

BUDGETWATCH

May 2007

Monthly Flash Report

Previous Month:

March monthly and YTD operating results were close to the Budget. For the month, Passenger/Toll revenue was favorable for each Agency. Operating expenses were slightly unfavorable for the month, but still favorable YTD. Through April, Real Estate receipts were \$184 million higher than budget, with more than three-quarters of the improvement attributable to New York City commercial transactions, particularly in March and April. PBT and Debt Service were basically on budget.

Overall Latest Condition:

April monthly and YTD operating results were close to the Budget. For the month, Passenger/Toll revenue was only slightly favorable as poor weather negatively impacted Bus and Toll traffic. Operating Expenses were slightly favorable for the month and YTD.

Passenger and Toll Revenues

YTD April 2007 (\$ in millions)					Month of April 2007 (\$ in millions)				
	<u>Actual</u>	<u>Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT:					NYCT:				
Subway	\$646.3	\$638.3	\$8.0	1.2%	Subway	\$162.4	\$158.8	\$3.6	2.2%
Bus	249.3	256.0	(6.7)	-2.7%	Bus	62.5	64.0	(1.4)	-2.3%
Other	<u>11.0</u>	<u>10.3</u>	<u>0.7</u>	6.4%	Other*	<u>2.8</u>	<u>2.6</u>	<u>0.1</u>	4.9%
NYCT	\$ 906.5	\$ 904.5	\$ 2.0	0.2%	NYCT	\$ 227.7	\$ 225.4	\$ 2.3	1.0%
LIRR	148.3	146.3	2.0	1.4%	LIRR	38.0	38.4	(0.4)	-1.1%
MNR	148.6	146.4	2.2	1.5%	MNR	38.3	38.0	0.3	0.8%
B&T	<u>392.6</u>	<u>390.3</u>	<u>2.3</u>	0.6%	B&T	<u>102.1</u>	<u>102.4</u>	<u>(0.3)</u>	-0.3%
Total	\$1,596.1	\$1,587.6	\$ 8.5	0.5%	Total	\$406.1	\$404.2	\$ 1.9	0.5%

April YTD Passenger and Toll Revenues were \$8.5 million, or 0.5%, better than budget. NYCT subway and bus combined passenger revenues were slightly favorable to the budget as favorable Subway revenue was somewhat offset by lower bus revenue. MNR was \$2.2 million favorable and the LIRR was \$2.0 million favorable due primarily to higher ridership in January that was influenced by the mild winter weather. B&T toll revenue was slightly favorable primarily as a result of mild January weather.

For the month of April, Passenger and Toll Revenues were \$1.9 million or 0.5% favorable. NYCT Passenger Revenues were higher than the budget primarily due to higher subway ridership offset by lower bus revenue caused by worse-than-normal weather (which included a Nor'easter storm), and lower-than-budgeted average fare and ridership growth. MNR was \$0.3 million favorable. The LIRR was \$0.4 million unfavorable. B&T toll revenue was slightly unfavorable for the month primarily due to the Nor'easter storm.

Non-Reimbursable Operating Expenses (excluding Depreciation)

YTD April 2007 (\$ in millions)					Month of April 2007 (\$ in millions)				
	<u>Actual</u>	<u>Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT	\$1,604.1	\$1,609.0	4.9	0.3%	NYCT	\$400.5	\$400.7	0.1	0.0%
LIRR	349.8	362.7	12.9	3.7%	LIRR	85.2	88.7	3.5	4.1%
MNR	<u>281.0</u>	<u>283.9</u>	<u>2.9</u>	1.0%	MNR	<u>68.7</u>	<u>69.4</u>	<u>0.7</u>	1.0%
Total	\$2,234.9	\$2,255.6	20.7	0.9%	Total	\$554.4	\$558.8	4.3	0.8%

April YTD expenses were \$20.7 million or 0.9% favorable. NYCT expenses were favorable due to lower non-labor expenses (\$14.6 million) that were largely offset by higher labor expenses (\$9.7 million). The LIRR's expenses were \$12.9 million favorable mostly due to lower non-labor expenses (\$12.4 million - mostly lower Materials & Supplies, Professional Service Contracts, and Maintenance and Other Operating Contracts). MNR's total expenses were \$2.9 million favorable due to lower non-labor expenses (\$3.5 million - mostly lower Maintenance & Other Operating Contracts), partly offset by higher Fringe and Overtime expenses.

