

In the opinion of Orrick, Herrington & Sutcliffe LLP and Lofton & Jennings, Co-Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2012 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Co-Bond Counsel, interest on the 2012 Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observe that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. In the opinion of Co-Bond Counsel, interest on the 2012 Series B Bonds is not excluded from gross income for federal income tax purposes. In the opinion of Co-Bond Counsel, interest on all of the 2012 Bonds is exempt from State of California personal income taxes under existing law. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Bonds. See "TAX MATTERS" herein.



\$130,475,000
SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT
SALES TAX REVENUE BONDS
2012 SERIES A

\$111,085,00
SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT
SALES TAX REVENUE BONDS
2012 SERIES B
(FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

The San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series A (the "2012 Series A Bonds") are being issued by the San Francisco Bay Area Rapid Transit District (the "District") to, along with other District funds, provide sufficient funds to (i) refund \$41,745,000 principal amount of the Association of Bay Area Governments BART SFO Extension Bonds (Airport Premium Fare), 2002 Series A, (ii) refund \$51,605,000 principal amount of the San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, Series 2001, (iii) refund \$63,615,000 principal amount of the San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, Series 2006 Bonds, and (iv) fund costs of issuance associated with the 2012 Series A Bonds. The San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series B (Federally Taxable) (the "2012 Series B Bonds") are being issued to (i) provide financing for the Oakland International Airport Connector Project and (ii) fund costs of issuance associated with the 2012 Series B Bonds. See "PLAN OF FINANCE" herein. The 2012 Series A Bonds and the 2012 Series B Bonds (together, the "2012 Bonds") are deliverable in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of 2012 Bonds will be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry-only form. Purchasers of 2012 Bonds will not receive bonds representing their beneficial ownership in the 2012 Bonds but will receive a credit balance on the books of their respective DTC Direct Participants or DTC Indirect Participants. The 2012 Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein.

Interest on the 2012 Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2013, and principal of the 2012 Bonds is payable July 1 in the amounts and the years set forth on the inside cover by U.S. Bank National Association, as trustee, to Cede & Co., and such interest and principal payments are to be disbursed to the beneficial owners of the 2012 Bonds through their respective DTC Direct Participants or DTC Indirect Participants.

The 2012 Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE 2012 BONDS" herein.

The 2012 Bonds are special obligations of the District, payable from and secured by a pledge of Sales Tax Revenues derived from a transaction and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco, as more fully described herein. The 2012 Bonds are issued on a parity with certain other bonds issued by the District and currently outstanding. See "SECURITY FOR THE 2012 BONDS" herein.

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2012 Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, and Lofton & Jennings, San Francisco, California, Co-Bond Counsel to the District. Certain legal matters will be passed upon for the District by its General Counsel, Matthew Burrows, Esq., and by Orrick, Herrington & Sutcliffe LLP and Lofton & Jennings, Co-Disclosure Counsel to the District. Certain legal matters will be passed upon for the underwriters by their counsel, Sidley Austin LLP. The 2012 Bonds in book-entry-only form are expected to be delivered through the facilities of DTC on or about October 4, 2012.

RBC Capital Markets

Backstrom McCarley Berry & Co., LLC

Ramirez & Co., Inc.

Alamo Capital

Fidelity Capital Markets

Piper Jaffray & Co.

The date of this Official Statement is September 20, 2012.

\$130,475,000
SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT
SALES TAX REVENUE BONDS
2012 SERIES A

MATURITY SCHEDULE

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP* (797669)	Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP* (797669)
2013	\$3,330,000	2.000%	0.240%	UR7	2023	4,555,000	5.000%	2.220% [†]	VB1
2014	2,855,000	3.000	0.320	US5	2024	4,950,000	5.000	2.340 [†]	VC9
2015	2,985,000	3.000	0.410	UT3	2025	5,370,000	5.000	2.420 [†]	VD7
2016	1,640,000	4.000	0.510	UU0	2026	5,825,000	5.000	2.490 [†]	VE5
2017	2,605,000	4.000	0.730	UV8	2027	6,315,000	5.000	2.570 [†]	VF2
2018	3,045,000	4.000	1.010	UW6	2028	6,825,000	5.000	2.630 [†]	VG0
2019	3,255,000	5.000	1.330	UX4	2029	7,360,000	5.000	2.690 [†]	VH8
2020	3,565,000	4.000	1.650	UY2	2030	7,920,000	5.000	2.750 [†]	VJ4
2021	3,865,000	4.000	1.890	UZ9	2031	8,530,000	5.000	2.790 [†]	VK1
2022	4,175,000	5.000	2.050	VA3	2032	9,170,000	5.000	2.830 [†]	VL9

