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Memorandum

TO: BATA Oversight Committee

DATE: April 4, 2012

FR: Deputy Executive Director

RE: Resolution No. 103 – FY 2012-13 Financing Plan

Staff requests that the Committee refer Resolution No. 103 to the Authority authorizing the issuance of up to $1.2 billion in Toll Bridge revenue bonds to finance BATA's capital projects.

BATA has a total capital program of just over $13.7 billion with almost $2.8 billion construction costs remaining. BATA has issued a total of $7.9 billion in Toll Revenue and $900 million in State secured project bonds as part of a planned $10 billion financing plan. The current request for $1.2 billion should complete the planned financing for the RM 1, RM 2 and Seismic Retrofit programs.

The last BATA project financing was completed in November, 2010. Thanks to the now expired federal Build America Program, BATA was able to complete $3.5 billion in project financings, at a net interest rate of 4.47%. So far, the federal program has worked well with BATA receiving reimbursement of approximately $143 million in interest costs to date.

Since November, 2010, BATA has utilized over 70% of the project proceeds raised in 2010. With the current market conditions still near historic lows, the timing is right to prepare the final financings for the remaining BATA projects.

Resolution No. 103:
Resolution No. 103 will authorize the issuance of $1.2 billion in new Toll Revenue bonds over the next 18 months and refunding and restructurings of current obligations. Specifically, the resolution authorizes:

- Issuance size not-to-exceed $1.20 billion for new money bonds

- Bonds can be fixed or variable

- Maximum interest rate:
  - Fixed Tax Exempt – 5.75%
  - Fixed Taxable – 8.00%
  - Variable – 12.00%

- Maximum Term – 40 years

- Cost of Issuance:
  - Taxable (not-to-exceed 2.0%)
  - Tax Exempt (not-to-exceed 1.0%)

- Other cost of issuance, including legal, financial advisor, trustee and banking services shall not exceed .50% of principal.
- The authority will be valid for 20 months until December, 2013. New money bonds cannot be issued after December 30, 2013 or in excess of the resolution parameters without further Authority approval.

Information Statement:

Resolution No. 103 also authorizes the release and use of the Information Statement which provides important updates of financial, traffic and construction status for the credit analyst and investors to review.

There are other documents involved in the transaction, however, these are all documents that are currently in use and generally have not changed since last approved by the Authority.

Staff requests that this Committee refer Resolution No. 103 to the Authority for approval.

Andrew B. Fremier

AF:bm

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Date: April 25, 2012
W.I.: 1542
Referred by: BATA Oversight

ABSTRACT

BATA Resolution No. 103

This resolution authorizes the publication of an information statement relating to the Authority and its bonds, the taking of various actions in connection with the Authority's outstanding variable rate demand bonds, and the issuance of refunding bonds and bonds to finance Authority projects, the execution and delivery of related bond and disclosure documents, and all necessary actions in connection therewith.

Discussion of this action is contained in the Executive Director's accompanying memorandum dated April 4, 2012.

Date: April 25, 2012
W.I.: 1542
Referred by: BATA Oversight

RE: Authorizations Concerning the Bay Area Toll Authority's Bonds

BAY AREA TOLL AUTHORITY
RESOLUTION NO. 103

WHEREAS, the Bay Area Toll Authority (the "Authority") has outstanding $5,558,135,000 principal amount of toll bridge revenue bonds (the "Senior Bonds") issued pursuant to its Master Indenture dated as of May 1, 2001, as amended and supplemented (the "Master Indenture") and has outstanding $2,385,000,000 principal amount of toll bridge revenue bonds (the "Subordinate Bonds") issued pursuant to its Subordinate Indenture dated as of June 1, 2010, as amended and supplemented (the "Subordinate Indenture"); and

WHEREAS, the Authority has decided to authorize the issuance of up to an additional $1,200,000,000 principal amount of toll bridge revenue bonds (the "Additional Bonds") to provide funding for the seismic retrofit program and other Authority projects, and the Authority has decided to authorize the sale and delivery of such Additional Bonds in one or more series from time to time through December 31, 2013, as additional Senior Bonds or additional Subordinate Bonds or a combination thereof, bearing either taxable or tax-exempt fixed interest rates or variable interest rates or a combination thereof; and

WHEREAS, the Authority has a Reimbursement Agreement dated as of September 28, 2010 (the "Reimbursement Agreement") under which banks provide liquidity and credit support for the Authority's variable rate demand Senior Bonds, and it may be in the best interests of the Authority to amend, restructure, replace or terminate the Reimbursement Agreement; and

WHEREAS, it may be in the best interests of the Authority to refund outstanding Senior Bonds; and

WHEREAS, it may be in the best interests of the Authority to convert outstanding variable rate demand Senior Bonds to another interest rate mode or modes; and

WHEREAS, the Authority has outstanding interest rate swaps in the aggregate notional amount of $1,928,845,000, and it may be in the best interests of the Authority to amend, restructure, replace or terminate any or all of the related interest rate swap agreements; and

WHEREAS, in order to facilitate and increase the efficiency of the offering and sale of the Additional Bonds and the remarketing of outstanding Bonds, there has been prepared and presented to the Authority a proposed form of information statement relating to the Authority and its Bonds (the "Information Statement"); and

WHEREAS, the Authority will use a supplement to the Information Statement in connection with the issuance of Additional Bonds or the remarketing of Senior Bonds that are variable rate demand bonds and that are converted to another interest rate mode or modes or due to a change in credit or liquidity facility for bonds in the form of supplement previously used by the Authority (collectively, the "Official Statement"); now, therefore, be it

RESOLVED, that the Authority finds that the foregoing recitals are true and correct and that capitalized terms used in this Resolution that are defined in the Indenture shall have the meanings herein that are assigned to such terms therein; and be it further

RESOLVED, that the Authority hereby authorizes the issuance, from time to time, of Additional Bonds as Senior Bonds or Subordinate Bonds or a combination thereof in one or more series and in one or more public offerings or private placements, in accordance with the Master Indenture or the Subordinate Indenture, respectively, in an aggregate principal amount not to exceed $1,200,000,000 to:

(1) fund the seismic retrofit program and other Authority projects and to reimburse the Authority for its prior payment of such costs;

(2) increase the amount in the reserve fund under the Master Indenture as necessary to meet the requirements of the Master Indenture and fund any reserve fund contribution under the Subordinate Indenture;

(3) pay the costs of issuance of the Additional Bonds, provided that the aggregate costs of issuance of the Additional Bonds (including the underwriters' discount but excluding the costs of any reserve fund surety bonds and any original issue discount) shall not exceed 1% of the aggregate principal amount of tax-exempt

Additional Bonds issued and 2% of the aggregate principal amount of taxable Additional Bonds issued; and

(4) pay any interest rate swap-related or other costs, fees or payments as are determined to be necessary or desirable by the Executive Director or the Chief Financial Officer in carrying out the purposes of this Resolution;

provided, however, that the aggregate principal amount of Senior Bonds issued pursuant to the foregoing authorization may not exceed $1,200,000,000 and the Additional Bonds authorized hereby shall not be issued after December 31, 2013 without further authorization by the Authority; and be it further

RESOLVED, that subject to the foregoing, the series designations, dates, maturity date or dates (not to exceed 40 years from their date of issuance), interest rate or rates, terms of redemption, and other terms of each series of Additional Bonds shall be as provided in one or more supplemental indentures to the Master Indenture or the Subordinate Indenture providing for the issuance of such series of Additional Bonds as finally executed by the Executive Director or the Chief Financial Officer, provided that the true interest cost for fixed interest rate Additional Bonds may not exceed 5.75% per annum for tax-exempt bonds and 8.00% for taxable bonds and the interest rate for variable interest rate Additional Bonds may not exceed 12% per annum except with respect to any variable interest rate Additional Bonds that are held pursuant to a letter of credit, line of credit, standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which credit or liquidity support is provided for Additional Bonds (a "Support Agreement"), for which the interest rate or rates shall not exceed 15% per annum; and be it further

RESOLVED, that the method of determining the interest rate or rates on variable interest rate Additional Bonds, the terms of tender and purchase, and the other terms of variable interest rate Additional Bonds shall be as specified in a supplemental indenture to the Authority's Master Indenture or Subordinate Indenture in substantially the form of a supplemental indenture executed by the Authority in the past pursuant to the Master Indenture or the Subordinate Indenture, with such additions thereto and changes therein (including additional put bond or other structures, with or without liquidity or credit support) as the Executive Director or Chief

Financial Officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may approve (approval to be conclusively evidenced by the execution and delivery of the supplemental indenture), and the Authority hereby authorizes the Executive Director or the Chief Financial Officer to purchase, from time to time, for and on behalf of the Authority, any of the variable interest rate Additional Bonds at a price equal to the principal amount of such Additional Bonds (plus accrued interest) on a date or dates selected by the Authority if such officer determines that it is in the best interests of the Authority to so purchase such Additional Bonds; and be it further

RESOLVED, that the Authority hereby determines pursuant to Section 3.01(B)(1) of the Master Indenture (terms used below in this clause that are defined in the Master Indenture have the meaning herein assigned therein), based on the calculations in Attachment A to this Resolution, that the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Bonds (and Parity Obligations) and Additional Bonds in the aggregate principal amount of $1,200,000,000, will not be less than 1.50:1, and the Authority hereby directs an Authorized Representative (as defined in the Master Indenture) to update this calculation as of the actual date of sale of each series of the Additional Bonds to reflect the actual amount of Additional Bonds being sold and to proceed with the issuance pursuant to the Master Indenture only if the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available or projected Net Revenue for each of the next three Fiscal Years to (B) Maximum Annual Debt Service on the Bonds (and Parity Obligations) and the actual amount of Additional Bonds being sold is not less than 1.50:1 as of said date of sale; and be it further

RESOLVED, that the Authority hereby authorizes executing one or more liquidity or credit support agreements (each, a "Support Agreement") for variable rate Additional Bonds in substantially the form of the Authority's Reimbursement Agreement, with such additions thereto or changes therein as the Executive Director or the Chief Financial Officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may require or approve (the approval of such additions or changes to be conclusively evidenced by the execution and delivery of each Support Agreement); and be it further

RESOLVED, that the Authority hereby authorizes each of the Executive Director and the Chief Financial Officer to amend, restructure, replace, or terminate the Authority's Reimbursement Agreement, including, but not limited to, replacing one or more of the banks that issue letters of credit pursuant thereto or converting one or more series of Senior Bonds to interest rates that do not require liquidity support; and be it further

RESOLVED, that the Authority authorizes refunding any variable rate Senior Bonds and any fixed interest rate Senior Bonds with fixed interest rate or variable interest rate Senior Bonds, Subordinate Bonds or a combination thereof, provided that: (1) the net present value economic benefit threshold of 3% in Resolution No. 51 shall apply to such refundings unless the Executive Director and the Chief Financial Officer determine (with the advice of the Authority's financial advisor) that it is in the best interests of the Authority to proceed with one or more refundings with a lower threshold to achieve other Authority objectives such as reducing exposure to variable rate risk or increased liquidity costs, or making changes in covenants, redemption or conversion provisions or in the Authority's debt service profile; (2) the principal amount of Additional Bonds authorized in this Resolution is hereby increased by the aggregate principal amount of such refunding bonds that the Executive Director and the Chief Financial Officer approve, provided that the aggregate principal amount of such refunding bonds may not exceed the amount necessary to redeem the outstanding Senior Bonds being refunded plus interest to the redemption date and the amount of any redemption premium and the expenses and related swap costs associated with such refinancing; and be it further

RESOLVED, that the Authority hereby authorizes each Authorized Representative (as defined in the Master Indenture) to convert any variable rate Senior Bonds to another interest rate mode or mode, including new interest rate modes not currently found in the Master Indenture and to pay interest rate swap-related or other costs, fees or payments as are determined to be necessary or desirable by the Executive Director or the Chief Financial Officer, with the advice of the Authority's financial advisor and bond counsel, in carrying out the purposes of this Resolution; and be it further

RESOLVED, that, because the Authority's cost of funds to pay interest on the outstanding Senior Bonds and the Additional Bonds will be affected by changes in interest rates, each of the Executive Director and the Chief Financial Officer is hereby authorized, for and on behalf of the Authority, to select counterparties for and prepare, enter into, and perform contracts and arrangements permitted by California Government Code Sections 5920 through 5923 in connection with or incidental to the issuance or carrying of the outstanding Senior Bonds and the Additional Bonds, and the Authority hereby finds and determines that such contracts and arrangements are designed to reduce the amount or duration of payment, currency, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance or remarketing of the Senior Bonds and the Additional Bonds or to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incidental to, the contract or arrangement which is to be entered into, and each of the Executive Director and the Chief Financial Officer is hereby authorized:

(1) to amend, restructure or terminate, including to replace or enter into one or more novations with respect to, existing swap agreements related to Senior Bonds (including amending each such agreement, for such consideration as such officer deems adequate, to provide each swap counterparty with an option to terminate the swap on 30 days' or less notice if that termination will not result in a termination payment being paid to or by the Authority);

(2) to hedge the Authority's exposure to interest rate risk on all or any portion of the Additional Bonds issued bearing fixed interest rates or the outstanding fixed interest rate Senior Bonds or Subordinate Bonds by means of new interest rate swap agreements that obligate the Authority to make variable payments to swap counterparties, provided the resulting variable payment obligations of the Authority shall not exceed a contractual ceiling (which may be based on an index) approved by such officer;

(3) to hedge the Authority's exposure to interest rate risk on all or any portion of the Additional Bonds issued bearing variable interest rates by means of new interest rate swap agreements that obligate the Authority to make fixed payments to swap counterparties, provided the resulting fixed payment obligations of the Authority shall not exceed 5.75% per annum if the related Additional Bonds bear tax-exempt

interest rates and 8.00% per annum if the related Additional Bonds bear taxable interest rates;

(4) provided, that all such contracts and arrangements referred to in (1) through (3) above shall be entered into in accordance with the Authority's Debt Policy, as amended from time to time, after giving due consideration to the creditworthiness of the counterparties, and in accordance with previously-utilized forms of swap documentation as guidelines for documentation, with such changes in swap documentation as shall be approved by such officer (and the amendment described in the parenthetical phrase in (1) and (2) above is hereby determined to be in accordance with the Authority's Debt Policy);

(5) provided further, that each such contract or arrangement with respect to a Senior Bond heretofore or hereafter issued shall be a Qualified Swap Agreement (as defined in the Master Indenture) if the Authority has received a Rating Confirmation (as defined in the Master Indenture) from each Rating Agency (as defined in the Master Indenture) with respect thereto and if such officer determines, for and on behalf of the Authority, that (a) the notional amount of the contract or arrangement does not exceed the principal amount of the related series of Senior Bonds or portion thereof as applicable (and in making such a determination, such officer is hereby directed to calculate notional amounts as net amounts by taking into account and giving effect to all contracts and arrangements referred to above and rounding amounts as necessary to establish that each such agreement is a Qualified Swap Agreement) and (b) the contract or arrangement is intended to place the Senior Bonds on the interest rate basis desired by the Authority, that payments (other than payments of fees and expenses and termination payments, which shall be Subordinate Obligations, as defined in the Master Indenture) thereunder shall be payable from Revenue (as defined in the Master Indenture) on a parity with the payment of Senior Bonds, and that the contract or arrangement is designed to reduce the amount or duration of payment, rate, spread, or similar risk or result in a lower

cost of borrowing when used in combination with the issuance or conversion of Senior Bonds of the Authority;

(6) provided further, that each such contract or arrangement with respect to a Subordinate Bond heretofore or hereafter issued shall be a Parity Obligation (under and as defined in the Subordinate Indenture) if such contract or arrangement is designated as a Parity Obligation in the certificate of the Authority required by Section 3.02(b) of the Subordinate Indenture; and be it further

RESOLVED, that the Authority hereby approves the Official Statement and authorizes the Executive Director and the Chief Financial Officer, and each of them, to publish, post or disseminate (and deem final for purposes of Securities and Exchange Commission Role 15c2-12) the Official Statement and as required from time to time the Information Statement, with such changes, amendment and supplements therein as are approved by either of them, as the Authority's reoffering circular or official statement and to authorize the distribution of each such reoffering circular or official statement by underwriters and broker dealers; and be it further

RESOLVED, that the Authority hereby authorizes the Executive Director and the Chief Financial Officer, and each of them, to select the parties to and execute and deliver (and the Secretary is authorized to countersign, if necessary) each of the documents that is necessary or appropriate to effect each of the transactions contemplated hereby, including, without limitation, supplemental indentures, official statements, information statements, reoffering circulars, remarketing agreements, purchase contracts, credit agreements, liquidity agreements, escrow agreements and continuing disclosure agreements (collectively called the "Bond Documents") in substantially the forms approved hereby or executed by the Authority in the past, as applicable, with such additions thereto or changes therein or in such other form as the officer executing the same, with the advice of General Counsel to the Authority and bond counsel to the Authority, may require or approve, the approval of such additions or changes or the approval of such other form to be conclusively evidenced by the execution and delivery of each Bond Document; and be it further

RESOLVED, that the Chair of the Authority, the Vice Chair of the Authority, the Executive Director, the Chief Financial Officer and other appropriate officers of the Authority, be and they are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all certificates, documents, amendments, instructions, orders, representations and requests and to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions that the Authority has approved in this Resolution and to carry out, consummate and perform the duties of the Authority set forth in the Bond Documents and all other documents executed in connection with the Additional Bonds; and be it further

RESOLVED, that this Resolution shall take effect from and after its adoption.

