	253.6	135.6	-	135.6	998.8	5.4	1,004.2
2006	560.8	82.3	643.1	203.7	16.4	220.1	292.3	4.4	296.7	154.7	-	154.7	1,211.4	103.2	1,314.6
2007	565.8	171.7	737.6	207.6	45.9	253.5	296.0	15.6	311.7	157.1	-	157.1	1,226.6	233.3	1,459.9
2008	565.6	267.6	833.2	207.7	77.5	285.2	295.9	31.6	327.5	157.3	-	157.3	1,226.5	376.7	1,603.2
2009	565.9	398.8	964.7	207.9	113.5	321.4	296.0	49.3	345.3	157.2	-	157.2	1,226.9	561.7	1,788.5
2010	565.5	524.2	1,089.6	207.7	147.6	355.3	296.0	64.7	360.7	157.1	-	157.1	1,226.3	736.5	1,962.8
2011	565.7	593.0	1,158.7	207.9	170.3	378.3	294.9	77.3	372.2	157.3	-	157.3	1,225.8	840.6	2,066.4
2012	564.9	611.4	1,176.4	207.7	176.4	384.1	294.8	87.1	381.8	157.7	-	157.7	1,225.1	874.9	2,100.0
2013	566.1	611.4	1,177.6	209.6	176.4	386.0	295.6	92.1	387.7	157.1	-	157.1	1,228.5	879.9	2,108.4
2014	565.6	611.4	1,177.1	207.8	176.4	384.2	294.6	93.1	387.7	157.1	-	157.1	1,225.1	880.9	2,106.0
2015	565.8	611.4	1,177.3	208.1	176.4	384.4	294.7	93.1	387.8	157.4	-	157.4	1,226.0	880.9	2,106.9
2016	565.5	611.4	1,177.0	208.1	176.4	384.5	294.4	93.1	387.4	157.2	-	157.2	1,225.2	880.9	2,106.1
2017	565.4	611.4	1,176.8	208.5	176.4	384.9	294.9	93.1	387.9	160.9	-	160.9	1,229.7	880.9	2,110.6
2018	565.9	611.4	1,177.4	211.3	176.4	387.7	294.6	93.1	387.7	159.7	-	159.7	1,231.5	880.9	2,112.5
2019	566.9	611.4	1,178.4	207.8	176.4	384.2	294.5	93.1	387.5	157.4	-	157.4	1,226.6	880.9	2,107.5
2020	566.0	611.4	1,177.4	210.1	176.4	386.5	294.8	93.1	387.9	157.1	-	157.1	1,228.0	880.9	2,108.9
2021	565.8	611.4	1,177.3	209.5	176.4	385.9	292.0	93.1	385.1	157.6	-	157.6	1,224.9	880.9	2,105.9
2022	564.5	611.4	1,176.0	206.7	176.4	383.1	294.7	93.1	387.7	157.5	-	157.5	1,223.3	880.9	2,104.2
2023	574.0	611.4	1,185.5	209.8	176.4	386.2	290.5	93.1	383.5	157.3	-	157.3	1,231.6	880.9	2,112.6
2024	574.1	611.4	1,185.6	209.7	176.4	386.1	294.6	93.1	387.7	157.7	-	157.7	1,236.2	880.9	2,117.1
2025	573.3	611.4	1,184.7	209.9	176.4	386.3	294.5	93.1	387.6	157.0	-	157.0	1,234.7	880.9	2,115.6
2026	573.4	611.4	1,184.8	209.9	176.4	386.3	293.1	93.1	386.2	157.3	-	157.3	1,233.8	880.9	2,114.7
2027	574.1	611.4	1,185.5	209.8	176.4	386.2	293.0	93.1	386.1	157.4	-	157.4	1,234.3	880.9	2,115.2
2028	574.1	611.4	1,185.5	210.1	176.4	386.5	294.7	93.1	387.8	157.5	-	157.5	1,236.3	880.9	2,117.3
2029	574.2	611.4	1,185.6	210.0	176.4	386.4	292.7	93.1	385.8	157.4	-	157.4	1,234.2	880.9	2,115.1
2030	574.2	611.4	1,185.6	210.0	176.4	386.4	294.7	93.1	387.8	157.4	-	157.4	1,236.2	880.9	2,117.2
2031	571.5	611.4	1,182.9	208.7	176.4	385.1	317.0	93.1	410.1	155.0	-	155.0	1,252.3	880.9	2,133.2
2032	474.7	611.4	1,086.1	190.6	176.4	367.0	235.1	93.1	328.2	122.9	-	122.9	1,023.3	880.9	1,904.3
2033	170.2	611.4	781.7	60.1	176.4	236.5	8.9	93.1	102.0	14.6	-	14.6	253.8	880.9	1,134.7
2034	165.4	611.4	776.9	19.0	176.4	195.4	8.9	93.1	102.0	12.2	-	12.2	205.5	880.9	1,086.4
2035	129.3	595.2	724.5	-	176.4	176.4	7.4	93.1	100.5	-	-	-	136.8	864.7	1,001.4
2036	-	529.1	529.1	-	160.0	160.0	-	88.6	88.6	-	-	-	-	777.7	777.7
2037	-	439.7	439.7	-	130.5	130.5	-	77.4	77.4	-	-	-	-	647.7	647.7
2038	-	343.8	343.8	-	98.9	98.9	-	61.5	61.5	-	-	-	-	504.2	504.2
2039	-	212.7	212.7	-	62.9	62.9	-	43.7	43.7	-	-	-	-	319.3	319.3
2040	-	87.3	87.3	-	28.8	28.8	-	28.4	28.4	-	-	-	-	144.4	144.4
2041	-	18.4	18.4	-	6.1	6.1	-	15.8	15.8	-	-	-	-	40.3	40.3
2042	-	-	-	-	-	-	-	6.0	6.0	-	-	-	-	6.0	6.0
2043	-	-	-	-	-	-	-	1.0	1.0	-	-	-	-	1.0	1.0
2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