\$32,335,000 5.000% Term Bonds due July 1, 2036 to Yield 3.080%[†] CUSIP[†]: 797669 VM7

\$111,085,000
SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT
SALES TAX REVENUE BONDS
2012 SERIES B
(FEDERALLY TAXABLE)

MATURITY SCHEDULE

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP* (797669)	Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP* (797669)
2013	\$3,780,000	0.460%	0.460%	UD8	2019	\$2,660,000	1.962%	1.962%	UJ5
2015	2,535,000	0.755	0.755	UE6	2020	2,715,000	2.327	2.327	UK2
2016	2,555,000	1.041	1.041	UF3	2021	2,775,000	2.527	2.527	UL0
2017	2,580,000	1.341	1.341	UG1	2022	2,845,000	2.677	2.677	UM8
2018	2,615,000	1.712	1.712	UH9					

\$15,670,000 3.477% Term Bonds due July 1, 2027 to Yield 3.477% CUSIP[†]: 797669 UN6

\$18,815,000 4.087% Term Bonds due July 1, 2032 to Yield 4.087% CUSIP[†]: 797669 UP1

\$51,540,000 4.287% Term Bonds due July 1, 2042 to Yield 4.287% CUSIP[†]: 797669 UQ9

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[†] Priced to par call on July 1, 2022.

This Official Statement does not constitute an offer to sell the 2012 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the San Francisco Bay Area Rapid Transit District (the "District") or the Underwriters identified on the cover page of this Official Statement (the "Underwriters") to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation or sale of the 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the 2012 Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the information provided herein since the date hereof.

This Official Statement is not to be construed as a contract with the purchasers of the 2012 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. All summaries of statutes and documents are made subject to the provisions of such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been obtained from sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. No representation, warranty or guarantee is made by the Financial Advisor as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the appendices hereto, and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Financial Advisor.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement contains forecasts, projections and estimates that are based on current expectations or assumptions. When included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements which speak only as of the date of this Official Statement. Any such statements inherently are subject to a variety of risks and uncertainties which could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, changes in economic conditions, federal, state and local statutory and regulatory initiatives, litigation, seismic events, and various other events, conditions and circumstances, many of which are beyond the control of the District. The inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the District that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

FORWARD-LOOKING STATEMENTS

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH 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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The 2012 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

The District maintains a website. Unless specifically indicated otherwise, the data and information presented on that website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2012 Bonds.

IN CONNECTION WITH THE OFFERING OF THE 2012 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2012 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

[BART System Map to be inserted]

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

**300 Lakeside Drive, 23rd Floor
Oakland, California 94612
(510) 464-6000**

BOARD OF DIRECTORS

John McPartland <i>President</i>	Tom Radulovich <i>Vice President</i>	Thomas M. Blalock <i>Director</i>
James Fang <i>Director</i>	Joel Keller <i>Director</i>	Mary King <i>Director</i>
Gail Murray <i>Director</i>	Robert Raburn <i>Director</i>	Lynette Sweet <i>Director</i>

OFFICERS

Grace Crunican – General Manager
Scott L. Schroeder – Controller/Treasurer
Kenneth A. Duron – District Secretary
Mark Smith – Independent Police Auditor

GENERAL COUNSEL

Matthew Burrows, Esq.

TRUSTEE

U.S. Bank National Association
San Francisco, California

CO-BOND COUNSEL AND CO-DISCLOSURE COUNSEL

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Lofton & Jennings
San Francisco, California

FINANCIAL ADVISOR

Sperry Capital Inc.
Sausalito, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

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OFFICIAL STATEMENT

\$130,475,000
SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT
SALES TAX REVENUE BONDS
2012 SERIES A

\$111,085,000
SAN FRANCISCO BAY AREA
RAPID TRANSIT DISTRICT
SALES TAX REVENUE BONDS
2012 SERIES B
(FEDERALLY TAXABLE)

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information in connection with the issuance by the San Francisco Bay Area Rapid Transit District (the “District” or “BART”) of \$130,475,000 principal amount of San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series A (the “2012 Series A Bonds”) and \$111,085,000 principal amount of San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series B (Federally Taxable) (the “2012 Series B Bonds” and together with the 2012 Series A Bonds, the “2012 Bonds”).