BAY AREA TOLL AUTHORITY

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Adrienne Tissier, Chair

The above resolution was entered into by the Bay Area Toll Authority at a regular meeting of the Authority held in Oakland, California, on April 25, 2012.

ADDITIONAL BONDS CERTIFICATE

BAY AREA TOLL AUTHORITY
Additional Bonds Test calculation for proposed $1.2 billion of Additional Bonds

		Fiscal Year 2011 Audited Results (000's)
A	Toll Revenues	$597,362
B	Interest Income	12,059
C	Other Operating Revenues	18,459
D	REVENUE (A + B + C)	$627,880
E	Less Category B Maintenance Expenses	(23,101)
F	NET REVENUE (D - E)	$604,779
	Maximum Annual Debt Service as of 4/2/12 (occurs in the Fiscal Year ending June 30, 2021)	$317,488
G	Maximum Annual Debt Service after $1.2 billion of Additional Bonds issued	$396,054
H	Debt Service Coverage (F / G)	1.53x

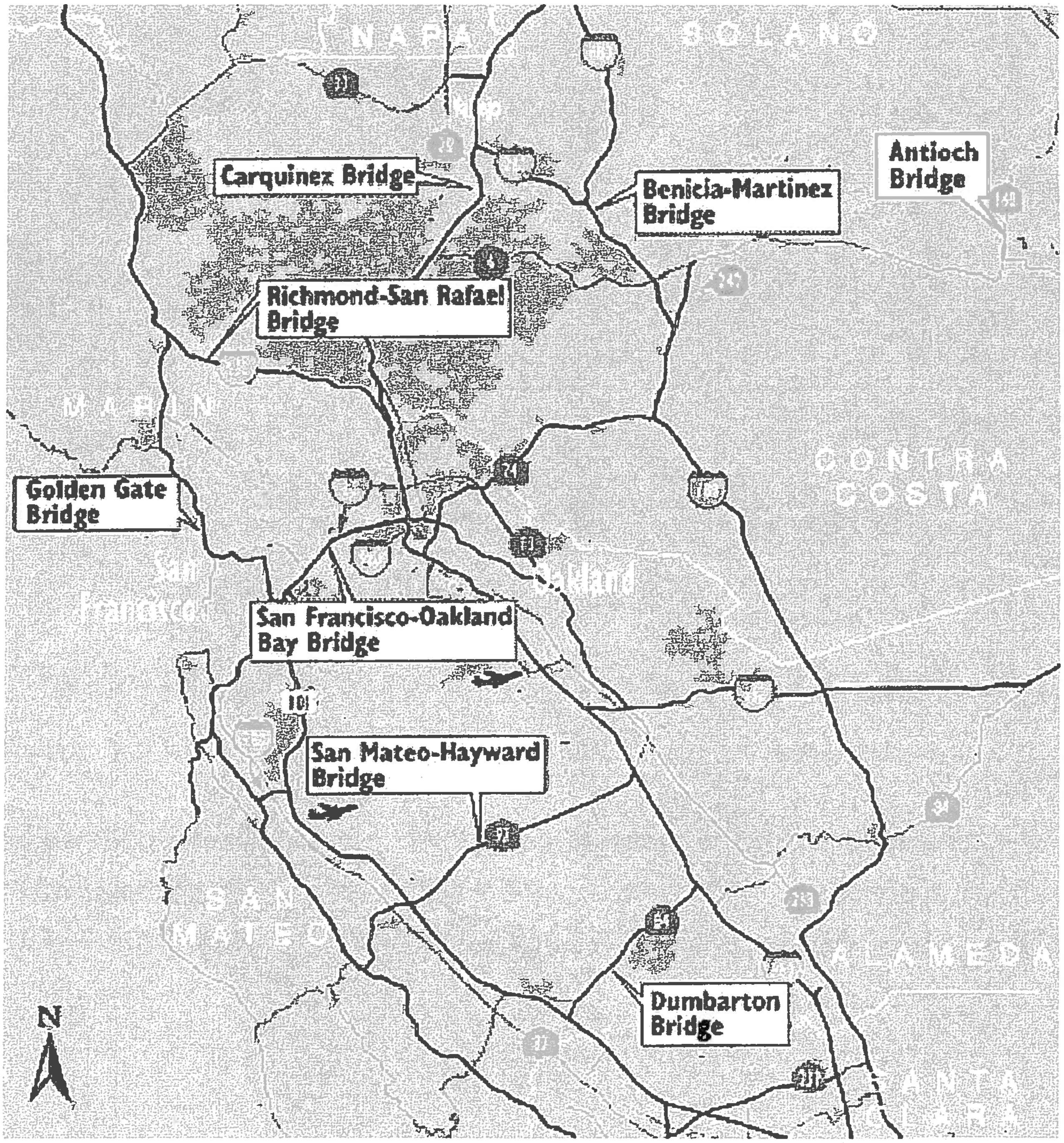
BAY AREA TOLL AUTHORITY

INFORMATION STATEMENT

(Including Metropolitan Transportation Commission Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2011)

Dated: March 1, 2012

OHSUSA:261390833.12


NAPA
SOLANO
Carquinez Bridge
Benicia-Martinez Bridge
Antioch Bridge
Richmond-San Rafael Bridge
MARIN
CONTRA COSTA
Golden Gate Bridge
Oakland
San Francisco
San Francisco-Oakland Bay Bridge
101
San Mateo-Hayward Bridge
SAN MATEO
ALAMEDA
Dumbarton Bridge
SANTA CLARA
N

BAY AREA TOLL AUTHORITY

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MEMBERS AND OFFICERS

SENIOR INDENTURE TRUSTEE
Union Bank, N.A.
San Francisco, California

SUBORDINATE INDENTURE TRUSTEE
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

FINANCIAL ADVISOR
Public Financial Management Inc.
San Francisco, California

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IMPORTANT NOTICES

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of securities by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been provided by the Bay Area Toll Authority (the "Authority"), the State of California Department of Transportation (referred to herein as "Caltrans") and other sources that are believed by the Authority to be reliable.

A wide variety of other information concerning the Bridge System and the Seismic Retrofit Program is available from state and local agencies, publications and websites, including http://baybridgeinfo.org, http://baybridge360.org, and the Authority's website at http://bata.mtc.ca.gov. Any such information that is inconsistent with the information set forth in this Information Statement should be disregarded. No such information is a part of or incorporated into this Information Statement. The references to internet websites contained in this Information Statement are shown for reference and convenience only; the information contained in such websites is not incorporated herein by reference and does not constitute a part of this Information Statement.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Information Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the underwriters for any toll bridge revenue bonds. This Information Statement is not to be construed as a contract with the purchasers of any toll bridge revenue bonds.

This Information Statement speaks only as of its date. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Information Statement nor any sale made in conjunction herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof. Investors must read the entire Official Statement (consisting of this Information Statement and the applicable supplement) to obtain information essential to the making of an informed investment decision. This Information Statement is submitted with respect to the sale of the Authority's toll bridge revenue bonds and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. Preparation of this Information Statement and its distribution have been duly authorized and approved by the Authority. The Authority may update this Information Statement after MTC's audited financial statements for the fiscal year ending June 30, 2012, become available, and annually thereafter; however, other than what is provided in the Continuing Disclosure Agreements relating to toll bridge revenue bonds issued by the Authority, the Authority is not obligated to provide any update hereto and may discontinue its annual updates at any time without notice. See "CONTINUING DISCLOSURE."

All descriptions and summaries of documents and statutes hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document and statute for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and statute. Capitalized terms used but not defined herein are defined in APPENDIX B and APPENDIX C.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS INFORMATION STATEMENT

Some statements contained in this Information Statement reflect not historical facts but forecasts and "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," "plan," "budget," and similar expressions are intended to identify forward-looking statements. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Information Statement.

The achievement of results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.

INTRODUCTION AND PURPOSE OF THIS INFORMATION STATEMENT

This Information Statement dated March 1, 2012 (this "Information Statement") relates to the Bay Area Toll Authority (the "Authority" or "BATA"), which administers the toll revenues from seven state-owned toll bridges in the San Francisco Bay area: the Antioch Bridge, the Benicia-Martinez Bridge, the Carquinez Bridge, the Dumbarton Bridge, the Richmond-San Rafael Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge (each, a "Bridge" and collectively, the "Bridge System"). This Information Statement describes the Authority, the Bridge System, the program to modify existing Bridges to better withstand earthquakes (the "Seismic Retrofit Program"), other capital projects and programs funded by the Authority, the Authority's toll bridge revenue bonds and the security and sources of payment therefor, and certain other investment considerations.

The Authority has authorized the use of this Information Statement by underwriters offering and selling toll bridge revenue bonds for the Authority and by remarketing agents reoffering and selling toll bridge revenue bonds required by the Authority to be tendered for remarketing. However, this Information Statement may not be used for any such transaction unless it is accompanied by the Authority's Supplement for that transaction. This Information Statement and the appropriate Supplement together are the "Official Statement" of the Authority. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

BAY AREA TOLL AUTHORITY

The Authority is a public agency created in 1997 by California law. It operates pursuant to Chapters 4, 4.3 and 4.5 of Division 17 of the California Streets and Highways Code and the provisions of the Revenue Bond Law of 1941 made applicable to the Authority by California Streets and Highways Code Section 30961 (collectively, as amended from time to time, the "Act").

The governing body of the Authority consists of 16 voting members appointed by local agencies and three nonvoting members appointed by state and federal agencies. The current members are listed in the prefatory pages of this Information Statement. There are two members each from the City and County of San Francisco and from Alameda, Contra Costa, San Mateo, and Santa Clara Counties, one member each from Marin, Napa, Solano and Sonoma Counties, one member each appointed by the Association of Bay Area Governments and the San Francisco Bay Conservation and Development Commission, and one non-voting member each appointed by the Secretary of the Business, Transportation and Housing Agency of the State of California, the United States Department of Transportation, and the United States Department of Housing and Urban Development. Each commissioner's term of office is four years or until a successor is appointed.

The Authority has the same governing board members as the Metropolitan Transportation Commission ("MTC"). MTC is a public agency created in 1970 by California law for the purpose of providing regional transportation planning and organization for the nine San Francisco Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, sometimes collectively referred to herein as the "Bay Area."

The Authority has issued senior toll bridge revenue bonds (the "Senior Bonds") under the Master Indenture, dated as of May 1, 2001 (as amended and supplemented, the "Senior Indenture"), between the Authority and Union Bank, N.A., as trustee (the "Senior Indenture Trustee"). At March 1, 2012, the aggregate principal amount of Senior Bonds outstanding was $5,558,135,000. The Authority issued $1,500,000,000 subordinate toll bridge revenue bonds in July 2010 and $885,000,000 subordinate toll bridge revenue bonds in November 2010 (collectively, the "Subordinate Bonds") under the Subordinate Indenture, dated as of June 1, 2010 (as amended and supplemented, the "Subordinate Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Subordinate Indenture Trustee"). At March 1, 2012, the aggregate principal amount of Subordinate Bonds outstanding was $2,385,000,000.

The Authority's Senior Bonds, together with other obligations payable on a parity with the Senior Bonds, are referred to herein as the "Senior Obligations." The Authority's Subordinate Bonds, together with other obligations payable on a parity with the Subordinate Bonds, are referred to herein as the "Subordinate Obligations." The Senior Obligations, the Subordinate Obligations, and any obligations of the Authority that are secured by a pledge of revenue on a basis subordinate to the Subordinate Obligations are referred to herein collectively as the "Secured Obligations."

FINANCIAL STATEMENTS

Audited financial information relating to the Authority is included in MTC's financial statements. MTC does not prepare separate financial statements for the Authority. MTC's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011, including MTC's Financial Statements For Years Ended June 30, 2011 and 2010, is attached as APPENDIX A.

INDEPENDENT ACCOUNTANTS

The financial statements included in APPENDIX A to this Information Statement have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in MTC's Financial Statements For Years Ended June 30, 2011 and 2010 appearing in APPENDIX A.

The prospective financial information included in this Information Statement has been prepared by, and is the responsibility of, MTC's management. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers LLP assumes no responsibility for and denies any association with the prospective financial information. The PricewaterhouseCoopers LLP report included in APPENDIX A relates to historical financial information. It does not extend to the prospective financial information and should not be read to do so.

THE BRIDGE SYSTEM

General

The Bridge System consists of the seven bridges described below. The Golden Gate Bridge, which connects San Francisco with Marin County, is not owned or operated by the State, nor is it administered by the Authority. A map of the Bridge System appears in the prefatory pages of this Information Statement. For selected demographic statistics for the Bay Area, see Table 13 on page 127 of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

San Francisco-Oakland Bay Bridge. The San Francisco-Oakland Bay Bridge opened to traffic in 1936 and connects San Francisco with Oakland and neighboring cities and suburban areas. The San Francisco-Oakland Bay Bridge provides the most direct connection between downtown San Francisco and the main transcontinental highways in the Bay Area.

The San Francisco-Oakland Bay Bridge is a double deck structure. Each deck has five traffic lanes with westbound traffic on the upper deck and eastbound traffic on the lower deck. Elevated approaches to the bridge carry through-traffic to and from Highway 101 south of San Francisco without use of local San Francisco streets. At the eastern terminus, approaches connect through-traffic with Highways 80, 580 and 880.

The San Francisco-Oakland Bay Bridge has an overall length of approximately 8.5 miles consisting of two major bridge structures and a connecting tunnel on Yerba Buena Island, which is located at the midpoint of the bridge. The west span consists of two suspension bridges with a common central anchorage and a concrete span at the San Francisco end; the length of the west span is 10,300 feet. A seismic retrofit of the west span was completed in 2004, and a seismic retrofit of the west approach to the Bridge was completed in 2009. A 520 foot long tunnel on Yerba Buena Island connects the west span to the east span.

The east span consists of a 1,800 foot long steel detour viaduct connected to a 2,418 foot long steel cantilever truss followed by five 509 foot long steel trusses and 14 additional shorter spans that bring the roadways down to the East Bay shoreline. Improvements to the east span, designed to result in a non-collapse of the east span in the event of a moderate earthquake, were completed in 2000. The State of California Department of Transportation ("Caltrans") is constructing a replacement for the east span. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects." The existing east span is constructed using a number of structural steel elements, including eyebars. One of the eyebars on the east span failed and was repaired during 2009. Other eyebars on the east span may need to be reinforced before the replacement east span is open to traffic. Eyebars also exist on the west span of the San Francisco-Oakland Bay Bridge and on the Richmond-San Rafael Bridge. Caltrans and the Authority are unable to predict whether or how many (if any) eyebar repairs will be needed, or whether such repairs will require bridge closures. See "RISK FACTORS – Risk of Earthquake" and "—Other Force Majeure Events."