For the month of April, expenses were \$4.3 million or 0.8% favorable. NYCT expenses were on budget as lower non-labor expenses (\$3.7 million - mostly Maintenance, and Other Operating Contracts, Paratransit Service Contracts, and Fuel) were offset by higher labor expenses (\$3.6 million - mostly Overtime, Payroll and Other Fringe Benefits). The LIRR's expenses were \$3.5 million favorable due to lower non labor expenses (\$3.9 million), partly offset by higher labor expenses (\$0.4 million). MNR's total expenses were \$0.7 million favorable primarily due to lower non-labor expenses (\$1.9 million), partly offset by higher labor expenses (\$1.2 million).

Debt Service

April year to date service was one percent or \$4.9 million below the adopted budget of \$477 million due to timing differences between the actual and forecasted payments. April's debt service accounted for \$2.8 million of the variance.

Subsidy Tax Yields

State Dedicated Taxes Petroleum Business Tax (PBT) receipts through May continue to be close to budget - \$500,000 less than the budgeted \$249 million.

Regional Mortgage Recording Taxes cash receipts through May were \$55 million (21%) better than budget. May receipts were \$13 million (27%) higher. Revenue through May reflected the mortgages recorded with the Blackstone/Macklowe transactions in March and April, as well as the sale of 666 Fifth Avenue in February. The mortgages for these two large transactions account for \$8 million or 15% of the variance through May.

New York City Urban Tax receipts through May were \$157 million (67%) better than budget. In May, receipts were \$14 million (39%) higher. Receipts through May reflect the Blackston/Macklowe and 666 Fifth Avenue transactions. These two large transactions account for \$97 million or 62% of the variance through May.

Real Estate Taxes Summary

Total real estate receipts were \$211 million (43%) higher than budget, and \$158 million (29%) higher than last year through May; the month of May, 2007 was 3% higher than May, 2006. Notable is that while Urban Tax receipts continue to outpace 2006 receipts through May – up 68% - MRT receipts were practically identical to 2006 through May, up just \$0.1 million. Additionally, while MRT-1 receipts through May are up 4% from 2006 to 2007, MRT-2 receipts have declined 7%. MRT-1 is paid on all mortgages, while MRT-2 is paid only on residential mortgages where the structure contains one to six individual dwelling units. The decline in MRT-2 indicates that there has been a regional slowdown in single-family home sales, and that the positive nature of overall MRT activity reflects New York City commercial mortgage recordings. In fact, while MRT-1 receipts for New York City transactions were up 10.6%, combined MRT-1 receipts for the suburban counties were down 5.4%, MRT-2 for New York City was down 3.6% and combined MRT-2 for the suburban counties was down 7.3%

	YTD May 2007 (\$ in millions)					Month of May 2007 (\$ in millions)			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
MRT	\$311.9	\$257.3	\$54.6	21.2%	MRT	\$59.3	\$46.6	\$12.7	27.3%
NYC Urban	390.3	233.7	156.6	67.0%	NYC Urban	51.7	37.3	14.4	38.7%
Total	\$702.1	\$490.9	\$211.2	43.0%	Total	\$111.1	\$83.9	\$27.2	32.4%

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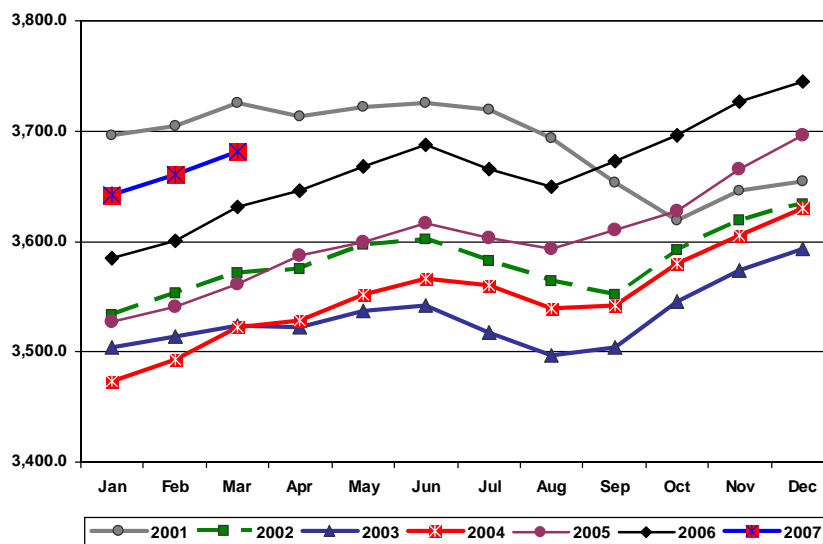
Regional Economy

Employment

Preliminary March 2007 employment in New York City shows a gain of 50.0 thousand jobs (an increase of 1.4%) compared to last's March employment level. This is the thirty-fifth consecutive monthly increase relative to the same period in the previous year, after a three-year decline that started in May 2001.