The District was created in 1957 pursuant to the laws of the State of California (the “State”) to provide rapid transit service in the San Francisco Bay area. The District is composed of all of the area in the Counties of Alameda and Contra Costa and the City and County of San Francisco and owns additional property and extends service in the County of San Mateo. The District’s transit system extends over 100 miles and is the major transit provider of transbay traffic from the East Bay to downtown San Francisco, averaging over 180,000 transbay passengers each weekday and over 110 million passengers annually. The District is governed by an elected board of directors consisting of nine members. For additional information concerning the District, see APPENDIX A – “SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION.”

Authority for Issuance and Purpose and Application of Proceeds

The 2012 Bonds are to be issued pursuant to the laws of the State of California, including Article 2, Chapter 7, Part 2, Division 10 of the California Public Utilities Code, as amended from time to time, and applicable portions of the Revenue Bond Law of 1941, as amended from time to time and Articles 10 and 11 of Chapter 3, Part 1 of Division 2 of Title 5 of the Government Code (collectively, the “Act”) and pursuant to a Master Indenture, dated as of September 1, 2012 (the “Master Indenture”), between the District and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented and amended by the First Supplemental Indenture, dated as of September 1, 2012, (the “First Supplemental Indenture” and together with the Master Indenture, the “Indenture”), between the District and the Trustee.

Bonds issued under the Master Indenture will be parity debt to the outstanding bonds issued pursuant to the indenture dated July 1, 1990 (as supplemented and amended, the “1990 Indenture”), between the District and U.S. Bank National Association, as successor trustee. Unlike the 1990 Indenture, the Master Indenture does not require that each Series of Bonds be secured by a reserve fund. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND.”

Security

General. The 2012 Bonds are special obligations of the District, payable from and secured by a pledge of sales tax revenues derived from a seventy-five percent (75%) portion of a transactions and use tax levied by the District in Alameda and Contra Costa Counties and the City and County of San Francisco in an amount equal to one-half of one percent (0.5%) of gross retail receipts, as more fully described herein. See “SECURITY FOR THE 2012 BONDS.”

Outstanding Bonds. The 2012 Bonds are issued on a parity with certain outstanding bonds of the District issued pursuant to the parity 1990 Indenture. The outstanding bonds consist of the San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds Series 2001 (the “Series 2001 Bonds”) issued in the principal amount of \$168,650,000, of which \$41,745,000 are Outstanding, the San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, Refunding Series 2005 A (the “Series 2005 A Bonds”) issued in the principal amount of \$352,095,000, of which \$272,455,000 are Outstanding, the San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, Series 2006 (the “Series 2006 Bonds”) issued in the principal amount of \$64,915,000, all of which are Outstanding, the San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, Refunding Series 2006 A (the “Series 2006 A Bonds”) issued in the principal amount of \$108,110,000, of which \$101,245,000 are Outstanding, and the San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, Refunding Series 2010 (the “Series 2010 Bonds”) issued in the principal amount of \$129,595,000, of which \$125,795,000 are Outstanding. The Series 2001 Bonds, the Series 2005 A Bonds, the Series 2006 Bonds, the Series 2006 A Bonds, the Series 2010 Bonds and the 2012 Bonds, together with any future series of parity Bonds, are hereinafter collectively referred to as the “Bonds.”

References

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to the entire contents of this Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein, a full review of which should be made by potential investors. All descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. The offering of the 2012 Bonds is made only by means of this entire Official Statement and is subject in all respects to the information contained herein. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND – Definitions” or, if not defined therein, in the Indenture.

PLAN OF FINANCE

The District intends to apply the proceeds of the 2012 Series A Bonds, together with other funds of the District, to current refund \$51,605,000 principal amount of the Association of Bay Area Governments BART SFO Extension Bonds (Airport Premium Fare), 2002 Series A currently outstanding (the "ABAG Bonds"), to current refund \$41,745,000 principal amount of the Series 2001 Bonds, to advance refund \$63,615,000 principal amount of the Series 2006 Bonds and to pay costs of issuance of the 2012 Series A Bonds. The ABAG Bonds, the Series 2001 Bonds, and the Series 2006 Bonds to be refunded by a portion of the 2012 Bonds are hereinafter collectively referred to as the "Prior Bonds." The Prior Bonds that will be defeased upon issuance of the 2012 Bonds are listed below. The resolution authorizing the 2012 Bonds authorizes refunding Series 2001 Bonds, and the Series 2006 Bonds such that such refunding shall provide present value debt service savings in an amount not less than 5% of the principal amount of the Bonds to be refunded. See "ESTIMATED SOURCES AND USES OF FUNDS" and "VERIFICATION OF MATHEMATICAL ACCURACY." The 2012 Series B Bonds are being issued to provide financing for the Oakland International Airport Connector Project and to pay costs of issuance of the 2012 Series B Bonds.