Carquinez Bridge. The Carquinez Bridge consists of two parallel spans that cross the Carquinez Strait between the Cities of Vallejo and Crockett and carry Highway 80, linking the Bay Area and Napa and Solano Counties. The spans are 28 miles northeast of San Francisco and 65 miles southwest of Sacramento. The east span is the older of the two bridges and opened in 1958. The east span is a steel through-truss superstructure 3,350 feet long with cantilever spans and carries four lanes of northbound Interstate 80 traffic. A seismic retrofit of the east span was completed in 2002. The west span is a recently constructed suspension bridge with concrete towers and steel orthotropic box girder decks that opened to traffic in 2003 and carries four lanes of southbound traffic.

Benicia-Martinez Bridge. The Benicia-Martinez Bridge consists of two parallel spans that cross the Carquinez Strait approximately six miles east of the Carquinez Bridge and carry Highway 680. The bridge provides a direct connection from the north bay and Sacramento regions to central and eastern Contra Costa and Alameda and Santa Clara Counties. The bridge corridor is a major interstate route and links Highways 80, 680 and 780. The west span, opened to traffic in 1962, is a 6,215 foot-long, steel deck-truss, with seven 528-foot spans. The west span was originally designed to carry four lanes of traffic (two in each direction) and was subsequently expanded to carry six lanes (three in each direction) in the early 1990s. A seismic retrofit of the west span, consisting of the installation of isolation bearings and strengthening the superstructure and substructure, was completed in 2003. Following the opening of the east span in 2007 carrying five lanes of northbound traffic, the west span was modified to carry four lanes of southbound traffic and a pedestrian/bicycle lane. The Bay Area's first open-road tolling FasTrak Express Lanes were opened on the east span. The east span is a segmentally-erected, cast-in-place reinforced lightweight concrete structure that is 8,790 feet long including approaches. See "CAPITAL PROJECTS AND FUNDING—Regional Measure 1 Projects."

San Mateo-Hayward Bridge. The San Mateo-Hayward Bridge is approximately 17 miles south of the San Francisco-Oakland Bay Bridge, and carries Highway 92 across the San Francisco Bay, connecting Highway 101 and the City of San Mateo on the San Francisco peninsula to Highway 880 and the east shore of the San Francisco Bay in Alameda County, approximately five miles southwest of Hayward. The current bridge was built in 1967 and seismically retrofitted in 2000. The high-level section of the current structure consists of steel orthotropic box girders with concrete overlay. It is approximately two miles long and carries six lanes of traffic. The low-rise trestle section of the bridge was widened to carry six lanes of traffic as well in 2003.

Richmond-San Rafael Bridge. The Richmond-San Rafael Bridge opened to traffic in 1956 and carries Highway 580 across the San Francisco Bay from a point about three miles west of the City of Richmond in Contra Costa County to the Marin County shore three miles southeast of the City of San Rafael. The Richmond-San Rafael Bridge is approximately 5.5 miles long and of cantilever-truss construction. Its major spans are 1,070 feet long. As originally constructed, a single three-lane deck carried two-way traffic. A lower two-lane deck was constructed later, resulting in a double deck structure carrying traffic in opposite directions. A seismic retrofit of the Richmond-San Rafael Bridge was completed in 2005.

Dumbarton Bridge. The current Dumbarton Bridge opened in 1982. It carries Highway 84 across the San Francisco Bay and is situated approximately 10 miles south of the San Mateo-Hayward Bridge. The western end of the Bridge is five miles northeast of the City of Palo Alto, and the eastern end is five miles west of the City of Newark, midway between the Cities of San Jose and Oakland. The Dumbarton Bridge is a six-lane structure that is 1.6 miles long with a pedestrian/bicycle lane. The bridge connects Highway 101 and Palo Alto to Highway 880 in Alameda County. The approach spans are composed of pre-stressed lightweight concrete girders that support a lightweight concrete deck. The center spans are twin steel trapezoidal girders that also support a lightweight concrete deck. California law was amended effective on January 1, 2010 at the request of the Authority to add the Dumbarton Bridge to the state toll bridge seismic retrofit program and require the Authority to fund the seismic retrofit of the Dumbarton Bridge. The seismic retrofit is underway. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects."

Antioch Bridge. Located 25 miles east of the Benicia-Martinez Bridge, the Antioch Bridge carries Highway 160 and is the only northerly highway connection across the San Joaquin River linking east Contra Costa County to the delta communities of Rio Vista and Lodi. In 1978, a 1.8 mile long high-level fixed-span structure replaced the original bridge constructed in 1926. The Antioch Bridge spans the 3,600-foot wide San Joaquin River and extends 4,000 feet onto Sherman Island in Sacramento County to the north and 1,000 feet into Contra Costa County to the south. Traffic lanes consist of two 12-foot wide lanes for motor vehicles and two shoulders for pedestrians and bicyclists. California law was amended effective on January 1, 2010 at the request of the Authority to add the Antioch Bridge to the state toll bridge seismic retrofit program and require the Authority to fund the seismic retrofit of the Antioch Bridge. The seismic retrofit is underway. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects."

Toll Setting Authority

California law provides the Authority with broad toll setting authority. Toll rate increases are not limited in amount or duration. No legislation or consent or approval by any other entity is required to increase tolls. The Authority is required to hold a public hearing and two public meetings at least 45 days before increasing tolls and is also required to provide at least 30 days' notice to the Legislature before increasing tolls.

California law requires the Authority to increase the toll rates specified in its adopted toll schedule in order to meet its obligations and covenants under any toll bridge revenue bond resolution or indenture of the Authority for any outstanding toll bridge revenue bonds issued by the Authority and the requirements of bond-related interest rate swap, credit and liquidity agreements. California law also authorizes the Authority to increase the toll rates specified in its adopted toll schedule to provide funds for the planning, design, construction, operation, maintenance, repair, replacement, rehabilitation, and seismic retrofit of the Bridges, to provide funding to meet the requirements of the voter-approved regional measures described under "Bridge Tolls" below and "CAPITAL PROJECTS AND FUNDING—Regional Measure 1 Projects" and "—Regional Measure 2 Projects," and to make the fund transfers to MTC described below under "Payments to MTC."

All bridge tolls are treated as a single revenue source for accounting and administrative purposes and for the purposes of the Authority's toll bridge revenue bond financing documents, which establish the security and payment sources for its toll bridge revenue bonds.

Bridge Tolls

Toll Collection. Tolls on each of the Bridges are collected from vehicles crossing in one direction only.

Cash toll payments are collected at toll booths staffed by employees of Caltrans. As of July 1, 2005, the Authority assumed responsibility from Caltrans for processing all toll revenue collections.

Each Bridge has been equipped with the Authority's FasTrak system, an automated toll collection and accounting system by which tolls may be collected electronically. In 2007, open road tolling, which eliminates toll booths for the FasTrak lanes, commenced on the Benicia-Martinez Bridge. For the fiscal year ended June 30, 2011, 58.3% of total toll-paying traffic were FasTrak users.

Toll Rates Prior to 2010. In 1988, Bay Area voters approved a ballot measure called Regional Measure 1 ("RM1") establishing a uniform toll rate of $1.00 on all Bridges for toll-paying, two-axle vehicles and higher tolls for all other toll-paying vehicles and authorizing certain Bridge improvements and transit funding. In 2004, Bay Area voters approved a ballot measure called Regional Measure 2 ("RM2") that authorized a toll increase of $1.00 for all toll-paying vehicles to fund specified projects and transit expansions.

Commencing in 1998, a $1.00 seismic surcharge was imposed by California law on toll-paying vehicles to fund part of the cost of the seismic retrofit program for the Bridge System. The Act was amended in 2005 to authorize the Authority to increase the amount of the seismic surcharge. The Authority approved a $1.00 per toll-paying vehicle increase in the seismic surcharge that took effect on January 1, 2007.

The Authority granted toll-free passage on the Bridges to commuter buses and vanpool vehicles at all hours. The Authority granted toll-free passage on the Bridges to high-occupancy vehicles (car pool vehicles and motorcycles) and inherently-low-emission vehicles (such as electric and hybrid cars), but only during peak hours on weekdays. High-occupancy vehicles and inherently-low-emission vehicles paid the two-axle vehicle rate outside of peak hours.

2010 Toll Increase. In January 2010, the Authority increased tolls on all of the Bridges, effective on July 1, 2010 for two-axle vehicles and effective on July 1, 2011 for multi-axle vehicles (which represent about 3% of total traffic). This toll increase is projected to increase bridge toll revenues by approximately $160 million annually when fully implemented.

As part of the toll increase, high-occupancy vehicles and inherently-low-emission vehicles no longer have toll-free passage on any of the Bridges during peak hours on weekdays but pay a reduced-rate toll of $2.50 on all Bridges during those hours. Peak hours are from 5 a.m. to 10 a.m. and from 3 p.m. to 7 p.m. weekdays on all Bridges. High-occupancy vehicles and inherently-low-emission vehicles pay the two-axle vehicle rate outside of peak hours. Commuter buses and vanpool vehicles are permitted to cross the Bridges toll-free at all hours.

Tolls for the San Francisco-Oakland Bay Bridge for two-axle vehicles are $6.00 during peak hours, $4.00 during non-peak hours, and $5.00 on weekends; and the two-axle vehicle toll for the six other Bridges at all times is $5.00.

The increased tolls for multi-axle vehicles are based on a toll of $5.00 times the number of axles. Half of the increase took effect on July 1, 2011, and the rest of the increase is scheduled to take effect on July 1, 2012.

The table below sets forth the Authority's adopted toll schedule.

BRIDGE SYSTEM TOTAL TOLL RATES

Number of Axles Per Vehicle	Toll Rate for Fiscal Year Ending June 30, 2010	2011	2012	2013 and beyond
2 axles	$ 4.00	$ 5.00†	$ 5.00†	$ 5.00†
3 axles	6.00	6.00	10.50	15.00
4 axles	8.25	8.25	14.00	20.00
5 axles	11.25	11.25	18.00	25.00
6 axles	12.00	12.00	21.00	30.00
7 axles or more	13.50	13.50	24.25	35.00

†During peak hours on all Bridges, a reduced-rate toll of $2.50 is collected on high-occupancy and inherently-low-emission two-axle vehicles. On the San Francisco-Oakland Bay Bridge, a weekday toll of $6.00 is collected on all other two-axle vehicles during peak hours, and a weekday toll of $4.00 is collected on all two-axle vehicles during non-peak hours.

Motor Vehicle Traffic

The following table sets forth total toll-paying motor vehicle traffic for fiscal years ended June 30, 2002 through June 30, 2011. Until July 2010, high-occupancy vehicles and inherently-low-emission vehicles were permitted toll-free passage on the Bridges during peak hours on weekdays, and as a result such traffic is excluded from the data below for fiscal years prior to the fiscal year ended June 30, 2011. The addition of toll-paying high-occupancy vehicles and inherently-low-emission vehicles may account for some of the increase in traffic in the fiscal year ended June 30, 2011. See Table 9 on page 123 of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

TOTAL TOLL-PAYING MOTOR VEHICLE TRAFFIC
(number of vehicles in thousands)

Fiscal Year Ended June 30,	San Francisco-Oakland Bay Bridge	Carquinez Bridge	Benicia-Martinez Bridge	San Mateo-Hayward Bridge	Richmond-San Rafael Bridge	Dumbarton Bridge	Antioch Bridge	Total[1]	Percent Change
2002	45,118	21,678	17,733	13,726	12,468	10,779	2,325	123,826	--
2003	44,996	21,824	17,795	14,343	12,514	10,224	2,354	124,048	0.2%
2004	44,646	22,054	17,988	15,201	12,399	9,977	2,478	124,742	0.6
2005	43,357	21,344	17,116	14,789	11,758	9,298	2,472	120,135	(3.7)
2006	41,265	20,914	17,071	15,131	11,908	9,529	2,479	118,298	(1.5)
2007	40,134	20,722	16,975	14,881	11,913	9,516	2,517	116,659	(1.4)
2008	39,555	19,875	17,440	14,358	11,782	9,194	2,366	114,570	(1.8)
2009	40,118	19,441	17,426	13,629	11,542	8,708	2,208	113,072	(1.3)
2010	38,649	19,057	17,715	14,058	11,752	8,746	2,136	112,113	(0.8)
2011	43,282	19,593	17,987	15,209	11,987	9,634	2,118	119,810	6.8

(1) Totals may not add due to rounding.
Source: Caltrans/The Authority.

Total toll-paying traffic in the Bay Area toll system recovered in the fiscal year ended June 30, 2011, up 6.8% over the previous year. These gains in traffic on six bridges followed eight years of static or declining traffic. The Authority has also seen an increase in toll violators. Toll violators include drivers that intentionally avoid the payment of tolls. The subsequent recovery of payment from a toll violator is reported by the Authority as Revenue (see "HISTORICAL REVENUE AND DEBT SERVICE COVERAGE"). The Authority has improved the process for collecting violation revenue through a series of system and process upgrades. The requirement commencing July 1, 2010, that vehicles using high occupancy vehicle lanes have FasTrak transponders has assisted in deterring toll violators and increased toll-paying traffic.

In the fiscal year ended June 30, 2011, toll-free traffic consisted of approximately 2.4 million vehicles (representing less than 2% of total traffic). Commencing July 1, 2010, high-occupancy vehicles and inherently-low-emission vehicles no longer had toll-free passage on any of the Bridges. See "Bridge Tolls" above.

Bridge System Operations and Maintenance

The Authority is responsible for paying all of the costs of operating and maintaining the Bridge System (except for maintenance expenditures on the existing San Francisco-Oakland Bay Bridge that are payable under State Law by the State until the new east span of that Bridge is complete). The Authority is required by the Senior Indenture and the Subordinate Indenture to maintain Bridge System tolls at rates sufficient to pay such costs. Under current law, the payment of such costs is subordinate to the payment of the Authority's Secured Obligations. The Authority's costs of operating and maintaining the Bridge System for the five fiscal years ended June 30, 2007 through June 30, 2011 were $76,658,284; $66,091,439; $72,470,691; $76,746,131; and $77,991,851, respectively.

Approximately half of the costs of operating and maintaining the Bridge System are paid by the Authority to Caltrans. Caltrans is responsible for maintaining the Bridge System in good repair and condition. The Authority's payments to Caltrans are made pursuant to State law and a Cooperative Agreement between the Authority and Caltrans that addresses budget matters and allocates funding responsibilities for the operation and maintenance of the Bridge System between the Authority and Caltrans. The Authority pays directly certain operating and administrative expenses for the Bridge System, including the costs of the FasTrak system and related consultant contracts.

Payments to MTC

The Act provides for payments by the Authority to MTC for the transportation projects and programs described below. The payments are subordinate to the payment of the Authority's Secured Obligations.

In 2010 MTC determined that certain of the payments, namely the AB 664 Net Toll Revenue Reserve Transfers, Two Percent Transit Reserves Transfers, and Rail Extension Reserves Transfers described below (collectively, the "Fund Transfers"), are essential to the regional transportation system but that the statutory schedule for Fund Transfers may be inadequate to timely fund some of the projects planned by MTC. To address this timing issue, the Authority and MTC entered into a Funding Agreement (the "Funding Agreement"), under which the Authority paid to MTC in September 2010 an amount equal to the present value of the bridge toll revenues that the Authority projected would be used for Fund Transfers for 50 years from July 1, 2010 ($507 million) in exchange for being relieved of responsibility for making Fund Transfers for that 50-year period. The Authority's obligation to pay Regional Measure 2 Operating Transfers and Authority Administrative Costs, described below, to MTC is not affected by the Funding Agreement.

The following table sets forth the Authority's payments to MTC for the past five Fiscal Years.