Does not include debt service for State Service Contract Bonds and Convention Center Bonds, which is paid by NY State. Also excludes COPS lease payments.
Includes interest budgeted for Transportation Revenue Commercial Paper and debt service on bonds that will defease the CP in December 2005.

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Agency Baseline Assumptions

AGENCY BASELINE ASSUMPTIONS

This section describes those assumptions associated with the Baseline February Plan, including changes from December. The February Plan continues to use the following September 2005 Global Insight projections for the New York City region Consumer Price Index for All Urban Consumers (CPI-U): 2.77% in 2006; 2.56% in 2007; 2.91% in 2008; 3.07% in 2009.

The 2005 Baseline Net Cash Balance of \$1,062 million is \$18 million higher than the December Plan, reflecting the incorporation of the below-the-line 2006 Agency PEGs that commenced at the end of 2005. The Baseline Net Cash Balance is better than the December Plan in each subsequent year, as the incorporation of PEGs into the Baseline offset the higher costs associated with the incorporation of service enhancements into the Baseline as well as technical adjustments.

Note: Fare and Toll revenue are discussed in the Utilization section of this report.

OTHER OPERATING REVENUE

Other Revenue growth from 2005 through 2009 was influenced by a number of different factors including government reimbursements, fees and contractual and inflationary increases.

NYCT's reduction from 2005 to 2006 resulted mostly from a decline (from a very high level) in Paratransit Urban Tax revenue, which was based upon a very strong 2005 real estate market. NYCT's year-to-year increases from 2006 through 2009 are primarily NYC reimbursements that are limited contractually and serve to partially fund the annual growth in Paratransit expenses. LIRR's year-to-year growth is primarily due to contractual and inflationary increases. MNR's 2005 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1, 2006. These increases are offset by the delayed implementation of higher West of Hudson parking fees, which are scheduled to be implemented beginning in 2006. MNR plan-to-plan changes include the initiation of higher West of Hudson parking fees and contractually based increases in GCT tenant fees and advertising fees. B&T Other Revenue is estimated to decrease in 2008 primarily due to expected changes in allocation formulas among E-ZPass agencies. Headquarters year-to-year growth is primarily due to contractual and inflationary increases.

When compared with the December Plan, MTA Other Operating Revenue increased by \$12.0 million in 2005, \$12.6 million in 2006 and \$13.1 million in each year from 2007 to 2009 primarily due to the incorporation of the LIRR PEG relating to an anticipated increase in right of way leased line fees paid by Long Island Power Authority to the LIRR.