The moneys required to refund the Prior Bonds will be derived from the net proceeds of the 2012 Series A Bonds and other available funds. Pursuant to Escrow Agreements to be entered into between the District and the U.S. Bank National Association, as escrow agent for the Series 2001 Bonds and the Series 2006 Bonds (the "Escrow Agent") and the District and The Bank of New York Mellon, as escrow agent for the ABAG Bonds (the "ABAG Escrow Agent"), such moneys will be deposited in respective escrow funds (the "Escrow Fund") and applied to purchase direct obligations of the United States of America (the "Government Securities"). The Government Securities will be purchased and held by the ABAG Escrow Agent in an amount sufficient to redeem the ABAG Bonds on October 22, 2012 and by the Escrow Agent in an amount sufficient to redeem the Series 2001 Bonds on October 22, 2012, at a redemption price equal to the principal amount of the Series 2001 Bonds to be refunded, plus interest thereon and to redeem the Series 2006 Bonds to be refunded on July 1, 2014 and to pay interest due on the 2006 Bonds prior to the redemption date and the redemption price of the 2006 Bonds to be redeemed on July 1, 2014. See "VERIFICATION OF MATHEMATICAL ACCURACY."

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The Prior Bonds that will be defeased in whole upon issuance of the 2012 Bonds are set forth below.

**San Francisco Bay Area Rapid Transit District
Sales Tax Revenue Bonds, Series 2001
Redemption Date: October 22, 2012
Redemption Price: 100%**

Maturity Date (July 1)	Interest Rate	Principal Amount	CUSIP* (797669)
2013	4.500%	\$ 690,000	ST6
2013	5.250	1,430,000	PR3
2014	4.600	640,000	SU3
2014	5.250	1,590,000	PS1
2015	4.700	300,000	SV1
2015	5.250	2,040,000	PT9
2016	4.800	380,000	SW9
2016	5.250	585,000	PU6
2017	4.800	275,000	SX7
2017	5.250	745,000	PV4
2018	4.900	420,000	SY5
2018	5.250	650,000	PW2
2019	5.000	1,125,000	SZ2
2020	5.000	1,180,000	TA6
2021	5.000	1,240,000	TB4
2026	5.000	7,225,000	TC2
2031	5.000	9,275,000	TD0
2036	5.125	11,955,000	TE8

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**San Francisco Bay Area Rapid Transit District
Sales Tax Revenue Bonds, Series 2006
Redemption Date: July 1, 2014
Redemption Price: 100%**

Maturity Date (July 1)	Interest Rate	Principal Amount	CUSIP* (797669)
2017	4.125%	\$125,000	QL5
2017	4.500	900,000	QM3
2018	4.250	1,355,000	QN1
2019	4.250	1,435,000	QP6
2020	4.375	1,590,000	QQ4
2021	4.400	1,755,000	QR2
2022	4.500	1,930,000	QS0
2023	4.500	2,120,000	QT8
2024	4.500	2,315,000	QU5
2025	4.500	2,525,000	QV3
2026	4.625	2,760,000	QW1
2031	5.000	17,995,000	QX9
2036	5.000	26,810,000	QY7

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**Association of Bay Area Governments
BART SFO Extension Bonds (Airport Premium Fare) 2002 Series A
Redemption Date: October 22, 2012
Redemption Price: 100%**

Maturity Date (August 1)	Interest Rate	Principal Amount	CUSIP* (07201T)
2013	5.000%	\$ 1,055,000	VE5
2014	5.000	1,165,000	VF2
2015	5.000	1,285,000	VG0
2016	5.000	1,410,000	VH8
2017	5.000	1,540,000	VJ4
2018	5.000	1,680,000	VK1
2019	5.000	1,825,000	VL9
2020	5.000	1,980,000	VM7
2021	5.000	2,145,000	VN5
2022	5.000	2,320,000	VP0
2026	5.000	11,230,000	VQ8
2032	5.000	23,970,000	VR6

* Copyright, American Bankers Association. CUSIP data provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP Numbers are provided for convenience of reference only. Neither the District nor the Underwriters take any responsibility for the accuracy of such numbers.