TRANSFERS TO MTC
($ in millions)

Fiscal Year Ended June 30,	AB 664 Net Toll Revenue Reserves Transfer(1)	Two Percent Transit Reserves Transfer(1)	Rail Extension Reserves Transfer(1)	Regional Measure 2 Operating Transfers(2)	Authority Administrative Costs(3)	Total
2007	11.32	0.91	9.10	24.27	5.19	50.79
2008	11.08	0.89	8.97	26.70	6.26	53.90
2009	10.88	0.87	9.05	28.34	5.25	54.39
2010	10.72	2.60	8.71	36.53	4.89	63.45
2011	---	---	---	42.67	6.26	48.93

(1) Pursuant to the Funding Agreement described above, these transfers have been pre-funded for the period from the fiscal year ended June 30, 2011 through the fiscal year ending June 30, 2060.
(2) Regional Measure 2 Operating Transfers are subject to a statutory cap of 38% of RM2 revenue. Total RM2 revenue equaled approximately $114 million in the fiscal year ended June 30, 2011.
(3) Authority Administrative Costs are transferred by the Authority to MTC. This amount does not include Authority Operating Expenses, which are also subordinate to the Authority's Secured Obligations and amounted to approximately $55 million in the fiscal year ended June 30, 2011.

Source: The Authority.

The "AB 664 Net Toll Revenue Reserve Transfer" is the transfer of an amount equal to 16% of the revenue generated each year from the collection of the base toll at its level in existence for the fiscal year ended June 30, 2002 on the three Bridges which comprise the Southern Bridge Group: the Dumbarton Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge. These funds are allocated to capital projects that further the development of public transit in the vicinity of the Southern Bridge Group, including transbay and transbay feeder transit services.

The "Two Percent Transit Reserves Transfer" is the transfer of up to 2% of the revenue collected on all of the Bridges from the base toll at its level in existence for the fiscal year ended June 30, 2002. No minimum transfer is specified. MTC must apply two-thirds of the Two Percent Transit Reserves to transportation projects that will help reduce congestion and improve bridge operations on any of the Bridges. MTC must apply the remaining one-third of the Two Percent Transit Reserves to planning, construction, operation and acquisition of rapid water transit systems.

The "Rail Extension Reserves Transfer" is the transfer of an amount equal to 21% of the revenue generated each year on the San Francisco-Oakland Bay Bridge from the collection of the base toll at its level in existence for the fiscal year ended June 30, 2002. Rail Extension Reserves are applied to rail transit capital extension and improvement projects that are designed to reduce traffic congestion on the San Francisco-Oakland Bay Bridge.

"Regional Measure 2 Operating Transfers" are transfers by the Authority to MTC to provide operating assistance for transit purposes pursuant to RM2 and Section 30914(d) of the Act. The measure provides that not more than 38% of annual bridge toll revenues derived from the RM2 Toll increase imposed in conjunction with RM2 ($1.00 in the case of all vehicles regardless of the number of axles) may be transferred to MTC as Regional Measure 2 Operating Transfers, and that all such transfers must first be authorized by MTC. Under Section 129(a)(3) of Title 23 of the United States Code, federal participation is limited on facilities that expend toll revenues for certain types of projects, including transit operations. MTC has received an opinion from the Federal Highway Administration that transit planning is an eligible expense and, as such, the Authority has made transfers to MTC for such purpose. MTC also has received an opinion from the Federal Highway Administration that it may expend toll funds on transit operations, if such funds are collected on bridge facilities that have not received federal assistance. There are four Bridges (Dumbarton, San Mateo-Hayward, Carquinez and Antioch) that have not received federal assistance. The Authority limits Regional Measure 2 Operating Transfers to revenue derived from the RM2 toll revenue from these four Bridges and expects that tolls from such four Bridges will be sufficient to make Regional Measure 2 Operating Transfers.

"Authority Administrative Costs" means the amount which the Authority is authorized to remit to MTC on an annual basis for its cost of administration pursuant to Section 30958 of the Act, which amount may not exceed 1% of the gross annual Bridge System revenues.

CAPITAL PROJECTS AND FUNDING

The Authority uses bridge toll revenues to fund five main categories of capital projects: highway and bridge enhancement projects approved by voters through RM1 (the "RM1 Projects"), transit, highway and bridge enhancement and improvement projects approved by voters through RM2 (the "RM2 Projects"), the Seismic Retrofit Program, MTC Projects to be funded from excess coverage funds pursuant to AB 1171, and the Authority's bridge rehabilitation program. Each of these project categories is described below.

Regional Measure 1 Projects

RM1 authorized the Authority to pay for specified highway and bridge enhancement projects. All RM1 Projects have been substantially completed with the completion in 2011, other than minor landscaping and environmental monitoring, of the Highway 880/Highway 92 Interchange improvements. RM1 signifies the completion of over $2.3 billion in bridge and related transportation projects originally authorized by the voters in 1988 and under the administration of the Authority since 1998.

Regional Measure 2 Projects

RM2 authorizes the Authority to contribute up to $1.465 billion for the RM2 Projects and to provide additional funding of up to $50 million for the new span of the Benicia-Martinez Bridge. RM2 also authorized the Authority to contribute funds every year for operating costs of specified public transportation agencies as another component of the regional traffic relief plan set forth in the ballot measure (the "Regional Measure 2 Operating Transfers" described above under "THE BRIDGE SYSTEM – Payments to MTC").

The RM2 Projects consist of 36 transit, highway and bridge enhancement and improvement projects to reduce congestion or to make improvements to travel in the toll bridge corridors. MTC may allocate funds from the Authority to RM2 Projects after submission and review of a project report requesting allocation by the project sponsor. The RM2 Project sponsors are public entities in the Bay Area. MTC has authority under the Act to change the funding for a project or reassign some or all of the funds for a project to another project within the same bridge corridor. Generally, RM2 funding covers only a portion of each project's total cost. The Authority is under no obligation to provide funding for any project beyond the amount expressly provided in RM2 or to increase funding for all of the RM2 projects beyond the aggregate authorization of $1.465 billion.

The Authority's expenditures for RM2 Projects (excluding the funding of up to $50 million for the new span of the Benicia-Martinez Bridge) aggregated approximately $746.8 million through January 31, 2012. See APPENDIX D – "REGIONAL MEASURE 2 PROJECTS."

Summary of RM1 and RM2 Capital Projects

The following table sets forth the program budget and expenditures for the RM1 Projects and RM2 Projects.

SUMMARY OF RM1 PROJECTS AND RM2 PROJECTS
Program Budget and Project Status as of January 31, 2012
($ in millions)

Contract	Status	Current Approved Budget [1]	Forecast Cost at Completion	Expenditures through January 31, 2012
I-880/SR-92 Interchange Improvement	Completed	$ 245.0	$ 245.0	$ 225.6
New Benicia-Martinez Bridge[2]	Completed	1,272.5	1,272.5	1,209.3
Carquinez Bridge Replacement	Completed	518.2	518.2	513.5
Richmond-San Rafael Bridge Deck Resurfacing	Completed	20.0	20.0	19.6
Richmond-San Rafael Bridge Trestle, Fender and Deck Joint Rehabilitation	Completed	97.1	97.1	96.2
Richmond Parkway	Completed	5.9	5.9	4.3
San Mateo-Hayward Bridge Widening	Completed	209.8	209.8	208.7
Bayfront Expressway (SR-84) Widening	Completed	34.1	34.1	33.5
US-101/University Ave. Interchange Improvement	Completed	3.8	3.8	3.7
RM1 Capital Projects Subtotal[3]		$2,406.4	$2,406.4	$2,314.4
RM2 Capital Projects Subtotal[5]		$1,465.0[4]	$1,465.0[4]	$ 746.8

(1) Includes approximately $38 million for the New Benicia-Martinez Bridge from state funds, approximately $60 million for the Richmond-San Rafael Bridge Trestle Rehabilitation project from state funds, and approximately $10 million for the I-880/SR-92 Interchange Improvement project from the Alameda County Transportation Authority.

(2) The project budget for the new Benicia-Martinez Bridge included $50 million from RM2 allocated for modification of the existing older bridge.

(3) Subtotals may not add due to independent rounding of numbers.

(4) The RM2 Capital Projects Subtotals are approximate. They do not include $50 million allocated for the new Benicia-Martinez Bridge project under RM2. Such amount is included in the budget for New Benicia-Martinez Bridge above. See APPENDIX D—"REGIONAL MEASURE 2 PROJECTS."

(5) Under the Act, the Authority is required to fund the enumerated RM2 Projects by issuance of additional toll bridge revenue bonds or transfer of bridge toll revenues in an amount in the aggregate not to exceed $1.515 billion but is not required to fund such projects beyond the amount expressly provided in the Act. The remainder of funds required to complete the RM2 Projects are expected to come from other sources. See "Regional Measure 2 Projects" above.

Source: The Authority.

Seismic Retrofit Program Capital Projects

Following the 1989 Loma Prieta earthquake that caused a section of the east span of the San Francisco-Oakland Bay Bridge to collapse as well as other structural damage, Caltrans recommended seismic retrofitting of certain State-owned toll bridges, which was subsequently authorized in Sections 188.5 and 188.6 of the California Streets and Highways Code (the "Seismic Retrofit Program") that identified State and federal sources as well as bridge tolls for funding of the program.

The Seismic Retrofit Program includes seismic upgrade work on the original Benicia-Martinez Bridge span, the east span of the Carquinez Bridge, the San Mateo-Hayward Bridge and the Richmond-San Rafael Bridge, the west span, tunnel, and the current east span of the San Francisco-Oakland Bay Bridge, and the replacement of the east span and the west approach of the San Francisco-Oakland Bay Bridge. The Seismic Retrofit Program was expanded by legislation effective January 1, 2010 at the request of the Authority to include the Antioch Bridge and the Dumbarton Bridge. Other Seismic Retrofit Program projects are located in southern California and do not involve funds of the Authority. All Seismic Retrofit Program project construction is administered by Caltrans.

All of the Seismic Retrofit Program projects have been completed except for the replacement of the east span of the San Francisco-Oakland Bay Bridge, which is underway, and the seismic retrofit work on the Antioch Bridge and the Dumbarton Bridge, described below.

San Francisco-Oakland Bay Bridge - East Span Replacement. The new east span is designed to be 2.2 miles long on an alignment parallel to and north of the existing east span. The existing east span will be demolished after the new east span is opened to traffic. The new east span consists of a transition off Yerba Buena Island, a self-anchored suspension bridge span, a skyway and an approach/touchdown in Oakland. Upon completion as currently planned, the self-anchored suspension bridge span will be the world's longest single tower self-anchored suspension structure. It is designed to be approximately 2,051 feet long and approximately 525 feet high, matching the tower heights on the west span, with 8-foot diameter foundation piles that are 300 feet deep, three times deeper than the existing east span piles. The new east span will include two side-by-side bridge decks, each with five lanes plus shoulders, and a bicycle/pedestrian path.

The self-anchored suspension superstructure ("SAS") is a major component of the replacement of the east span. Fabrication of the steel tower and roadway boxes occurred in China while other components were produced in the United States, Japan, Korea and Canada. All roadway boxes have arrived in the Bay Area and have been lifted into place. All steel components from China have been delivered or erected. The structural elements of the main tower are now complete with the saddle in place. Installation of four catwalks from the roadway to the top of the tower is also complete. Cable installation is underway and progressing on schedule.

The discovery in November 2011 of falsification of data by a former Caltrans inspector who had participated in inspections of 8 of the 13 the foundation piles for the SAS led the Toll Bridge Program Oversight Committee to request the Seismic Safety Peer Review Panel to conduct an independent review of all SAS inspection records for quality assurance. The Seismic Safety Peer Review Panel, comprised of three structural engineers and one geotechnical engineer, released its report on March 23, 2012, concluding that SAS foundation piles were "designed, constructed, and tested in a way that meets or exceeds the state-of-practice and will result in a safe and reliable performance of the bridge." The report also concluded that it was highly unlikely that any data falsification occurred in the testing of the SAS foundation piles. As a result of concerns raised in the press about professional and financial connections between certain Seismic Safety Peer Review Panel members and Caltrans, the Chair of the California Senate Transportation and Housing Committee announced on March 28, 2012 that the committee will hold a public hearing in the upcoming months to examine the use of peer review panels in transportation projects. The hearing is expected to examine the composition of the panels, conflicts of interest, and transparency.

The Yerba Buena Island Transition Structure contract has been divided into multiple contracts, with the first section ("YBITS #1") being awarded. The contract includes completing the remaining foundations and the bridge deck structure from the Yerba Buena Island Tunnel to the SAS. Work is focused on the westbound transition structure's substructure and superstructure from the tunnel to the

SAS bridge. The second contract ("YBITS #2") is expected to be awarded later this year and is combined with the demolition of the cantilevered section of the existing bridge.

The Oakland touchdown is another ongoing component of construction and recent focus has been on a detour of existing roadway. The detour realigns the existing bridge approach to the south to allow for construction of the remaining portion of the Oakland touchdown contract that was in conflict with the existing bridge. The eastbound detour was completed on May 30, 2011. The westbound detour opened in February 2012. The detour required a closure to the upper deck westbound direction of the bridge over President's Day weekend 2012. The second contract component of the Oakland Touchdown was advertised in November 2011 and was awarded in February 2012. Construction is expected to start in May 2012.

The new east span is currently scheduled to open to traffic before the end of 2013 with a September target date. The remaining non-essential elements of the new east span construction contracts, such as architectural lighting and removal of unnecessary temporary support structures, are scheduled to be completed by 2015. Demolition of the existing east span will follow. However, as disclosed under "RISK FACTORS—Construction Delays and Cost Escalation," a number of other factors could contribute to construction delays in the future, and no assurance can be given that this schedule will be achieved.

East Span Funding Sources. At January 31, 2012, approximately $5.097 billion (79%) of the $6.464 billion estimated cost of the new east span of the San Francisco-Oakland Bay Bridge had been expended. The remaining costs will be paid by the Authority from funds derived from various sources, including bridge tolls, investment earnings, and toll bridge revenue bond proceeds.

Caltrans has implemented a risk management plan that provides for risk identification, quantification and response strategies with respect to the costs of the new east span and with respect to construction delays. Contract costs and schedules are under continuous review and are subject to change. See "Seismic Retrofit Program Status" below. Potential delays could result in an escalation of cost estimates. In addition, other construction related risks may result in additional cost beyond those estimated by Caltrans. See "RISK FACTORS—Construction Delays and Cost Escalation."

Oversight Committee. Legislation enacted in 2005 established the Toll Bridge Program Oversight Committee (the "Oversight Committee"), which has a project oversight and project control process for the Seismic Retrofit Program projects. The Oversight Committee consists of the Director of Caltrans, the Executive Director of the California Transportation Commission and the Executive Director of the Authority. The Oversight Committee's project oversight and control processes include, but are not limited to, reviewing bid specifications and documents, providing field staff to review ongoing costs, reviewing and approving significant change orders and claims (as determined by the Oversight Committee), and preparing project reports. All contract specifications and bid documents are developed by Caltrans and must be reviewed and approved by the Authority prior to their release. Caltrans is responsible for the award of all contracts.

Caltrans is required to provide regular reports to the Oversight Committee regarding construction status, actual expenditures, and forecasted costs and schedules. The monthly reports that are reviewed and approved by the Oversight Committee are provided to the Authority. The Oversight Committee is required to provide quarterly reports with respect to the Seismic Retrofit Program projects to the transportation and fiscal committees of both houses of the State Legislature and the California Transportation Commission. Copies of such monthly and quarterly reports may be found at the Authority's website.

Antioch Bridge and Dumbarton Bridge. Caltrans has determined that the Antioch Bridge and the Dumbarton Bridge both require seismic retrofit. The Oversight Committee has decided to approve the

Caltrans recommendation that the Antioch Bridge be retrofitted using a "no collapse" strategy and that the Dumbarton Bridge be retrofitted using an "intermediate strategy" as described under "Seismic Design Strategies for the Bridge System" below.