PAYROLL

Payroll expenses from 2006 through 2009 were influenced by a number of different factors including pattern settlement increases, Global Insight inflation assumptions, service enhancements, and PEGs.

Inflation assumptions used in the 2006 February Plan were derived from Global Insight. The All Urban Consumers (CPI-U) effective rates for the MTA Region were as follows: 2.77% in 2006, 2.56% in 2007, 2.91% in 2008 and 3.07% in 2009.

Plan-to-plan payroll expenses increased in each year from 2006 to 2009 by \$29.0 million, \$21.3 million, \$16.8 million, and \$15.8 million, respectively. These increases were primarily due to the incorporation of Service Enhancements into the baseline from 2006 through 2009 that include: NYCT deferring bus 100% seated load guidelines until

2007, NYCT and the commuter railroads adding car and station cleaning programs, LIRR and MNR adding train service, and the MTA providing additional K-9 teams and patrol presence by the MTA Police. These increases were partially offset by the absorption of the 2006 PEG Program into the baseline.

Technical adjustments incorporated into the February Plan from the December Budget had minimal impact on payroll expenses in 2006 to 2009.

Payroll Assumptions: 2006 Adopted Budget

In most cases, MTA Agencies reflect the Global Insight CPI rate in 2006 of 2.77%. Long Island Rail Road and Metro-North payroll increases also reflect pattern bargaining agreements (or pending) of 3.0% in 2006 for represented employees. In addition to inflation, B&T's increase contains contractual step-up increases and funding for new personnel to repair and maintain the centralized access and monitoring control system. MTAHQ's increase reflects the full-year impact of the MTA Police labor agreement and CPI-U adjustments provided by Global Insight. Payroll increases in NYCT, LI Bus, Staten Island Railway and Capital Construction primarily reflect Global Insight rate forecasts.

In 2006, NYC Transit, Long Island Rail Road, Metro-North Railroad and MTA Headquarters have additional labor expense increases primarily from service enhancements that are partially offset by PEG savings.

Payroll Assumptions: 2007 – 2009

MTA Agency payroll expenses in 2007 through 2009 primarily reflect CPI rate increases provided by Global Insight of 2.56% in 2007, 2.91% in 2008 and 3.07% in 2009.

NYCT payroll increases primarily reflect CPI-U adjustments provided by Global Insight. Additional increases at LIRR are related to headcount changes each year associated with new needs, changes in programs and Capital Program activity. Additional increases at MNR are due primarily to increased support for GCT security initiatives, improvements to systems and facilities, increased service levels and coverage on all lines, additional car cleaning staff, and additional administrative oversight and quality assurance functions in key operating areas. Payroll increases in B&T, LIB, HQ and SIR primarily reflect CPI-U adjustments provided by Global Insight, with B&T reflecting additional increases for contractual step-ups.

From 2007 to 2009, NYC Transit, Long Island Rail Road, Metro-North Railroad and MTA Headquarters have additional labor expense increases primarily from service enhancements that are partially offset by PEG savings.

OVERTIME

The February 2006 Plan uses the following Global Insight All Urban Consumers (CPI-U) rates: 2.77% in 2006, 2.56% in 2007, 2.91% in 2008 and 3.07% in 2009.

Overtime Assumptions: 2006

MTA Agency overtime expenses in 2006 primarily reflect CPI rate increases provided by Global Insight and changes in Capital Program activity. MTA consolidated overtime expenses are forecasted to be \$1.8 million or 0.6% higher than the December Plan due to additional increases at NYC Transit, Long Island Rail Road, Metro-North Railroad and MTA Headquarters are mostly related to service enhancements implemented by these Agencies.

Overtime Assumptions: 2007 – 2009

MTA Agency overtime expenses in 2007 through 2009 primarily reflect CPI rate increases provided by Global Insight and changes in Capital Program activity. MTA consolidated overtime expenses are forecasted to be higher than the December Plan by \$2.2 million, \$1.5 million, and \$1.6 million, respectively, from 2007 to 2009. Additional increases at NYC Transit, Long Island Rail Road, Metro-North Railroad and MTA Headquarters are mostly related to service enhancements implemented by these Agencies.

HEALTH & WELFARE

Year-to-year increases are primarily driven by an inflator of 9.3% consistent with the New York State Empire Plan's most recent report. MNR uses projected inflationary increases of 10.0% in 2006 through 2009.