DESCRIPTION OF THE 2012 BONDS

General

The 2012 Bonds will be dated as of their date of issuance and mature at the times and in the principal amounts as set forth on the inside cover page of this Official Statement. Interest on the 2012 Bonds shall be payable on January 1 and July 1 of each year, commencing January 1, 2013. Interest on the 2012 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The 2012 Bonds will be delivered in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2012 Bonds. Ownership interests in the 2012 Bonds may be purchased by or through a DTC Participant (as described below) in book-entry-only form in denominations of \$5,000 or any integral multiple thereof. See APPENDIX F – “DTC AND THE BOOK-ENTRY-ONLY SYSTEM.”

Optional Redemption

The 2012 Bonds maturing on or before July 1, 2022 are not subject to redemption prior to their stated maturities. The 2012 Bonds maturing on or after July 1, 2023 will be subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part, on any date on or after July 1, 2022, at the principal amount of 2012 Bonds called for redemption plus interest accrued thereon to the date fixed for redemption without premium.

Mandatory Redemption

The 2012 Series A Bonds which are Term Bonds maturing on July 1, 2036 will also be subject to redemption in part, by lot, from Mandatory Sinking Account Payments required by the Indenture on each July 1 on or after July 1, 2033, at the principal amount of the 2012 Series A Bonds to be redeemed plus accrued interest, if any, to the redemption date. Such Mandatory Sinking Account Payments will be sufficient to redeem (or pay at maturity) the following principal amounts of such 2012 Series A Bonds on the dates set forth below:

Term Bonds Maturing July 1, 2036

Sinking Account Payment Date (July 1)	Sinking Account Payment
2033	\$9,850,000
2034	6,985,000
2035	7,485,000
2036*	8,015,000

* Maturity.

Pursuant to the Indenture, money in the Sinking Accounts may be used to purchase 2012 Series A Bonds which are Term Bonds maturing on July 1, 2036, in lieu of mandatory redemption.

The 2012 Series B Bonds maturing on July 1, 2027, will also be subject to redemption, in part, by lot, from Mandatory Sinking Account Payments required by the Indenture on each July 1 on or after July 1, 2023, at the principal amount of the 2012 Series B Bonds to be redeemed plus accrued interest, if any, to the redemption date. Such Mandatory Sinking Account Payments will be sufficient to redeem (or pay at maturity) the following principal amounts of such 2012 Series B Bonds on the dates set forth below:

Term Bonds Maturing July 1, 2027

Sinking Account Payment Date (July 1)	Sinking Account Payment
2023	\$2,925,000
2024	3,025,000
2025	3,130,000
2026	3,240,000
2027*	3,350,000

* Maturity.

Pursuant to the Indenture, money in the Sinking Accounts may be used to purchase 2012 Series B Bonds which are Term Bonds maturing on July 1, 2027, in lieu of mandatory redemption.

The 2012 Series B Bonds maturing on July 1, 2032, will also be subject to redemption, in part, by lot, from Mandatory Sinking Account Payments required by the Indenture on each July 1 on or after July 1, 2028, at the principal amount of the 2012 Series B Bonds to be redeemed plus accrued interest, if any, to the redemption date. Such Mandatory Sinking Account Payments will be sufficient to redeem (or pay at maturity) the following principal amounts of such 2012 Series B Bonds on the dates set forth below:

Term Bonds Maturing July 1, 2032

Sinking Account Payment Date (July 1)	Sinking Account Payment
2028	\$3,470,000
2029	3,610,000
2030	3,755,000
2031	3,910,000
2032*	4,070,000

* Maturity.

Pursuant to the Indenture, money in the Sinking Accounts may be used to purchase 2012 Series B Bonds which are Term Bonds maturing on July 1, 2032, in lieu of mandatory redemption.

The 2012 Series B Bonds maturing on July 1, 2042, will also be subject to redemption, in part, by lot, from Mandatory Sinking Account Payments required by the Indenture on each July 1 on or after July 1, 2033, at the principal amount of the 2012 Series B Bonds to be redeemed plus accrued interest, if any, to the redemption date. Such Mandatory Sinking Account Payments will be sufficient to redeem (or pay at maturity) the following principal amounts of such 2012 Series B Bonds on the dates set forth below:

Term Bonds Maturing July 1, 2042

Sinking Account Payment Date (July 1)	Sinking Account Payment
2033	\$4,235,000
2034	4,420,000
2035	4,605,000
2036	4,805,000
2037	5,010,000
2038	5,225,000
2039	5,450,000
2040	5,685,000
2041	5,925,000
2042*	6,180,000

* Maturity.