The work on the Antioch Bridge consists of the installation of isolation bearings and strengthening the superstructure and substructure. The contract for the Antioch Bridge seismic retrofit was awarded in April 2010. The current forecast budget for the project is $85.7 million, including project contingency, of which approximately $63.2 million had been expended as of January 31, 2012. It is anticipated that the work will be completed in 2012.

The work on the Dumbarton Bridge consists of the installation of isolation bearings and strengthening the substructure for the main span and approaches. The contract for the Dumbarton Bridge seismic retrofit was awarded in August 2010. The current forecast budget for the Dumbarton Bridge project is $144.0 million, including project contingency, of which approximately $64.9 million had been expended as of January 31, 2012. It is anticipated that the work will be completed in 2013.

Seismic Retrofit Program Status

The following table sets forth the program budget, expenditures and project status for the Seismic Retrofit Program projects.

SUMMARY OF SEISMIC RETROFIT PROGRAM CAPITAL PROJECTS
Program Budget and Project Status
($ in millions)

Contract	Status	Current Approved Budget (as of January 31, 2012)	Forecast Cost at Completion (as of January 31, 2012)	Expenditures through January 31, 2012 (as of January 31, 2012)
San Francisco-Oakland Bay Bridge–East Span Retrofit and Replacement	Under Construction	$6,290.7	$6,463.8	$5,096.8
Antioch Bridge Retrofit	Under Construction	101.0	85.7	63.2
Dumbarton Bridge Retrofit	Under Construction	148.7	144.0	64.9
San Francisco-Oakland Bay Bridge–West Approach Replacement	Completed	468.7	457.1	449.3
San Francisco-Oakland Bay Bridge–West Span Retrofit	Completed	302.2	302.2	302.3
Richmond-San Rafael Bridge Retrofit	Completed	816.5	816.5	794.3
Benicia-Martinez Bridge Retrofit	Completed	177.8	177.8	177.8
Carquinez Bridge Retrofit	Completed	114.2	114.2	114.2
San Mateo-Hayward Bridge Retrofit	Completed	163.4	163.4	163.4
Vincent Thomas Bridge Retrofit	Completed	58.4	58.4	58.4
San Diego-Coronado Bridge Retrofit	Completed	102.6	102.6	102.6
Misc. Program Costs		30.0	30.0	25.5
Subtotal(1)		$8,774.2	$8,915.7	$7,412.7
Programmatic Risk		---	77.1	---
Program Contingency		307.8	89.2	---
Total(1)		$9,082.0	$9,082.0	$7,412.7

(1) Subtotals and totals may not add due to independent rounding of numbers.
Source: Caltrans.

As shown in the above table, the approved budget for the Toll Bridge Seismic Retrofit Program as of January 31, 2012 included $89.2 million for program contingency. The most recent expenditure forecast indicates that the budgeted program contingency is adequate. However, as disclosed under "RISK FACTORS—Construction Delays and Cost Escalation," a number of other factors could contribute to cost increases in the future, and thus it is possible that contingent costs of the seismic retrofit program may exceed budgeted contingency amounts.

Seismic Design Strategies for the Bridge System

The criteria used to determine post-earthquake performance standards for the Bridge System were specific to each bridge and were evaluated and refined by Caltrans during planning and design. The engineering was reviewed by an independent panel of recognized experts from the private sector and academia.

Each project was designed based upon a determination of the ground motions (earthquake forces) that influence a particular bridge in the event of an earthquake. Each of these motions was defined differently for each bridge site, as the seismic hazard at each site is different (different faults, different distances, etc.).

All seven toll bridges have been designed or have been or will be retrofitted, at a minimum, to avoid a collapse if the ground motions used to design the projects were to occur at the respective sites. A decision was made in the case of each bridge as to how much should be invested beyond the "no collapse" life safety level. The design strategy selected for each bridge was based on levels of traffic use, expected useful life of the bridge, the cost of a higher earthquake performance level, and other considerations. Some bridges were designated "Lifeline Structures" for which seismic strategy incorporates designs intended to exhibit performance levels superior to those levels associated with the "no collapse" design strategy and intended to create a post-earthquake condition in which Caltrans can put the bridge back into public service relatively quickly following a seismic event. A third seismic strategy, the "intermediate strategy," was adopted for certain bridges and is intended to provide a level of performance with an expectation of damage and closure, but with a higher performance than that of the "no collapse" strategy and a lower performance than that of the Lifeline Structure.

The following table describes the design basis and seismic strategy status for each of the Bridges:

BRIDGE DESIGN BASIS AND SEISMIC STRATEGY STATUS

Bridge	Seismic Strategy
Antioch	"No Collapse" Strategy Avoid catastrophic failure
Benicia—Martinez	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
Carquinez	Intermediate Strategy Moderate to major damage expected
Dumbarton	Intermediate Strategy Moderate to major damage expected
Richmond—San Rafael	"No Collapse" Strategy Avoid catastrophic failure
San Francisco—Oakland (east span) (1)	Lifeline Structure is under construction Minor to moderate damage expected, reopen to traffic quickly
San Francisco—Oakland (west span)	Lifeline Structure Minor to moderate damage expected, reopen to traffic quickly
San Mateo—Hayward	Intermediate Strategy Moderate to major damage expected

(1) An interim retrofit of the existing east span of the San Francisco-Oakland Bay Bridge was completed in June 2000. Pending completion of the replacement span, this interim retrofit does not result in a seismic performance level at the Lifeline Structure strategy but is designed to result in a non-collapse of the east span in the event of a moderate earthquake.

Source: Caltrans.

Caltrans' bridge design standards are subject to ongoing review and modification as knowledge about earthquakes increases. Each of the Bridges is reevaluated as standards are improved. It is possible, however, that the design strategies employed at any given time will not perform to expectations. See "RISK FACTORS—Risk of Earthquake."

AB 1171 Capital Projects

Pursuant to legislation adopted in 2001 known as "AB 1171" excess toll revenue generated from the seismic surcharge after a specified commitment for funding the Seismic Retrofit Program projects is achieved is required to be collected by the Authority and remitted to fund transportation and transit projects similar to those authorized by RM1 and RM2. The amount of such funds is programmed to be $570 million and has been budgeted by MTC to fund specified transportation projects such as the Doyle Drive replacement project, the extension of the Bay Area Rapid Transit system to east Contra Costa County, the Transbay Transit Center, improvements to the interchange of Highway 80 and Highway 680, and other transit and corridor improvement projects.

Bridge Rehabilitation Program

In addition to the RM1 Projects, RM2 Projects and Seismic Retrofit Program projects, the Authority funds other capital rehabilitation and operational improvement projects on the Bridge System designed to maintain and ensure the long-term safe operation of the Bridge System and associated toll facilities. The Authority commissioned a study in 2011 to assess its planned maintenance, repair and rehabilitation schedules for the Bridge System. The Authority currently anticipates funding such rehabilitation and operational improvement projects in the amount of approximately $60 million per fiscal year, on average. The Authority expects that actual maintenance, repair and rehabilitation costs will vary from year to year, largely as a result of the anticipated schedule for major rehabilitation of individual bridges, and that maintenance and repair costs generally will increase each year. The Authority anticipates undertaking major rehabilitation or replacement of one or more bridges in the Bridge System while its Bonds are Outstanding, but the Authority cannot predict the timing or costs of such work.

LIQUIDITY AND CASH RESERVES

Cash Reserves

The Authority's budget for the fiscal year ending June 30, 2012 includes the continued maintenance of a $1 billion cash reserve. As of June 30, 2011, the Authority held cash and investments in excess of $1 billion, including the Operations and Maintenance Fund described below. The purpose of the $1 billion cash reserve is to provide liquidity for debt service, variable costs associated with variable rate demand bonds, rehabilitation and operational improvements on the Bridges, and operating and other expenses in the event of an emergency that affects Bridge Toll Revenues. For a discussion of the Authority's cash, cash equivalents and investments as of June 30, 2011, see Note 3 on pages 51-55 of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

Operations and Maintenance Fund

The Senior Indenture provides that at the beginning of each Fiscal Year, the Authority shall deposit in its Operations and Maintenance Fund from Bridge Toll Revenues such amount as shall be necessary so that the amount on deposit in the Operations and Maintenance Fund equals two times the budgeted expenditures for the Fiscal Year for Caltrans' operation and maintenance of toll facilities on the Bridges, including, but not limited to, toll collection costs, including wages and salaries. The principal amount held in the Operations and Maintenance Fund is to be used and withdrawn by the Authority solely to pay such expenses and is not pledged to the payment of the Authority's Secured Obligations. Interest and other income from the investment of money in the Operations and Maintenance Fund is pledged to the payment of the Authority's Secured Obligations. The Authority in its budget for the fiscal year beginning July 1, 2011 requires that the balance in the Operations and Maintenance Fund be maintained at $75 million. See "THE BRIDGE SYSTEM—Bridge System Operations and Maintenance."

The Senior Indenture also provides that in the event that Bridge Toll Revenues on deposit in the Bay Area Toll Account are not sufficient at the beginning of any Fiscal Year to enable the Authority to make the transfer described above at the beginning of such Fiscal Year, the Authority shall not be required to make such transfer for such Fiscal Year and failure of the Authority to make such transfer shall not constitute an event of default under the Senior Indenture for as long as the Authority shall punctually pay the principal of and interest on the Senior Bonds as they become due and observe and comply with the toll rate covenants in the Senior Indenture. The Subordinate Indenture does not require the Operations and Maintenance Fund to be funded. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS—Certain Provisions of the Senior Indenture—Toll Rate Covenants" and APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Covenants of the Authority."

Investment Portfolio

Funds of the Authority are invested with other funds of MTC and related entities pursuant to an investment policy adopted by MTC, which permits the Authority to invest in some (but not all) of the types of securities authorized by State law for the investment of funds of local agencies (California Government Code Section 53600 et seq.) The securities in which the Authority currently is authorized to invest include United States treasury notes, bonds and bills, bonds, notes, bills, warrants and obligations issued by agencies of the United States, bankers acceptances, corporate commercial paper of prime quality, negotiable certificates of deposit, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), the State's local agency investment fund, the Alameda County local agency investment fund, collateralized repurchase agreements, and other securities authorized under State law as appropriate for public fund investments and not specifically prohibited by the investment policy. The investment policy (which is subject to change in the future) does not allow investment in reverse repurchase agreements, financial futures, option contracts, mortgage interest strips, inverse floaters or securities lending or any investment that fails to meet the credit or portfolio limits of the investment policy at the time of investment.

Funds held by a trustee under the Authority's toll bridge revenue bond indentures are to be invested by the trustee in specified types of investments in accordance with instructions from the Authority. The instructions from the Authority currently restrict those investments to investments permitted by the investment policy adopted by MTC described above (except that the trustee is permitted to invest a greater percentage of funds in mutual funds and in a single mutual fund than the investment policy would otherwise permit).

The Authority's primary investment strategy is to purchase investments with the intent to hold them to maturity. However, the Authority may sell an investment prior to maturity to avoid losses to the Authority resulting from further erosion of the market value of such investment or to meet operation or project liquidity needs.

As explained in Notes 1.T and 5, starting on pages 50 and 60, respectively, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011," the Authority's investment income for the fiscal years ended June 30, 2010 and June 30, 2011 was comprised of interest income from investments and changes in the fair market value of certain interest rate swaps that were hedges for variable rate demand bonds that were refunded and that no longer had an underlying bond to hedge. This resulted in a non-cash derivative investment charge of $23,551,920 in the fiscal year ended June 30, 2010 and a non-cash derivative investment gain of $21,386,552 in the fiscal year ended June 30, 2011. The Authority's Senior Indenture and Subordinate Indenture do not require the Authority to take that non-cash charge into account in calculating Revenue or for purposes of the additional bonds tests and the rate covenants described under "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS."

For more information regarding the investment policy and portfolio of MTC and the Authority, including a discussion of certain deposit and investment risk factors, see Note 1.H and Note 3.A, starting at page 45 and page 51, respectively, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011." The most current supplement hereto is expected to contain updated information concerning the investments in the investment portfolio of MTC and the Authority.

HISTORICAL REVENUE AND DEBT SERVICE COVERAGE

The following table sets forth Bridge System historical revenue and debt service coverage for the five fiscal years ended June 30, 2011. Information in the table is intended to provide potential investors with information about revenues and gross debt service coverage. The presentation is not prepared in accordance with generally accepted accounting principles and could differ from comparable presentations by other similar organizations. This table does not calculate coverage ratio covenants or additional bonds tests that are discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS" and in APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE." Generally swap rates are used for variable rate demand bonds that have corresponding qualified swap agreements, the interest rates on taxable Build America Bonds are net of the expected subsidy payments, which payments are excluded from revenues, and bank fees are excluded from debt service.

BRIDGE SYSTEM
Historical Revenue and Debt Service Coverage
($ in thousands)

Fiscal Year Ended June 30,	**2007**	**2008**	**2009**	**2010**	**2011**
Revenue					
Bridge Toll Revenues	$422,355	$477,377	$470,136	$466,086	$597,362
Interest Earnings	96,415	116,134	38,740[2]	8,678[3]	12,059[4]
Other Revenues[1]	5,989	14,309	18,088	19,275	18,459
Senior Bond Subsidy Payments	--	--	--	18,681[5]	--
Total Revenue Under Senior Indenture [A]	$524,759	$607,820	$526,964	$512,720	$627,880[6]
Debt Service on Senior Bonds and Parity Obligations [B]	$161,144	$234,479	$238,607	$260,166	$264,722[5][7]
Gross Senior Debt Service Coverage [A/B]	3.26x	2.59x	2.21x	1.97x	2.37x
Less Maintenance and Operation Expenses [C]					(80,993)
Total Available Revenue Under [8] Subordinate Indenture [A-C = D]					$546,887[6]
Debt Service on Senior Bonds, Parity Obligations and Subordinate Bonds [E]					$359,973[6]
Gross Debt Service Coverage [D/E]					1.52x

(1) Consists of, among other things, violation revenues. Includes $1.1 million of transfers from MTC for the fiscal year ended June 30, 2010 relating to a Transit Cooperative Research Program grant.

(2) Does not reflect non-cash derivative investment charge of $38,719,155 that does not reduce Revenue for purposes of the Senior Indenture. See "LIQUIDITY AND CASH RESERVES—Investment Portfolio."

(3) Does not reflect non-cash derivative investment charge of $23,551,920 that does not reduce Revenue for purposes of the Senior Indenture. See "LIQUIDITY AND CASH RESERVES—Investment Portfolio" and Notes 1.S and 5, starting on pages 47 and 57, respectively, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010."

(4) Does not reflect cash derivative investment gain of $21,386,552. See "LIQUIDITY AND CASH RESERVES – Investment Portfolio."

(5) Senior Bond Subsidy Payments consist of a 35% federal interest subsidy for the 2009 Series F-2 Bonds issued under the Build America Bond program which the Authority received in the fiscal year ended June 30, 2010.

(6) In the fiscal year ended June 30, 2011, the Senior Indenture was amended to provide, and the Subordinated Indenture provides, that subsidy payments are treated as offset against interest paid on Build America Bonds for purposes of the rate covenants and additional bonds tests. Beginning in the fiscal year ended June 30, 2011, subsidy payments for all Senior Bonds and Subordinate Bonds which the Authority has issued as Build America Bonds are excluded from "Total Revenue Under Senior Indenture" and "Total Available Revenue Under Subordinate Indenture," while "Debt Service on Senior Bonds and Parity Obligations" and "Debt Service on Senior Bonds, Parity Obligations and Subordinate Bonds" are shown net of such subsidy payments which amounted to $72,638,218 for the fiscal year ended June 30, 2011. See "SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS—Certain Provisions of the Senior Indenture—Build America Bonds Federal Interest Subsidy Payments" and "—Certain Provisions of the Subordinate Indenture—Build America Bonds Federal Interest Subsidy Payments."

(7) Senior Bond interest expense plus principal retirement of $36,990,000.