The incorporation of the 2006 PEGs, technical adjustments and service enhancements into the baseline resulted in a net reduction in Health and Welfare expenses by approximately \$1.0 million in 2006 and \$4.0 million for each year from 2007 to 2009.

PENSIONS

MTA Consolidated Pensions February Financial Plan (\$ in millions)

	2005	2006	2007	2008	2009
Accrual					
Non-Reimbursable	\$646	\$737	\$755	\$760	\$758
Reimbursable	27	36	44	44	46
Total Accrual	673	773	799	804	804
Cash	\$502	\$704	\$776	\$787	\$789

The February Plan changes only slightly from the December Plan mainly due to the service enhancements.

Accrual Assumptions

The accrued pension expense increase from 2005 to 2006 is nearly \$100 million, of which over \$80 million is in the NYCERS Plan reflecting the continued amortization of the losses in the equities that resulted from the bear market of 2000 to 2002. The increase from 2006 to 2007 is approximately \$25 million, almost all of which is in the NYCERS Plan and continues to reflect the amortization of the losses in the equities. The changes from 2007 to 2008 and 2009 are very modest in large part because by that time all the NYCERS losses will have been amortized with the balance comprised of small adjustments throughout the other pension plans.

The Actuary for the New York City Retirement Systems has proposed a number of revisions to the actuarial assumptions used to calculate pension costs. A number of these revisions require the approval of the New York State Legislature before they can be implemented. At the present time, pension costs in the MTA financial plan are based on existing assumptions and do not reflect the revised assumptions.

Cash Assumptions

The significant change between cash and accrual in 2005 results from a number of factors. For the NYCERS Plan the accruals recognize liabilities sooner than the required cash payments. For the MaBSTOA and LIRR pension plans prior year payments reduce the cash needs in 2005. Recently enacted New York State legislation provided for a one-time cash benefit in 2004 by delaying a December payment until January for the NYSLRS plans. For 2006 to 2009 the differences between accrual and cash are far less significant.

ENERGY

Traction and Propulsion

MTA agencies receive electric power from the New York Power Authority (NYPA) within New York City and Westchester, from the Long Island Power Authority (LIPA) in Nassau and Suffolk Counties, from Connecticut Light & Power (CL&P) and other utilities in Connecticut, and from New York State Electric & Gas Corporation (NYSEG) in upstate New York. NYPA accounts for approximately 75% of the total MTA supply. NYCT gets 100% of its power from NYPA. LIRR and LIPA are negotiating a long term contract for power supply and other assets that is expected to be completed in 2006. On a year to year basis, NYPA, LIPA and CL&P electricity costs for 2006 through 2009 have remained consistent with previous inflator adjustments.

Natural gas prices climbed dramatically during 2005, especially after Hurricanes Katrina and Rita. However, although NYPA costs have increased, NYPA and its customers have taken steps to mitigate the impacts of these higher gas prices; approximately 1/3 of the supply is fixed price nuclear power; approximately 1/3 of the supply is lower than market price upstate power based on transmission contracts; and the final 1/3 are in City gas-run plants, which have excess capacity so that MTA benefits from these sales into the energy market.

The expense increase from 2005 to 2006 of \$17 million reflects a 5% increase on prices based on escalating rates for MNR and NYCT as well as the incorporation of the net effect of new car procurements and retirements for years 2006 through 2009 for MNR and LIRR. For 2007 through 2009, electricity costs have remained consistent with previous inflator adjustments, but at the higher 2006 base.

On a plan-to-plan basis, the incorporation of service enhancements by LIRR and MNR into the baseline for 2006 through 2009 results in an increase of \$2.0 million in 2006, \$2.3 million in 2007, \$2.3 million in 2008, and \$2.4 million in 2009 in Traction and Propulsion.

Fuel for Buses and Trains

Fuel prices have risen throughout the year, especially after the hurricanes. The average price for a gallon of diesel went from \$1.35 at the beginning of 2005 to \$1.68 by July, and to \$2.16 following Katrina. As a result, the Agencies have had to substantially increase their budgets. Expenses in 2006 reflect these higher fuel costs compared to 2005. In years 2007 through 2009, inflator adjustments result in cost decreases in the outer years.