<i>New York City Employment (in thousands)</i> <i>March 2007</i>	Preliminary Mar 2007	Revised Feb 2007	Mar 2006	Gain / (Loss)			
				Mar 2007 versus:			
				Feb 2007		Mar 2006	
				Net	Percent	Net	Percent
Total Employment	3,681.2	3,660.8	3,631.2	20.4	0.6%	50.0	1.4%
Goods Producing	217.9	216.0	220.6	1.9	0.9%	(2.7)	-1.2%
Construction, Mining, Natural Resources	118.2	116.4	113.5	(2.9)	-2.5%	4.7	4.1%
Manufacturing	99.7	99.6	107.1	7.5	7.5%	(7.4)	-6.9%
Service Producing	3,463.3	3,444.8	3,410.6	18.5	0.5%	52.7	1.5%
Transportation, Utilities	123.0	122.7	121.0	0.3	0.2%	2.0	1.7%
Trade	434.0	431.0	428.6	3.0	0.7%	5.4	1.3%
Information	164.0	162.6	163.6	1.4	0.9%	0.4	0.2%
Financial Activities	463.0	461.4	451.6	1.6	0.3%	11.4	2.5%
Education & Health Svcs	714.4	710.8	698.3	3.6	0.5%	16.1	2.3%
Professional & Business Svcs	577.8	574.5	564.8	3.3	0.6%	13.0	2.3%
Leisure & Hospitality	281.6	277.2	276.5	4.4	1.6%	5.1	1.8%
Other Services	155.4	154.7	153.0	0.7	0.5%	2.4	1.6%
Government	550.1	549.9	553.2	0.2	0.0%	(3.1)	-0.6%

New York City Employment, 2001 – 2007 (in thousands)



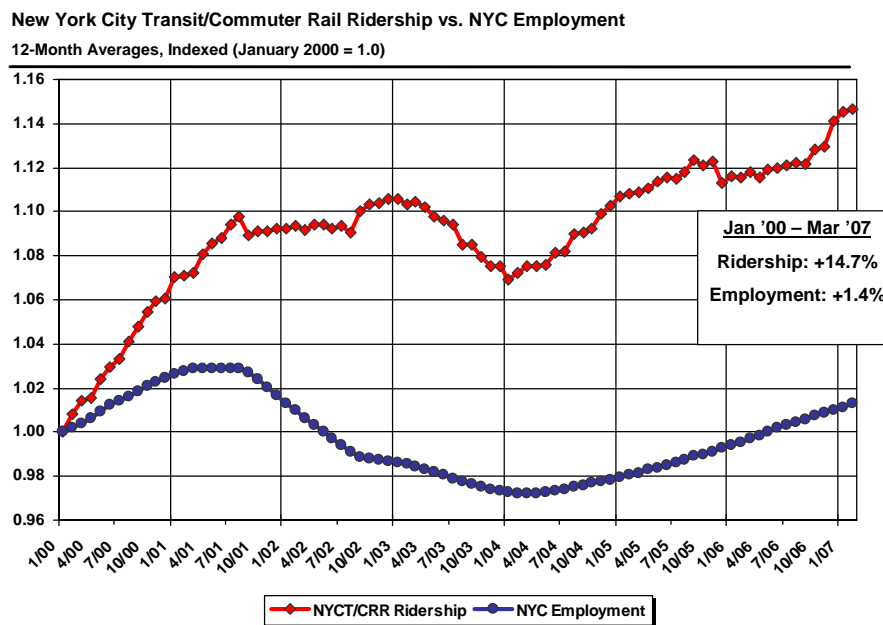
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Regional Economy

Employment in New York City's service-producing sectors increased by 52.7 thousand jobs (an increase of 1.5%) over the March 2006 level. This is the 36th straight monthly increase after 29 consecutive months of declines dating back to September 2001. Gains were reported for the following sectors: Construction, Mining and Natural Resources; Transportation and Utilities; Trade; Information; Financial Activities; Education and Health Services; Professional and Business Services; Leisure and Hospitality; Other Services. New York City, however, continued to lose manufacturing jobs, and recorded job losses in the government sector compared to March 2006.

Private-sector service-providing employment in New York City increased by 55.8 thousand jobs (an increase of 2.0%) over the March 2006 level. This was the 36th straight monthly increase after 30 consecutive months of declines, dating back to July 2001.

From January 2000 to March 2007, annualized (12-month average) New York City Transit/Commuter Rail ridership has increased 14.7%. The ridership trend includes effects from the May 2003 and March 2005 fare increases on NYCT and the Commuter Railroads. Since March 2004, the twelve-month average for ridership has increased 30 of the last 37 months. New York City employment twelve-month average has increased for 36 consecutive months and is now slightly above the 12-month average for January 2000. The twelve-month average for employment is 1.4% above the January 2000 12-month average.