(8) No Subordinate Indenture existed prior to fiscal year ended June 30, 2011.

Source: The Authority.

SECURITY AND SOURCES OF PAYMENT FOR THE TOLL BRIDGE REVENUE BONDS

As of March 1, 2012, the Authority had Senior Bonds outstanding in the aggregate principal amount of $5,558,135,000, comprised of $1,457,760,000 aggregate principal amount of variable rate demand bonds and $4,100,375,000 aggregate principal amount of fixed rate bonds and fixed rate Subordinate Bonds outstanding in the aggregate principal amount of $2,385,000,000. Additional toll bridge revenue bonds may be issued in the future as either Senior Obligations or Subordinate Obligations (subject to the requirements of and limitations in the Senior Indenture or the Subordinate Indenture, described below).

Senior Bonds and obligations of the Authority that are payable on a parity with the Senior Bonds are "Senior Obligations." Senior Obligations consist of the Senior Bonds and amounts due as regularly scheduled payments under the Authority's Qualified Swap Agreements described under "OTHER AUTHORITY OBLIGATIONS—Qualified Swap Agreements." Senior Obligations also include any amounts due as reimbursement obligations pursuant to the reimbursement agreement relating to the issuance of letters of credit securing variable rate demand bonds that are Senior Bonds and for Reserve Facility Costs, which are amounts to repay draws under surety bonds or insurance policies held in the reserve fund for Senior Bonds.

Subordinate Bonds and obligations of the Authority that are payable on a parity with the Subordinate Bonds are "Subordinate Obligations." In addition, if the Authority were to become obligated to make termination payments under the Authority's Qualified Swap Agreements described below, those obligations would be Subordinate Obligations.

See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE" for further information about the security for the Senior Bonds and the Subordinate Bonds.

Statutory Lien on Bridge Toll Revenues

The Act imposes a statutory lien upon all Bridge Toll Revenues in favor of the holders of the Authority's toll bridge revenue bonds and in favor of any provider of credit enhancement for those bonds. Bridge Toll Revenues include all tolls and all other income, including penalties for violations, allocated to the Authority pursuant to the Act derived from the Bridge System and not limited or restricted to a specific purpose. The statutory lien is subject to expenditures for operation and maintenance of the Bridges, including toll collection, unless those expenditures are otherwise provided for by statute. See "THE BRIDGE SYSTEM—Bridge System Operations and Maintenance" and "LIQUIDITY AND CASH RESERVES—Operations and Maintenance Fund," APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Pledge by the State

Pursuant to Section 30963 of the Act, the State has pledged and agreed with the holders of toll bridge revenue bonds and those parties who may enter into contracts with the Authority pursuant to the Act, that the State will not limit, alter, or restrict the rights vested by the Act in the Authority to finance the toll bridge improvements authorized by the Act. The State has further agreed not to impair the terms of any agreements made with the holders of the toll bridge revenue bonds and with parties who may enter into contracts with the Authority pursuant to the Act and has pledged and agreed not to impair the rights or remedies of the holders of any toll bridge revenue bonds or any such parties until the toll bridge revenue bonds, together with interest, are fully paid and discharged and any contracts are fully performed on the part of the Authority.

Certain Provisions of the Senior Indenture

The Senior Indenture provides that Senior Obligations are payable from and secured by "Revenue," which consists of tolls paid by vehicles using the seven Bridges in the Bridge System (including income from penalties for toll violations), interest earnings on the Bay Area Toll Account and all other funds held by the Authority, interest earnings on fund balances held under the Senior Indenture, payments received under interest rate swap agreements, and interest subsidy payments received from the federal government on account of the issuance of Senior Bonds as Build America Bonds. Senior Obligations are also secured by and payable from all amounts (including the proceeds of Senior Bonds) held by the Senior Indenture Trustee (except amounts on deposit to be used to make rebate payments to the federal government and amounts on deposit to be used to provide liquidity support for variable rate demand Senior Bonds). The pledge securing Senior Obligations is irrevocable until all Senior Obligations are no longer outstanding.

Authority for Issuance of Senior Bonds. The Senior Indenture permits Senior Bonds to be issued pursuant to the Act for the purpose of toll bridge program capital improvements and for the purpose of refunding Senior Bonds and other Senior Obligations.

Transfers of Revenue. Under the Act, all Bridge Toll Revenues are required to be deposited into the Bay Area Toll Account held by the Authority. The Senior Indenture requires the Authority to transfer to the Senior Indenture Trustee, from the Bay Area Toll Account, Revenue sufficient to make payments on all Senior Obligations not later than three Business Days prior to their due dates.

Revenue so received from the Authority by the Senior Indenture Trustee is required by the Senior Indenture to be deposited in trust in the Bond Fund under the Senior Indenture. All Revenue held in that Bond Fund is to be held, applied, used and withdrawn only as provided in the Senior Indenture.

The Subordinate Indenture Trustee has been instructed by the Authority to transfer to the Senior Indenture Trustee any Revenue (as defined in the Senior Indenture) on deposit in the Bond Fund held by the Subordinate Indenture Trustee to the extent that there is any shortfall in amounts needed to make timely payments of principal, interest, and premium, if any, on Senior Obligations or to replenish the reserve fund for the Senior Bonds. Any such transfer to the Senior Indenture Trustee will not include proceeds of Subordinate Bonds, amounts attributable to interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds or any amounts attributable to a reserve account for Subordinate Bonds. The Senior Indenture Trustee has been instructed by the Authority to transfer to the Subordinate Indenture Trustee any amounts on deposit in the Fees and Expenses Fund under the Senior Indenture to the extent that there is any shortfall in the Bond Fund under the Subordinate Indenture of amounts needed to make timely payments of principal, interest, and premium, if any, on Subordinate Obligations and to replenish the reserve fund for the Subordinate Bonds, provided that no such transfer is to be made to the extent there is also a concurrent shortfall in the Bond Fund or reserve fund under the Senior Indenture. The Authority has instructed each trustee to notify the other trustee on the third Business Day preceding each principal or interest payment date of the need for such a transfer and to request such transfer on the second Business Day preceding each such payment date.

Toll Rate Covenants. The Authority covenants in the Senior Indenture that it will at all times establish and maintain tolls on the Bridge System at rates sufficient to pay debt service on all Senior Obligations, to pay certain toll operations expenditures (defined in the Senior Indenture as "Category B" maintenance expenditures) and to otherwise comply with the Act.

The Authority also has covenanted in the Senior Indenture to compute coverage ratios specified in the Senior Indenture on an annual basis within ten Business Days after the beginning of each Fiscal Year and to increase tolls if any of the ratios is less than the required level. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Toll Rate Covenants"

The Authority's calculations as of June 30, 2010 and as of June 30, 2011 both show that the resulting ratios did not require the Authority to increase tolls. See Schedule 11 at page 101 in the Other Supplementary Information of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

Additional Bonds Test. Additional Senior Obligations may be issued under the Senior Indenture only if at least one of the following is true immediately following the issuance of such additional Senior Obligations:

(a) the additional Senior Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Senior Obligations and the Costs of Issuance of such refunding Senior Obligations; (3) interest on all Senior Obligations to be refunded to the date such Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Senior Obligations from the date thereof to the date of payment or redemption of the Senior Obligations to be refunded; or

(b) the governing board of the Authority determines that one of the following is true: (1) the ratio of (A) Net Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service on the Senior Obligations, calculated as of the date of sale of, and including such additional Senior Obligations, will not be less than 1.50:1; or (2) the ratio of (A) Net Revenue projected by the Authority for each of the next three Fiscal Years, including in such projections amounts projected to be received from any adopted toll increase or planned openings of an additional Bridge, to (B) Maximum Annual Debt Service on the Senior Obligations, calculated as of the date of sale of and including such additional Senior Obligations, will not be less than 1.50:1.

The Senior Indenture includes definitions of Net Revenue and Maximum Annual Debt Service and other requirements for the issuance of additional Senior Obligations. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Additional Senior Bonds; Subordinate Obligations."

Reserve Fund. The Reserve Fund established pursuant to the Senior Indenture is solely for the purpose of paying principal of and interest on the Senior Bonds when due when insufficient moneys for such payment are on deposit in the Principal Account and the Interest Account under the Senior Indenture. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Funds and Accounts—Establishment and Application of the Reserve Fund."

The balance in the Reserve Fund is required by the Senior Indenture to equal or exceed the "Reserve Requirement" (defined in the Senior Indenture as an amount equal to the lesser of Maximum Annual Debt Service on all Senior Bonds and 125% of average Annual Debt Service on all Senior Bonds). At June 30, 2011, the Reserve Requirement was approximately $317,488,099, and cash and investments aggregating at least that amount were held in the Reserve Fund. See APPENDIX B—

"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—DEFINITIONS."

The Senior Indenture Trustee is to draw on the Reserve Fund to the extent necessary to fund any shortfall in the Interest Account or the Principal Account. The Authority is to replenish amounts drawn from the Reserve Fund by making monthly transfers to the Senior Indenture Trustee equal to one-twelfth (1/12th) of the initial aggregate amount of the deficiency in the Reserve Fund. See APPENDIX B—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE—THE SENIOR INDENTURE—Funds and Accounts—Establishment and Application of the Reserve Fund" and "—Funding of the Reserve Fund."

Build America Bonds Federal Interest Subsidy Payments. The Authority has issued Senior Bonds and Subordinate Bonds as taxable Build America Bonds under, and as defined in, the federal American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Under the Recovery Act, issuers of qualified Build America Bonds may elect to receive from the federal government interest subsidy payments equal to 35% of the amount of interest paid by the issuer on the Build America Bonds. Such payments to the Authority on account of Senior Bonds constitute Revenue under the Senior Indenture. See "RISK FACTORS – Risk of Non-Payment of Direct Subsidy Payments." Pursuant to the Indenture, the Authority treats such subsidy payments as an offset against interest paid on the Build America Bonds for purposes of the rate covenants and additional bonds tests described above under "Toll Rate Covenants" and "Additional Bonds Test," and such Subsidy Payments are excluded from Net Revenue for purposes of such covenants and tests.

Special Obligations. The Senior Bonds are special obligations of the Authority payable, as to interest thereon and principal thereof, solely from Revenue as defined and provided in the Senior Indenture, and the Authority is not obligated to pay them except from Revenue. The Senior Bonds do not constitute a debt or liability of the State, the Metropolitan Transportation Commission or any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any political subdivision of the State.

Certain Provisions of the Subordinate Indenture

The Subordinate Indenture provides that Subordinate Obligations are payable from and secured by a subordinate pledge of the Revenue and other amounts pledged to the Senior Obligations as described above under "Certain Provisions of the Senior Indenture" (other than amounts held in the reserve fund for Senior Bonds, other proceeds of Senior Bonds, and interest subsidy payments received from the federal government on account of the issuance of Senior Bonds as Build America Bonds). In addition, Subordinate Obligations are payable from and secured by interest earnings on fund balances held under the Subordinate Indenture, interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds, and all amounts (including the proceeds of Subordinate Bonds) held by the Subordinate Indenture Trustee (except amounts on deposit to be used to make rebate payments to the federal government and amounts on deposit to be used to provide liquidity support for variable rate demand Subordinate Bonds). The pledge securing Subordinate Obligations is irrevocable until all Subordinate Obligations are no longer outstanding.

Authority for Issuance of Subordinate Bonds. The Subordinate Indenture permits Subordinate Bonds to be issued pursuant to the Act to finance the construction, improvement and equipping of the Bridge System and for any of the other purposes authorized by the Act, including refunding Senior Obligations, Subordinate Bonds and other Subordinate Obligations.

Transfers of Revenue. Under the Act, all Bridge Toll Revenues are required to be deposited into the Bay Area Toll Account held by the Authority. The Subordinate Indenture requires the Authority to transfer to the Subordinate Indenture Trustee, from the Bay Area Toll Account, Revenue sufficient to make payments on all Subordinate Obligations not later than three Business Days prior to their due dates.

Revenue so received from the Authority by the Subordinate Indenture Trustee is required by the Subordinate Indenture to be deposited in trust in the Bond Fund under the Subordinate Indenture. All Revenue held in that Bond Fund is to be held, applied, used and withdrawn only as provided in the Subordinate Indenture.

The Subordinate Indenture Trustee has been instructed by the Authority to transfer to the Senior Indenture Trustee any Revenue (as defined in the Senior Indenture) on deposit in the Bond Fund held by the Subordinate Indenture Trustee to the extent that there is any shortfall in amounts needed to make timely payments of principal, interest, and premium, if any, on Senior Obligations or to replenish the reserve fund for the Senior Bonds. Any such transfer to the Senior Indenture Trustee will not include proceeds of Subordinate Bonds, amounts attributable to interest subsidy payments received from the federal government on account of the issuance of Subordinate Bonds as Build America Bonds or any amounts attributable to a reserve account for Subordinate Bonds. The Senior Indenture Trustee has been instructed by the Authority to transfer to the Subordinate Indenture Trustee any amounts on deposit in the Fees and Expenses Fund under the Senior Indenture to the extent that there is any shortfall in the Bond Fund under the Subordinate Indenture of amounts needed to make timely payments of principal, interest, and premium, if any, on Subordinate Obligations and to replenish the reserve fund for the Subordinate Bonds, provided that no such transfer is to be made to the extent there is also a concurrent shortfall in the Bond Fund or reserve fund under the Senior Indenture. The Authority has instructed each trustee to notify the other trustee on the third Business Day preceding each principal or interest payment date of the need for such a transfer and to request such transfer on the second Business Day preceding each such payment date.

Toll Rate Covenant. The Authority covenants in the Subordinate Indenture that it will at all times establish and maintain tolls on the Bridge System at rates projected by it to generate sufficient Revenue (as defined in the Subordinate Indenture) to pay, as and when due, amounts due on all Senior Bonds and other Senior Obligations, Subordinate Bonds and other Subordinate Obligations, Maintenance and Operation Expenses, and other obligations of the Authority, and to otherwise comply with the Act.

The Authority also has covenanted in the Subordinate Indenture to compute the debt service coverage ratio specified in the Subordinate Indenture on an annual basis within ten Business Days after the beginning of each Fiscal Year and to take such action as promptly as practicable thereafter (including, without limitation, increasing Bridge Toll Revenues through toll increases) as the Authority projects is necessary to cause the projected debt service coverage ratio for that Fiscal Year to equal or exceed 1.20:1. See APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE—THE SUBORDINATE INDENTURE—Covenants of the Authority—Revenue Covenants," and Schedule 11 at page 101 in the Other Supplementary Information thereof.

Additional Bonds Test. Additional Subordinate Bonds (or additional Obligations payable on a parity with Subordinate Bonds) may be issued under the Subordinate Indenture only if the requirements of (a) or (b) below are met:

(a) the Subordinate Obligations are issued for refunding purposes to provide funds for the payment of any or all of the following: (1) the principal or redemption price of the Subordinate Obligations or Senior Obligations to be refunded; (2) all expenses incident to the calling, retiring or paying of such Subordinate Obligations or Senior Obligations, the Costs of Issuance of such refunding Subordinate Obligations, and any termination payments or other payments to the holders of obligations of the Authority entered into pursuant to California Government Code section 5922 (or any similar statute) related to such Subordinate Obligations or Senior Obligations; (3) interest on all Subordinate Obligations or Senior Obligations to be refunded to the date such Subordinate

Obligations or Senior Obligations will be called for redemption or paid at maturity; and (4) interest on the refunding Subordinate Obligations from the date thereof to the date of payment or redemption of the Subordinate Obligations or Senior Obligations to be refunded; or

(b) an Authorized Representative determines and certifies, as of the date of issuance of the additional Subordinate Obligations, that either: (1) the ratio of (A) Available Revenue for the most recent Fiscal Year for which audited financial statements are available to (B) Maximum Annual Debt Service (defined in the Subordinate Indenture to include debt service on all Senior Obligations and Subordinate Obligations), calculated as of the date of sale of, and including such Subordinate Obligations, will not be less than 1.20:1; or (2) the ratio of (A) projected Available Revenue for each of three consecutive Fiscal Years (beginning with the current Fiscal Year or the Fiscal Year after the current Fiscal Year) to (B) Debt Service, calculated as of the date of sale of, and including, such Bonds or Parity Obligations, for each such Fiscal Year, will not be less than 1.20:1, and of (X) projected Available Revenue for the third such consecutive Fiscal Year to (Y) Maximum Annual Debt Service, calculated as of the date of sale of, and including, such Bonds or Parity Obligations, will not be less than 1.20:1. In calculating projected Available Revenue, the Authority will take into account amounts projected to be received from any adopted toll increase or increases and any additional Bay Area Bridge or Bridges

The Subordinate Indenture includes definitions of Available Revenue, Debt Service, and Maximum Annual Debt Service and other requirements for the issuance of additional Subordinate Obligations. See APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE—Additional Subordinate Bonds."