On a plan-to-plan basis, expenses for Fuel for Buses and Trains increase slightly in 2006, but decrease in years 2007 through 2009. This is largely due to the incorporation of a PEG at NYCT that aims to reduce fuel expenses by increasing the fleet of hybrid

electric buses to 1,075 by 2010. Hybrid buses achieve better fuel efficiency than diesel and CNG buses. This PEG is projected to generate savings of approximately more than 10 million gallons of fuel over the 2005-2009 period. The expense savings associated with this PEG are \$1.2 million, \$1.9 million, \$2.8 million, and \$4.4 million for years 2006 through 2009, respectively. Partially offsetting these savings are slight increases in fuel expenses for LIRR and MNR associated with the incorporation of service enhancements into the February Plan.

INSURANCE

Insurance expenses increase each year of the plan. The 2005 Final Estimate is \$28 million, the 2006 Adopted Budget is \$39 million and the forecasts for 2007 through 2009 are \$43 million, \$47 million and \$52 million, respectively. Year-to-year increases are primarily driven by a growth rate of approximately 10% per annum based on an assessment of market conditions made by MTA's Risk Management Department. In 2006 an \$8 million reserve was established in the MTA HQ budget as a provision for potential premium increases that might occur as a result of insurance industry losses due to 2005's hurricane activity. The \$8 million figure was determined during the Fall as premium renewals were being discussed. This reserve is also inflated by 10%.

The First Mutual Transportation Assurance Company (FMTAC) is incorporated into MTA consolidated financials. Increases in Insurance premiums paid by MTA Agencies to FMTAC are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines. These premiums are recorded on FMTAC's financial statements as credits to insurance expenses

CLAIMS

Claims expenses increase each year of the plan. The 2005 Final Estimate is \$141 million, the 2006 Adopted Budget is \$148 million and the forecasts for 2007 through 2009 are \$152 million, \$157 million and \$162 million, respectively. Year-to-year changes are primarily driven by inflation assumptions.

The incorporation of a NYCT PEG relating to the No-Fault Loss Transfer Program is reducing claims expenses by \$0.3 million for each year from 2006 to 2009.

MAINTENANCE AND OTHER OPERATING CONTRACTS

On a year-to-year basis, Maintenance and Other Operating Contracts expenses increase \$21 million in 2006 from 2005 primarily due to an increase of \$18 million at NYCT and a \$7 million reallocation of security expenses at MTAHQ. The bulk of NYCT's increase is made up of power and heating fuel inflation, shop and facility maintenance, compressor and HVAC maintenance, and a new refuse removal contract.

Changes for 2006 through 2009 generally reflect inflators provided by Global Insight and are also impacted by non-propulsion energy price increases.

On a plan-to-plan basis, Maintenance and Other Operating Contracts expenses decrease a little less than \$1 million in each year for years 2006 through 2009. NYCT contributed approximately \$6.0 million to the decrease in each year due to a reclassification of expenses. Partially offsetting these savings was an increase in expenses at LIB of approximately \$3.9 million in each year also due to a reclassification of expenses. Additionally, B&T contributed approximately \$1.1 million in each year due to a reclassification of expenses from Professional Service Contracts to Maintenance and Other Operating Contracts. On a year-to-year basis, inflators were applied.

PROFESSIONAL SERVICE CONTRACTS

Professional Service Contracts decreased by \$18.0 million in 2006 from 2005. This was due to reclassification adjustments at MTAHQ to other business expenses and a switch in security funding. In 2006, NYCT had a decrease of \$4.7 million in their expenses due primarily to Data Processing outsourcing transitional costs not recurring in 2006. The LIRR had a decrease in expenses in each of the years from 2006 through 2009, primarily due to nonrecurring expenses incidental to project work. MNR's expenses increased in 2006 by \$1.6 million due primarily to the restoration of a 2005 reduction for MTA Police service charges for the New Haven line.

Increases in Professional Service Contracts for all agencies for 2006 through 2009 are inflated primarily by Global Insight's Regional CPU forecasts.

The incorporation of the 2006 PEGs, technical adjustments and service enhancements into the baseline reduces Professional Service Contracts expenses by approximately \$2.0 million for each year from 2006 to 2009.