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Regional Economy

NY-NJ-CT Consumer Price Index All Urban Consumers (CPI-U) March 2007	Mar 2007	Feb 2007	Mar 2006	Increase / (Decrease)			
				Mar 2007 versus:			
				Feb 2007		Mar 2006	
				Net	Percent	Net	Percent
Regional CPI-U	224.6	223.1	218.2	1.5	0.7%	6.4	2.9%
Medical Care Component	357.7	354.4	338.6	3.3	0.9%	19.1	5.6%
Electricity Component	159.9	152.8	143.2	7.1	4.7%	16.7	11.7%
Gasoline (all grades) Component	198.3	173.8	184.0	24.5	14.1%	14.3	7.8%
National CPI-U	205.1	203.9	199.6	1.2	0.6%	5.5	2.8%

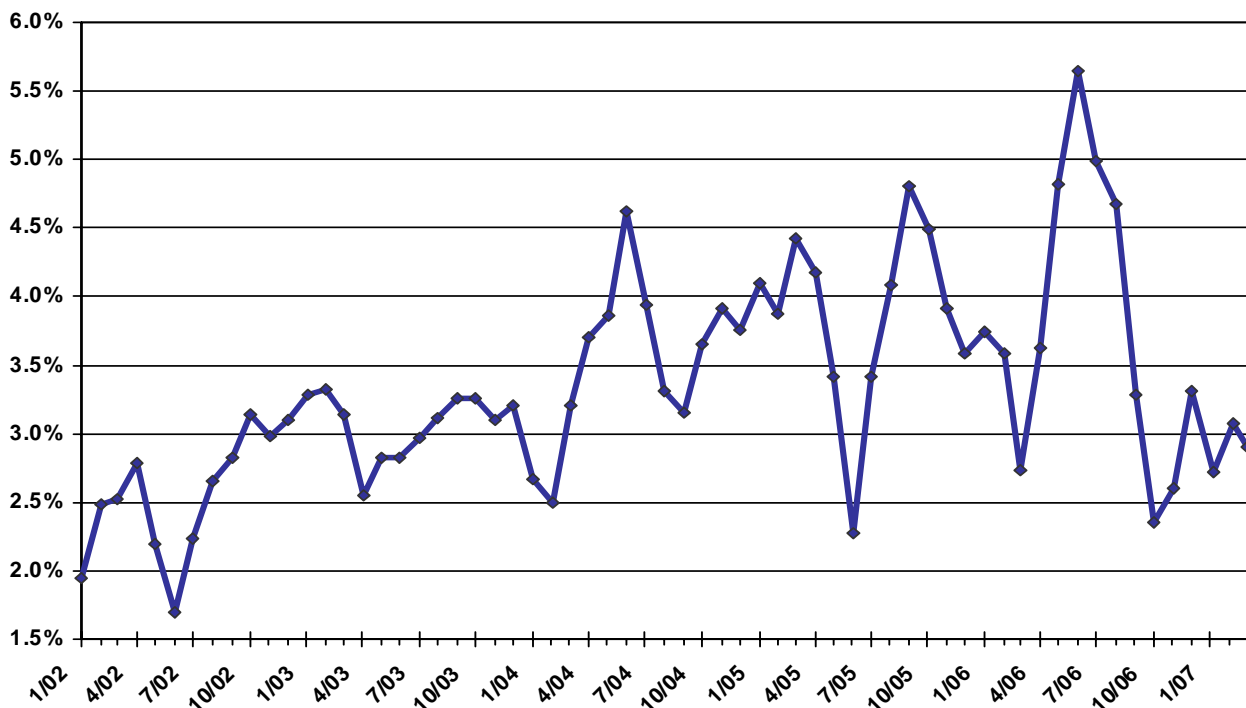
Inflation

The March 2007 consumer price index for all urban consumers (CPI-U) in the New York, northeastern New Jersey area increased 0.7%, following an increase of 0.6% in February and a 0.2% increase in January. Prices in March decreased for food, while prices increased for gasoline, electricity, transportation, apparel, and medical care. For the 12 months ending March 2007, the regional CPI-U rose 2.9%, while the regional "All Items Less Energy" CPI-U increased 2.5%.

Energy Prices

Crude oil prices, which were \$60.44 per barrel in March, increased 5.9% to \$63.98 per barrel in April. For the week ending May 11, 2007, crude oil was \$61.90 per barrel. Over the past twelve months, average monthly oil prices have fluctuated in the range of \$54 to \$75 per barrel due to increased worldwide demand.

CPI-U, NY Metropolitan Area, Annual Percent Change



May 2007 BudgetWatch Regional Economy

Gasoline NY Harbor Spot Price Index & NY CPI Gasoline Index