Pursuant to the Subordinate Indenture, at such time as the Authority determines to issue additional Subordinate Bonds, the Authority shall, in addition to fulfilling the requirements of the Subordinate Indenture described above, file with the Subordinate Trustee (a) a certificate of the Authority stating that no Event of Default specified in the Subordinate Indenture has occurred and is then continuing; (b) a certificate of the Authority stating that the requirements described above have been satisfied; (c) such amount, in cash or in the form of a Reserve Facility, as shall equal the Reserve Requirement, if any, for such Series of Subordinate Bonds for deposit in the Reserve Fund established pursuant to the Subordinate Indenture; and (d) an Opinion of Bond Counsel to the effect that the Supplemental Subordinate Indenture creating such Series of Subordinate Bonds has been duly executed and delivered by the Authority in accordance with the Subordinate Indenture and that such Series of Subordinate Bonds, when duly executed by the Authority and authenticated and delivered by the Subordinate Trustee, will be valid and binding obligations of the Authority.

Reserve Fund. Subordinate Bonds may be issued with or without a Reserve Requirement. The Authority will decide at the time of issuance of a series of Subordinate Bonds whether to establish a Reserve Requirement for that series and the amount of the Reserve Requirement. On the date of issuance of any series of Subordinate Bonds that has a Reserve Requirement, the Reserve Requirement will be deposited in the Reserve Account established under the Subordinate Indenture for those bonds. Alternatively, the Authority may decide to establish a pooled Reserve Requirement for that series of Subordinate Bonds and any one or more subsequently issued series of Subordinate Bonds with the same pooled Reserve Requirement, in which case an amount necessary to bring the amount on deposit in the pooled Reserve Account to such pooled Reserve Requirement will be deposited in the pooled Reserve Account established under the Subordinate Indenture. A Reserve Account was established and funded in the amount of $67,938,000 (the maximum annual amount of interest payable on the 2010 Series S-1 Subordinate Bonds as of their date of issue) in connection with the issuance of 2010 Series S-1 Subordinate Bonds in July 2010, and it secures only that series of Subordinate Bonds. Reserve Accounts were also established and funded in the amount of $20,436,387.50 (the maximum annual amount of interest payable on the 2010 Series S-2 Subordinate Bonds as of their date of issue) and $21,325,362.50 (the maximum annual amount of interest payable on the 2010 Series S-3 Subordinate Bonds as of their date of issue) in connection with the issuance of 2010 Series S-2 Subordinate Bonds and 2010 Series S-3 Subordinate Bonds, respectively, in November 2010, and each such Reserve Account secures only that respective series of Subordinate Bonds.

Money in an account in the Reserve Fund shall be used and withdrawn by the Subordinate Indenture Trustee solely for the purpose of paying principal of and interest on the Subordinate Bonds for which such account is held when such principal and interest are due if insufficient moneys for the payment thereof are on deposit with the Subordinate Indenture Trustee. The Authority is to replenish amounts drawn from the Reserve Fund by making monthly transfers to the Subordinate Indenture Trustee equal to one-twelfth (1/12th) of the aggregate amount of the deficiency in the Reserve Fund. See APPENDIX C—"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE—Funds and Accounts—Establishment and Application of the Reserve Fund" and "—Funding of the Reserve Fund."

Build America Bonds Federal Interest Subsidy Payments. The Authority has issued Senior Bonds and Subordinate Bonds as taxable Build America Bonds under, and as defined in, the federal American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Under the Recovery Act, issuers of qualified Build America Bonds may elect to receive from the federal government interest subsidy payments equal to 35% of the amount of interest paid by the issuer on the Build America Bonds. See "RISK FACTORS – Risk of Non-Payment of Direct Subsidy Payments." Pursuant to the Subordinate Indenture, the Authority treats such subsidy payments as an offset against interest paid on Build America Bonds for purposes of the additional bonds test and the rate covenants described above under "Toll Rate Covenants" and "Additional Bonds Test," and such Subsidy Payments are excluded from Available Revenue for purposes of such covenants and tests.

Special Obligations. The Subordinate Bonds are special obligations of the Authority payable, as to interest thereon and principal thereof, solely from Revenue as defined and provided in the Subordinate Indenture, and the Authority is not obligated to pay them except from Revenue. The Subordinate Bonds do not constitute a debt or liability of the State, the Metropolitan Transportation Commission or any other political subdivision of the State other than the Authority, or a pledge of the full faith and credit of the State or of any political subdivision of the State.

OTHER AUTHORITY OBLIGATIONS

Credit Facilities

On September 28, 2010, the Authority entered into a Reimbursement Agreement with eight banks pursuant to which the banks provided, on November 1, 2010, irrevocable, direct-pay letters of credit (the "Letters of Credit"). The Letters of Credit are available to be drawn on for funds to pay principal of and interest on the Authority's Senior Bonds that are variable rate demand bonds. The Letters of Credit are also be available to be drawn on for funds to purchase the Authority's Senior Bonds that are variable rate demand bonds and that are tendered for purchase and are not successfully remarketed. Senior Bonds so purchased with proceeds of draws under the Letters of Credit ("Credit Provider Bonds") will continue to be Senior Bonds under the Senior Indenture payable on a parity basis with other Senior Bonds, but they will bear interest at the applicable rate of interest set forth in the Reimbursement Agreement. Reimbursement obligations created by unreimbursed principal and interest draws under the Letter of Credit will be Senior Parity Obligations, payable on a parity basis with Senior Bonds. Under the Reimbursement Agreement, fees and other payments due to the banks providing the Letters of Credit are subordinate to Senior Obligations and Subordinate Obligations and are payable from the Fees and Expenses Fund held by the Senior Indenture Trustee. The Authority's obligation to pay interest on reimbursement obligations and on Credit Provider Bonds evidencing the Authority's obligation to pay amounts advanced under the Letters of Credit can be as high as 15% per annum.

The Authority's obligation to reimburse the banks on account of the purchase of the Authority's Senior Bonds that are tendered for purchase and not successfully remarketed may, under specified circumstances, be paid over a period of five years, but that amortization period may be accelerated by the banks in the event of the occurrence of an event of default under the Reimbursement Agreement. Events of default under the Reimbursement Agreement include, among other events, the failure of the Authority to pay debt service on its Senior Bonds or Subordinated Bonds as and when due and the default by the Authority in the observance or performance of covenants or agreements in the Reimbursement Agreement or related documents.

JPMorgan Chase Bank, National Association is the agent for all of the banks under the Reimbursement Agreement, which banks include: Bank of America, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, Barclays Bank PLC, acting through its New York Branch, JPMorgan Chase Bank, National Association, Lloyds TSB Bank Plc, acting through its New York Branch, Morgan Stanley Bank, N.A., Sumitomo Mitsui Banking Corporation, acting through its New York Branch, and Union Bank, N.A.

Qualified Swap Agreements

The Authority has entered into Sixteen Qualified Swap Agreements with seven counterparties that as of June 30, 2011 had an aggregate notional amount of $1,928,845,000 of which twelve, having an aggregate notional amount of $1,440,000,000, are agreements pursuant to which the Authority pays a fixed rate and receives a variable rate based on an index and of which four, having an aggregate notional amount of $488,845,000, are agreements pursuant to which the Authority pays a variable rate based on an index and receives a fixed rate. [The governing board of the Authority has authorized the amendment, restructuring, and termination of existing Qualified Swap Agreements under which the Authority pays a fixed rate and receives a variable rate, and the governing board has authorized the Authority to enter into additional Qualified Swap Agreements pursuant to which the Authority will pay a variable rate and receive a fixed rate.]

For a discussion of the Authority's outstanding interest rate swap agreements as of June 30, 2011, see "Note 5—Derivative Instruments" and "—Objective and Terms of Hedging Derivative Instruments" on pages 66-70 and Schedules 15 through 19 on pages 108-112, of APPENDIX A—"METROPOLITAN TRANSPORTATION COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

On March 20, 2012, Citibank, N.A. novated to Wells Fargo Bank, N.A., an interest rate swap having a notional amount of $110 million that was initially entered into with the Authority on November 15, 2005 and having an initial notional amount of $225 million. Under the two resulting swaps, each of the swap counterparties pay a floating rate of 53.80% of 1-month LIBOR plus 0.74% and the Authority pays a fixed rate of 3.6375%.

Each Qualified Swap Agreement may terminate prior to its scheduled termination date and prior to the maturity of the Senior Bonds to which it relates.

Each Qualified Swap Agreement pursuant to which the Authority pays a variable rate based on an index and receives a fixed rate may be terminated in whole or in part at the option of the counterparty on April 1, 2014. No payment would be due from the Authority or the counterparty if the option is exercised, other than net accrued interest until that date.

There are no automatic termination events under any of the Authority's Qualified Swap Agreements, except in the case of bankruptcy under certain circumstances.

Each of the Authority's Qualified Swap Agreements may be terminated at the option of the Authority or its counterparty upon the occurrence of certain events. Such events include, among other events, the election of the Authority to terminate (in its sole discretion) at any time and the election of the counterparty to terminate if the Authority's unenhanced Senior Bond credit rating is withdrawn, suspended or reduced below "BBB-" by Standard & Poor's (or below "BBB+" in certain cases) or is withdrawn, suspended or reduced below "Baa3" by Moody's (or below "Baa1" in certain cases) and that withdrawal, suspension or reduction continues for five business days. In the event a Qualified Swap Agreement is so terminated, a termination payment will be payable by either the Authority or the counterparty depending on market conditions and the specific provisions of the Qualified Swap Agreement. Any such termination payment payable by the Authority could be substantial. Termination payments payable pursuant to Qualified Swap Agreements are payable on a parity with the Subordinate Bonds and constitute "Parity Obligations" under the Subordinate Indenture.

The Authority is not required to post collateral under its Qualified Swap Agreements. The counterparties are not required to post collateral unless they are rated below either "AA-" by Standard & Poor's or "Aa3" by Moody's. Each swap counterparty is required to post collateral to the Authority to secure its exposure in excess of $10 million if the counterparty is rated between either "A+" and "A-" by Standard & Poor's or "A1" and "A3" by Moody's. However, each counter party must secure its entire exposure if it is rated below either "A-" by Standard & Poor's or "A3" by Moody's.

In July 2009, the Authority terminated $1,073,605,000 notional amount of interest rate swap agreements with Ambac Financial Services, LLC ("AFS"), a subsidiary of Ambac Assurance Corporation ("Ambac") on account of downgrades to the credit ratings of Ambac. The interest rate swap agreements (under which the Authority paid a fixed rate to AFS and received a variable rate) were entered into to turn variable rate bonds of the Authority into synthetic fixed rate debt. The termination of the interest rate swap agreements, coupled with the issuance of the Series 2009F-1 Bonds on August 20, 2009 and redemption of $776,405,000 of outstanding variable rate bonds, replaced a portion of the Authority's synthetic fixed rate debt with actual fixed rate debt. The Authority made termination payments to AFS totaling approximately $105,000,000 in July 2009. AFS subsequently filed suit against the Authority in federal court in New York seeking damages in excess of $50,000,000 alleging that the Authority paid AFS less than the amount due AFS as termination payments. The litigation was settled in 2011 with a payment by the Authority to AFS of $7.5 million.

Further Subordinated Obligations

The Authority may issue or incur obligations that would be secured by Revenue on a basis junior and subordinate to the payment of the principal, interest and reserve fund requirements for the Subordinate Obligations. Other than fees and other payments due to the Credit Providers, the Authority had no such obligations outstanding as of the date of this Information Statement. Such obligations could consist of toll bridge revenue bonds or payment obligations under liquidity or credit agreements or interest rate swap agreements. The Authority also has other obligations such as remarketing agent fees that are payable from Revenues.

RELATED ASSOCIATIONS

The Authority has interactions with a number of related entities the obligations of which are not obligations of the Authority nor are the obligations of such entities payable from Bridge Toll Revenues. These agencies are described in the following paragraphs:

Metropolitan Transportation Authority

MTC is a public agency created in 1970 by California law for the purpose of providing regional transportation planning and organization for the nine San Francisco Bay Area counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, sometimes collectively referred to herein as the "Bay Area." As such, it is responsible for regularly updating the regional transportation plan, a comprehensive blueprint for the development of mass transit, highway, airport, seaport, ferry, railroad, bicycle and pedestrian facilities. MTC administers state and federal grants for transportation projects and screens requests from local agencies for such grant funding to determine their compatibility with the regional transportation plan. State legislation adopted in 1997 has given regional transportation planning agencies such as MTC increased decision-making authority over the selection of state highway projects and the allocation of transit expansion funds for the state transportation improvement program. MTC also monitors transit operators' budgets, conducts performance audits and adopts a yearly transit improvement program to ensure that the region's numerous bus, rail and ferry systems are coordinated in terms of their routes, fares, transfer policies, schedules, passenger information and facilities.

Bay Area Headquarters Authority

The Bay Area Headquarters Authority or "BAHA" is a joint exercise of powers authority created by a Joint Exercise of Powers Agreement (the "BAHA Agreement") between the Authority and MTC. BAHA was created to plan, acquire, and develop office space and facilities and undertake related activities by exercising the common powers of the Authority and MTC and the powers separately conferred by law. The Authority authorized a contribution of up to $167,026,515 to BAHA pursuant to the BAHA Agreement for purposes of acquiring and developing an office facility at 390 Main Street in San Francisco, California (the "Administration Building"). BAHA has acquired the office facility at 390 Main Street for a purchase price of $93 million and is beginning to develop the facility. Portions of the building may be sold or leased to the Bay Area Air Quality Management District and other governmental or private tenants, in addition to being the headquarters of MTC and the Authority. The California Bureau of State Audits is currently conducting an audit of the proposed acquisition of the new building and the contribution by the Authority to BAHA of toll bridge funds related to such acquisition. Legislation (SB 1545) was introduced on February 24, 2012 and passed by the Senate Transportation Committee on March 28, 2012. If adopted, SB 1545 would prohibit expenditures on the new Administration Building pending completion of the State audit.

Bay Area Infrastructure Financing Authority

The Bay Area Infrastructure Financing Authority or "BAIFA" is a joint exercise of powers authority created by a Joint Exercise of Powers Agreement between the Authority and MTC. In December 2006, BAIFA issued its $972,320,000 State Payment Acceleration Notes ("SPANs"), the net proceeds of which are being used to finance a portion of the Seismic Retrofit Program described in this Information Statement. The BAIFA SPANs have no claim on and are not payable from toll revenues collected by the Authority. At March 1, 2012, the aggregate principal amount of BAIFA SPANs outstanding was $540,720,000.

Regional Express Lanes

The Authority and MTC are in the initial stages of planning to develop, administer, operate and maintain a multi-county, high-occupancy toll ("HOT") lane network in the Bay Area. Vehicles will be able to use the FasTrak system to pay to access the HOT Lanes network. The Authority and MTC are currently exploring financing options for the HOT lanes network and the BAIFA Joint Exercise of Powers Agreement has been amended in contemplation of it being a potential financing vehicle and operating entity. Work on the initial phase of the MTC authorized network, consisting of approximately 80 miles of conversion of existing high-occupancy vehicle (HOV) lanes to HOT lanes, is expected to commence later in 2012. Further plans include approximately 190 miles of HOT lanes, consisting of converted HOV lanes and new lanes located around the Bay Area. The California Transportation Commission took action in 2011 authorizing MTC to develop and operate the HOT lanes network.