MATERIAL & SUPPLIES

Materials and Supplies costs increased by \$12.0 million in 2006 over 2005. The LIRR's increase of \$6.3 million over 2005 is primarily due to Maintenance of Equipment material needs associated with changes in the Life Cycle Maintenance program and an increased fleet size. These LIRR costs increase in the outer years as well, and are primarily responsible for the MTA's overall growth in this category. MTAHQ's expense decreases in 2006 by \$2.1 million from 2005, due to an expense reclassification. B&T's expenses increase by \$4.9 million in 2006 due primarily to E-ZPass tag purchases, and decrease in 2007 by \$10.4 million due to completion of the E-ZPass tag replacement program. Expenses in 2008 increase by \$2.8 million due to the estimated inventory flows required to meet tag needs associated with new and existing accounts.

All-Agency increases in Material and Supplies for 2006 through 2009 are inflated primarily by Global Insight's Regional CPI-U forecasts.

The incorporation of the 2006 PEGs, technical adjustments and service enhancements into the baseline resulted in a net reduction of Materials and Supplies expenses by approximately \$2.0 million for each year from 2006, 2008 and 2009, respectively. There is an increase in 2007 of \$2.0 million.

OTHER BUSINESS EXPENSES

Other Business Expenses increased by \$43.0 million in 2006 over 2005. This was due to reclassification adjustments at MTAHQ from Maintenance and Other Operating Contracts, Professional Services and Materials and Supplies. MTA Long Island Railroad favorable expense changes of \$3.0 million in 2006 are in part due to changes in credit/debit authorization fees.

Increases in Other Business Expenses in 2005-2009 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight.

The incorporation of the 2006 PEGs, technical adjustments and service enhancements into the baseline reduces Other Business Expenses by approximately \$5.0 million, \$4.0 million, \$5.0 million and \$6.0 million, in years 2006 through 2009, respectively.

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Positions (Headcount)

POSITIONS (Headcount)

2006 Adopted Budget

MTA consolidated positions of 64,921 are 1,108 higher than the 2005 Final Estimate (740 Non-Reimbursable and 368 Reimbursable). Total positions increase by 615 at NYCT, 258 at the LIRR, 125 at MNR, 32 at MTA HQ and 79 at MTA CC, while positions decrease by 1 at B&T.

Total 2006 positions are also 610 higher than the December Plan (58,017 Non-Reimbursable and 6,904 Reimbursable). Positions increase by 535 at NYCT, 45 at MNR, 25 at MTA HQ and 15 at the LIRR, while positions decrease by 7 at SIR and 3 at B&T. These changes reflect the inclusion of gap closing, policy actions and technical corrections into the baseline, as discussed below.

2006 PEG Program

Inclusion of the 2006 PEG program in the baseline resulted in a reduction of 154 positions. Position reductions at NYCT (-129), LIRR (-13), SIR (-7), MTA HQ (-4) and B&T (-3), were only slightly offset by an increase at MNR (+2). At NYCT, reductions were primarily due to efficiencies in maintenance (-58), administration (-23), service support (-22) and property protection (-13). At LIRR, reductions were due to a change in the M7 periodic inspection cycle from 45 days to 90 days.

Technical Corrections

Positions increase by 100 due to technical corrections at NYCT (+107) and MTA HQ (-7). NYCT's increase is primarily due to Non-Reimbursable adjustments for Training Float (+38), a cost-neutral conversion of contractor OTPS to "in-house" positions (+19) for maintaining the new Consolidated Revenue Facility and in the Bus Stop Management Unit, and the transfer of the EEO Unit (+7) from MTA HQ. NYCT's technical change also includes an increase of 43 Reimbursable positions for capitol funded security installations performed by "in-house" staff, and a re-estimate of MTA Bus Support. MTA HQ's decrease reflects the transfer of the MTA EEO unit (-7) positions to NYCT.

Service Enhancements

Positions increase by 551 due to the shifting of below-the-line service enhancements into the baseline. Positions increased at NYCT (+444), MNR (+43), MTA HQ (+36) and LIRR (+28). NYCT's increase is primarily due to a one-year delay in implementing off-peak 100% seated load guidelines on buses (+359) and expanded cleaning initiatives (+85). MNR's increase is due to reduced Car Cleaning Cycles from 90 to 60 days (+24), additional service (+11) and increased Lay-Up Cleanings (+8). MTA HQ's increase is due to additional Police staffing (+36). The LIRR's increase is primarily due

to additional positions for the Quality of Life Maintenance Team (+12), increased Lay-Up Cleanings (+8) and reduced Car Cleaning Cycles from 90 to 60 days (+6).

Capital Security

Reimbursable positions increase by 113 due to security program initiatives at NYCT for Platform Control Teams (+98) and CCTV Installation (+15).

2007-2009

In 2007, MTA consolidated positions of 64,263 are 221 higher than the December Plan. Position increases since the December Plan reflect: Service Enhancements (+238), Security Program Adjustments (+98) and Technical Corrections (+42). Position decreases since the December Plan reflect the inclusion of 2006 PEGs into the baseline (-157). Changes from the December Plan in 2008 and 2009 remain virtually identical to the 2007 changes, with total positions higher by 201 and 174, respectively.

Total forecasted position levels decrease by 753 from the end of 2006 to the end of 2009. NYCT positions are expected to decline 898 positions due to the implementation of Off-Peak Bus 100% Seated Load Guidelines, Maintenance Efficiencies, and reductions in the 2005-2009 Capital Program. MNR positions increase by 166 in the following areas: Maintenance (+91), Operations (+73) and Administration (+2). All of this increase is reflected in the December baseline and attributable to planned hiring of security improvement maintainers, coach cleaners, quality control staff, and train crews related to planned increases in train service levels.

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents by Function and Agency

Function	2005 Final Estimate	2006 Adopted Budget	2007	2008	2009
<i>Administration</i>	4,347	4,373	4,353	4,354	4,347
NYC Transit	2,241	2,245	2,227	2,227	2,220
Long Island Rail Road	631	639	639	639	639
Metro-North Railroad	548	536	537	538	538
Bridges & Tunnels	148	146	146	146	146
Headquarters	634	630	627	627	627
Long Island Bus	94	94	94	94	94
Staten Island Railway	31	31	31	31	31
Capital Construction Company	20	52	52	52	52
<i>Operations</i>	28,236	28,534	28,127	28,106	28,120
NYC Transit	22,667	22,888	22,478	22,442	22,410
Long Island Rail Road	1,993	2,019	2,019	2,010	2,010
Metro-North Railroad	1,909	1,966	1,969	1,993	2,039
Bridges & Tunnels	797	794	794	794	794
Headquarters	0	0	0	0	0
Long Island Bus	773	773	773	773	773
Staten Island Railway	97	94	94	94	94
Capital Construction Company	0	0	0	0	0
<i>Maintenance</i>	27,599	28,361	28,177	28,302	28,105
NYC Transit	20,092	20,543	20,330	20,416	20,188
Long Island Rail Road	3,502	3,726	3,721	3,732	3,732
Metro-North Railroad	3,204	3,284	3,316	3,344	3,375
Bridges & Tunnels	387	391	391	391	391
Headquarters	0	0	0	0	0
Long Island Bus	261	261	261	261	261
Staten Island Railway	153	156	158	158	158
Capital Construction Company	0	0	0	0	0
<i>Engineering/Capital</i>	2,026	2,026	2,010	2,004	2,004
NYC Transit	1,566	1,519	1,519	1,519	1,519
Long Island Rail Road	93	93	77	71	71
Metro-North Railroad	114	114	114	114	114
Bridges & Tunnels	186	186	186	186	186
Headquarters	0	0	0	0	0
Long Island Bus	16	16	16	16	16
Staten Island Railway	0	0	0	0	0
Capital Construction Company	51	98	98	98	98
<i>Public Safety</i>	1,605	1,627	1,596	1,594	1,592
NYC Transit	586	572	536	534	532
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	297	297	297	297	297
Headquarters	719	755	760	760	760
Long Island Bus	3	3	3	3	3
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents by Function and Agency