RISK FACTORS

The primary source of payment for the Authority's toll bridge revenue bonds is the Authority's bridge toll revenues. The level of bridge toll revenues collected at any time is dependent upon the level of traffic on the Bridge System, which, in turn, is related to several factors, including without limitation, the factors indicated below.

Risk of Faulty Forecast

The levels of traffic assumed and toll revenue projected are based solely upon estimates and assumptions made by the Authority. Actual levels of traffic and toll revenue will differ, and may differ materially, from the levels projected. Actual interest earnings, debt service interest rates, swap revenues and operations and maintenance expenses could also differ from the forecast.

Risk of Earthquake

The Bay Area's historical level of seismic activity and the proximity of the Bridge System to a number of significant known earthquake faults (including most notably the San Andreas Fault and the Hayward Fault) increases the likelihood that an earthquake originating in the region could destroy or render unusable for a period of time one or more of the Bridges, their highway approaches or connected traffic corridors, thereby interrupting the collection of bridge toll revenues for an undetermined period of time.

An earthquake originating outside the immediate Bay Area could have an impact on Bridge System operations and bridge toll revenues. On October 17, 1989, the Bay Area experienced the effects of the Loma Prieta earthquake that registered 7.1 on the Richter Scale. The epicenter of the earthquake was located in Loma Prieta about 60 miles south of the City of San Francisco in the Santa Cruz Mountains. The Loma Prieta earthquake caused damage to the east span of the San Francisco-Oakland Bay Bridge and adjacent highways.

Research conducted since the 1989 Loma Prieta earthquake by the United States Geological Survey concludes that there is a 70% probability of at least one magnitude 6.7 or greater earthquake, capable of causing wide-spread damage, striking the Bay Area before 2030. Major earthquakes may occur at any time in any part of the Bay Area. An earthquake of such magnitude with an epicenter in sufficiently close proximity to the San Francisco-Oakland Bay Bridge occurring prior to completion of the Seismic Retrofit Program would likely result in substantial damage.

The Seismic Retrofit Program is specifically intended to mitigate the risk of major damage to the Bridges due to seismic activity by enhancing the structural integrity of the Bridges to accommodate ground motions along the various identified faults with return periods of between 1,000 and 2,000 years. However, Caltrans currently estimates that the Seismic Retrofit Program will not be fully completed until 2015. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects." Furthermore, the completion of the Seismic Retrofit Program will not ensure that one or more of the Bridges or their highway approach routes would not be damaged, destroyed or rendered unusable for a period of time in the event of a single earthquake or a combination of earthquakes.

When large seismic events have occurred in the past, Caltrans has demonstrated an ability to quickly repair bridge structures and reestablish traffic flows. As a consequence of the 1989 Loma Prieta earthquake, the San Francisco-Oakland Bay Bridge suffered collapse of a section of the bridge's east span upper deck. Within 30 days, two replacement deck sections were designed, ordered, fabricated, delivered and installed as part of a $8.6 million construction project. With the completion of the Seismic Retrofit Program, the need for repairs of this magnitude is expected to be greatly reduced, especially on the San Francisco-Oakland Bay Bridge and the Benicia-Martinez Bridge, both of which will be strengthened to the higher Lifeline Structure criteria. See "CAPITAL PROJECTS AND FUNDING— Seismic Design

Strategies for the Bridge System." However, the actual damage caused by a future seismic event could vary substantially from expectations or past experience.

Other Force Majeure Events

Operation of the Bridge System and collection of bridge tolls is also at risk from other events of force majeure, such as damaging storms, winds and floods, fires and explosions, spills of hazardous substances, collisions involving maritime vessels, strikes and lockouts, sabotage, wars, blockades and riots. The Authority cannot predict the potential impact of such events on the financial condition of the Authority or on the Authority's ability to pay the principal of and interest on the Authority's toll bridge revenue bonds as and when due.

Threats and Acts of Terrorism

Caltrans and law enforcement authorities have undertaken security measures in an effort to reduce the probability that the Bridges could be attacked by terrorists. However, such measures are not guaranteed to prevent an attack on the Bridges. The Authority cannot predict the likelihood of a terrorist attack on any of the Bridges or the extent of damage or vehicle traffic disruption that might result from an attack. The Bridges are not insured against terrorist attack.

No Insurance Coverage

No business interruption insurance or any other commercially available insurance coverage is currently maintained by the Authority or Caltrans with respect to damage to or loss of use of any of the Bridges. However, pursuant to the Cooperative Agreement the Authority currently maintains a self insurance fund. The Cooperative Agreement calls for a minimum balance of $50 million, which would be available for reconstruction, repair and operations in the event of damage due to a major emergency which would result in closure to traffic of a Bridge estimated to extend more than 30 days and to exceed $10 million in cost. Such reserve is maintained pursuant to the Cooperative Agreement and upon agreement of Caltrans and the Authority may be reduced or eliminated in its entirety. Pursuant to the Cooperative Agreement, replenishment of funds used for such repairs would be made by the Authority from bridge toll revenues. In addition, the BATA board has authorized a total of $800 million for emergency extraordinary loss reserves, which includes $120 million for bridge rehabilitation as well as $680 million in projects/operating reserves. Moreover, the Authority expects that emergency assistance and loans from the federal government would be made available to the State in the event of major damage to the Bridges caused by a major earthquake or other force majeure event.

Economic Factors

A substantial deterioration in the level of economic activity within the Bay Area could have an adverse impact upon the level of bridge toll revenues collected. In addition, the occurrence of any natural catastrophe such as an earthquake may negatively affect the Bay Area economy or traffic using the Bridge System or both. See "Risk of Earthquake" above. Bridge toll revenues may also decline due to traffic interruptions as a result of construction, greater carpooling or use of mass transit, increased costs of gasoline and of operating an automobile, more reliance on telecommuting in lieu of commuting to work, relocation of businesses to suburban locations and similar activities. RM2 includes a substantial allocation of funding for mass transit projects intended to reduce congestion in the Bridge System corridors.

Risk of Non-Payment of Direct Subsidy Payments

A portion of the payments of interest on certain of the Authority's toll bridge revenue bonds is expected to be paid with Build America Bond subsidy payments that the Authority expects to receive from the federal government. The U.S. Treasury may offset any subsidy payment to which the Authority is otherwise entitled against any other liability of the Authority payable to the United States of America, including without limitation withholding or payroll taxes, or other penalties or interest that may be owed at any time to the United States of America. The Code authorizes federal regulations and other guidance to carry out the Build America Bond program, which may reduce the certainty of receipt of subsidy payments by the Authority. Subsidy payments do not constitute full faith and credit obligations of or guarantees by the United States of America, but are to be paid as tax credits by the U.S. Treasury under the Recovery Act. Accordingly, no assurance can be given that the U.S. Treasury will make payment of the subsidy payments in the amounts which the Authority expects to receive, or that such payments will be made in a timely manner. No assurance can be given that Congress will not amend or repeal provisions of the program and thereby affect the payment of subsidy payments. If the Authority fails to comply with the conditions to receiving the subsidy payments throughout the term of the toll bridge revenue bonds designated as Build America Bonds, it may no longer receive such payments and could be subject to a claim for the return of previously received payments. The Authority has not made any covenant to comply with all of the conditions to the receipt of the subsidy payments. The Authority is obligated to make payments of principal of and interest on its toll bridge revenue bonds without regard to the receipt of subsidy payments.

Credit Facilities Risk

The domestic and international financial crisis and recession have had a negative impact on the availability and cost of bank letter of credit and line of credit facilities. While the Authority, by the refunding of variable rate toll bridge revenue bonds with fixed rate bonds, has reduced its requirements for credit and/or liquidity facilities, it still has a material amount of variable rate debt supported by credit facilities and will continue to need to renew or replace such facilities in the coming years or, alternatively, to restructure its variable rate debt to reduce the need for credit and/or liquidity facilities. The rating agencies have announced changes in outlook and could announce more changes in rating outlook, or reviews for downgrade, or downgrades of the Authority's credit facility providers. Such adverse ratings developments with respect to Credit Providers or purchases by the Credit Providers of bonds pursuant to the Reimbursement Agreements described under "Other Authority Obligations" could cause a substantial increase in the Authority's debt service-related costs. The availability and cost of replacement bank facilities or of extending existing credit facilities cannot be currently predicted.

Rising Tolls Could Result in Reduced Traffic and Lower Total Revenue

The Authority recently increased bridge tolls as described under "THE BRIDGE SYSTEM—Bridge Tolls." Construction delays or cost increases, particularly with respect to the work on the east span of the San Francisco-Oakland Bay Bridge, or additional new projects to be funded by the Authority could result in further toll increases. Authorized and future toll increases could have an adverse impact upon the level of traffic on the Bridge System and the level of bridge toll revenues collected. Lower traffic levels could result in lower total revenues, even though toll rates might increase.

Construction Delays and Cost Escalation

Construction delays and cost escalation for Seismic Retrofit Program projects may arise from any number of causes, including, but not limited to, adverse weather conditions, unavailability of contractors, coordination among contractors, environmental concerns, labor disputes, engineering errors or unanticipated or increased costs of construction such as labor, equipment, and materials. In addition, construction delays and increased costs may also be caused by uncontrollable circumstances, force majeure events, unforeseen geotechnical conditions, the presence of hazardous materials or endangered species on or near the Bridges, or for other reasons.

Although Caltrans has made determinations of estimated costs and expected completion dates for each of the Seismic Retrofit Program projects that it believes are reasonable, the Seismic Retrofit Program contractors may not deliver the Seismic Retrofit Program projects within the anticipated time period or within budget, for a variety of reasons. Caltrans' cost estimates for the Seismic Retrofit Program were developed using available information based on the contract bid amount, contract change orders status and an assessment of project risks, including ongoing contract disputes and claims. In updating both cost estimates and schedules Caltrans has identified many risks related to design, bid and construction processes. Seismic construction strategies are being employed at scales never before used. As a result, there is an inherent level of uncertainty in projecting Seismic Retrofit Program costs and schedules. See "CAPITAL PROJECTS AND FUNDING—Seismic Retrofit Program Capital Projects."

The engineering, fabrication and construction of the self-anchored suspension superstructure of the new east span of the San Francisco-Oakland Bay Bridge present many unique challenges. Several factors could contribute to cost increases and/or construction delays for the self-anchored suspension superstructure, including (i) construction bonding and insurance market changes which may result in reduced capacity available to handle payment and performance bonding requirements and higher rates to assume risks on large complex projects; (ii) structural design changes; (iii) technical complexity; (iv) adjacent project interference; (v) laws protecting domestic industry; (vi) disruptions in supply or the construction industry due to natural disasters; and (vii) increases in the price of oil or other energy sources.

Seismic Retrofit Program projects cost estimates have materially and substantially increased in the past and may increase again in the future. Past increases have been attributable in large part to the new east span of the San Francisco-Oakland Bay Bridge.

Voter Initiatives

In 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of local governments, including local or regional agencies such as the Authority, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government. The Authority does not believe that the levy and collection of bridge tolls are taxes subject to the voter approval provisions of Proposition 218.

Proposition 218 also provides for broad initiative powers to reduce or repeal any local tax, assessment, fee or charge. Article XIIIC does not define the terms local "taxes," "assessment," "fee" or "charge." However, the Supreme Court of California, in the case of *Bighorn–Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006), held that the initiative power described in Article XIIIC applies to any local taxes, assessments, fees and charges as defined in Articles XIIIC and XIIID. Article XIIID defines "fee" or "charge" to mean a levy (other than ad valorem or special taxes or assessments) imposed by a local government "upon a parcel or upon a person as an incident of property ownership", including a user fee for a "property related service." However, the Court also found that the terms "fee" and "charge" in section 3 of Article XIIIC may not be subject to a "property related" qualification. The Authority does not believe that the bridge toll is a "fee" or "charge" as defined in Articles XIIID or XIIIC. If ultimately found to be applicable to the bridge tolls, the initiative power could be used to rescind or reduce the levy and collection of bridge tolls under Proposition 218. Any attempt by voters to use the initiative provisions under Proposition 218 in a manner which would prevent the payment of debt service on the Authority's toll bridge revenue bonds should arguably violate the Impairment of Contract Clause of the United States Constitution and accordingly, be precluded. The Authority cannot predict the potential financial impact on the financial condition of the Authority and the Authority's ability to pay the purchase price, principal of and interest on its toll bridge revenue bonds as and when due, as a result of the exercise of the initiative power under Proposition 218.

MISCELLANEOUS

This Information Statement is not to be construed as a contract or agreement between the Authority and holders of any of the Authority's toll bridge revenue bonds. All quotations from and summaries and explanations of statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Information Statement involving matters of opinion are intended as such and not as representations of fact.

BAY AREA TOLL AUTHORITY

By: ________________________________
Executive Director

APPENDIX A

METROPOLITAN TRANSPORTATION COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

APPENDIX B

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

APPENDIX C

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE

APPENDIX D

REGIONAL MEASURE 2 PROJECTS[1]

RM2 Project	Authorized Amounts
BART/MUNI Connection at Embarcadero and Civic Center Stations	$ 3,000,000
MUNI Metro Third Street Light Rail Line	30,000,000
MUNI Waterfront Historic Streetcar Expansion	10,000,000
East to West Bay Commuter Rail Service over the Dumbarton Rail Bridge	44,000,000
Vallejo Station	28,000,000
Solano County Express Bus Intermodal Facilities	20,000,000
Solano County Corridor Improvements near Interstate 80/Interstate 680 Interchange	100,000,000
Interstate 80: Eastbound High-Occupancy Vehicle (HOV) Lane Extension from Route 4 to Carquinez Bridge	50,000,000
Richmond Parkway Transit Center	16,000,000
Sonoma-Marin Area Rail Transit District (SMART) Extension to Larkspur or San Quentin	36,500,000
Greenbrae Interchange/Larkspur Ferry Access Improvements	63,500,000
Direct High-Occupancy Vehicle (HOV) lane connector from Interstate 680 to the Pleasant Hill or Walnut Creek BART Stations	15,000,000
Rail Extension to East Contra Costa/E-BART	96,000,000
Capital Corridor Improvements in Interstate 80/Interstate 680 Corridor	25,000,000
Central Contra Costa Bay Area Rapid Transit (BART) Crossover	25,000,000
Regional Express Bus North	20,000,000
TransLink	22,000,000
Real-Time Transit Information	20,000,000
Safe Routes to Transit	22,500,000
BART Tube Seismic Strengthening	33,801,000
Transbay Terminal/Downtown Caltrain Extension	150,000,000
Oakland Airport Connector	115,199,000
AC Transit Enhanced Bus-Phase 1 on Telegraph Avenue, International Boulevard, and East 14th Street	65,000,000
Commute Ferry Service for Alameda/Oakland/Harbor Bay	12,000,000
Commute Ferry Service for Berkeley/Albany	12,000,000
Commute Ferry Service for South San Francisco	12,000,000
Water Transit Facility Improvements, Spare Vessels, and Environmental Review Costs	48,000,000
Regional Express Bus Service for San Mateo, Dumbarton, and San Francisco-Oakland Bay Bridge Corridors	22,000,000
I-880 North Safety Improvements	10,000,000
BART Warm Springs Extension	186,000,000
I-580 (Tri Valley) Rapid Transit Corridor Improvements	65,000,000
Regional Rail Master Plan	6,500,000
Integrated Fare Structure Program	1,500,000
Transit Commuter Benefits Promotion	5,000,000
Caldecott Tunnel Improvements	50,500,000
BART Transit Capital Match	24,000,000
TOTAL	$1,465,000,000

[1] RM2 also authorizes $50 million for the construction of the Benicia-Martinez Bridge in addition to amounts authorized under RM1, bringing the total project authorizations under RM2 to $1.515 billion.