Function	2005 Final Estimate	2006 Adopted Budget	2007	2008	2009
<i>Baseline Total Positions</i>	63,813	64,921	64,263	64,360	64,168
NYC Transit	47,152	47,767	47,090	47,138	46,869
Long Island Rail Road	6,219	6,477	6,456	6,452	6,452
Metro-North Railroad	5,775	5,900	5,936	5,989	6,066
Bridges & Tunnels	1,815	1,814	1,814	1,814	1,814
Headquarters	1,353	1,385	1,387	1,387	1,387
Long Island Bus	1,147	1,147	1,147	1,147	1,147
Staten Island Railway	281	281	283	283	283
Capital Construction Company	71	150	150	150	150
<i>Non-Reimbursable</i>	57,277	58,017	57,585	57,772	57,677
NYC Transit	41,903	42,423	41,993	42,121	41,947
Long Island Rail Road	5,648	5,740	5,698	5,704	5,706
Metro-North Railroad	5,229	5,323	5,359	5,412	5,489
Bridges & Tunnels	1,770	1,769	1,769	1,769	1,769
Headquarters	1,319	1,351	1,353	1,353	1,353
Long Island Bus	1,133	1,133	1,133	1,133	1,133
Staten Island Railway	275	278	280	280	280
Capital Construction Company	0	0	0	0	0
<i>Reimbursable</i>	6,536	6,904	6,678	6,588	6,491
NYC Transit	5,249	5,344	5,097	5,017	4,922
Long Island Rail Road	571	737	758	748	746
Metro-North Railroad	546	577	577	577	577
Bridges & Tunnels	45	45	45	45	45
Headquarters	34	34	34	34	34
Long Island Bus	14	14	14	14	14
Staten Island Railway	6	3	3	3	3
Capital Construction Company	71	150	150	150	150
<i>Total Full-Time</i>	63,509	64,600	63,871	64,005	63,846
NYC Transit	46,962	47,560	46,812	46,897	46,661
Long Island Rail Road	6,219	6,477	6,456	6,452	6,452
Metro-North Railroad	5,770	5,895	5,931	5,984	6,061
Bridges & Tunnels	1,815	1,814	1,814	1,814	1,814
Headquarters	1,353	1,385	1,387	1,387	1,387
Long Island Bus	1,038	1,038	1,038	1,038	1,038
Staten Island Railway	281	281	283	283	283
Capital Construction Company	71	150	150	150	150
<i>Total Full-Time-Equivalents</i>	304	321	392	355	322
NYC Transit	190	207	278	241	208
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	5	5	5	5	5
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	109	109	109	109	109
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0

Metropolitan Transportation Authority
February Financial Plan 2006-2009
Total Full-time Positions and Full-time Equivalents by Function and Occupational Group
Non-Reimbursable and Reimbursable

FUNCTION/OCCUPATIONAL GROUP		2006 Adopted Budget	2007	2008	2009
Administration					
	Managers/Supervisors	1,611	1,596	1,596	1,595
	Professional, Technical, Clerical	2,729	2,724	2,725	2,719
	Operational Hourlies	33	33	33	33
	Total Administration	4,373	4,353	4,354	4,347
Operations					
	Managers/Supervisors	2,894	2,874	2,877	2,878
	Professional, Technical, Clerical	1,147	1,146	1,159	1,159
	Operational Hourlies	24,493	24,107	24,070	24,083
	Total Operations	28,534	28,127	28,106	28,120
Maintenance					
	Managers/Supervisors	4,491	4,438	4,449	4,423
	Professional, Technical, Clerical	2,579	2,546	2,561	2,572
	Operational Hourlies	21,291	21,193	21,292	21,110
	Total Maintenance	28,361	28,177	28,302	28,105
Engineering/Capital					
	Managers/Supervisors	493	480	475	475
	Professional, Technical, Clerical	1,531	1,528	1,527	1,527
	Operational Hourlies	2	2	2	2
	Total Engineering/Capital	2,026	2,010	2,004	2,004
Public Safety					
	Managers/Supervisors	143	130	129	128
	Professional, Technical, Clerical	157	141	140	139
	Operational Hourlies	1,327	1,325	1,325	1,325
	Total Public Safety	1,627	1,596	1,594	1,592
MTA Consolidated					
	Managers/Supervisors	9,632	9,518	9,526	9,499
	Professional, Technical, Clerical	8,143	8,085	8,112	8,116
	Operational Hourlies	47,146	46,660	46,722	46,553
	Total MTA Consolidated	64,921	64,263	64,360	64,168
Baseline Total Positions		64,921	64,263	64,360	64,168
Non-Reimbursable		58,017	57,585	57,772	57,677
Reimbursable		6,904	6,678	6,588	6,491
Total Full-Time		64,600	63,871	64,005	63,846
Total Full-Time Equivalents		321	392	355	322

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