Pursuant to the Indenture, money in the Sinking Accounts may be used to purchase 2012 Series B Bonds which are Term Bonds maturing on July 1, 2042, in lieu of mandatory redemption.

Purchase In Lieu of Redemption

Pursuant to the Indenture, the District has the option to purchase the 2012 Bonds at any time the 2012 Bonds are subject to optional redemption as provided in the Indenture at a purchase price equal to the redemption price then applicable to such 2012 Bonds in which case such 2012 Bonds purchased in lieu of redemption may be remarketed and will remain outstanding after such purchase. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND.”

Notwithstanding the foregoing, the District always retains the right to purchase the 2012 Bonds in the open market, at market rates, for cancellation.

Notice of Redemption

Notice of any redemption of 2012 Bonds will be mailed by the Trustee by first class mail to the Owner of any 2012 Bonds designated for redemption at least 20 but not more than 60 days prior to the redemption date (but failure to receive any such notice or any defect therein shall not affect the sufficiency of the redemption proceedings).

With respect to any notice of optional redemption of 2012 Bonds delivered pursuant to the Indenture, unless, upon the giving of such notice, such 2012 Bonds shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to

pay the principal of, and premium, if any, and interest on, such 2012 Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and the District shall not be required to redeem such 2012 Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Owners to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the same manner and to the same parties, as notice of such redemption was given pursuant to the Indenture.

Any notice of optional redemption of the 2012 Bonds may be conditional and if any condition stated in the notice of redemption is not satisfied on or prior to the redemption date, said notice will be of no force and effect and the Authority will not redeem such 2012 Bonds. The Trustee will within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

Any notice given pursuant to the Indenture (other than a notice given in connection with a mandatory sinking account redemption) may be rescinded by written notice given to the Trustee by the District no later than the date specified for redemption. The Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same parties, as notice of such redemption was given pursuant to the Indenture.

Book-Entry-Only System

As noted above, DTC will act as securities depository for the 2012 Bonds. See APPENDIX F – “DTC AND THE BOOK-ENTRY-ONLY SYSTEM.”

Payments of interest on, principal of and premium, if any, on the 2012 Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the 2012 Bonds. Each such payment to DTC or its nominee will be valid and effective to fully discharge all liability of the District or the Trustee with respect to the principal, redemption price of or interest on the 2012 Bonds to the extent of the sum or sums so paid.

The District and the Trustee cannot and do not give any assurances that DTC Participants or DTC Indirect Participants will distribute to the Beneficial Owners (i) payments of interest and principal with respect to the 2012 Bonds, (ii) confirmation of ownership interests in the 2012 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as Owner of the 2012 Bonds, or that they will do so on a timely basis.

Payments Upon Abandonment of Book-Entry-Only System

In the event that the book-entry-only system ceases to be used with respect to the 2012 Bonds, payment of interest on the 2012 Bonds will be made by check mailed by first class mail on each interest payment date to the Owners thereof as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding such interest payment date; provided, however, that Owners of at least \$1,000,000 aggregate principal amount of 2012 Bonds may, at any time prior to the fifteenth day of the calendar month immediately preceding such interest payment date, give the Trustee written instructions for payment of such interest on each succeeding interest payment date by wire transfer. Principal of, and premium, if any, on the 2012 Bonds will be payable at the corporate trust office of the Trustee designated for such purpose. The 2012 Bonds will be in the form of fully registered Bonds and will be issued in denominations of \$5,000 or any integral multiple thereof.

Transfers and Exchanges Upon Abandonment of Book-Entry-Only System

The book-entry-only system for registration of the ownership of the 2012 Bonds in book-entry-only form may be discontinued at any time if: (1) after notice to the District and the Trustee, DTC determines to resign as securities depository for the 2012 Bonds; or (2) after notice to DTC and the Trustee, the District determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the District. In each of such events (unless, in the case described in clause (1) above, the District appoints a successor securities depository), the 2012 Bonds shall be delivered in such denominations and registered in the names of such persons as are requested in a certificate of the District, but without any liability on the part of the District or the Trustee for the accuracy of such designation. Whenever DTC requests the District and the Trustee to do so, the District and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of or to print bonds evidencing the 2012 Bonds. Thereafter, all 2012 Bonds are transferable or exchangeable as described in the Indenture.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of funds in connection with the 2012 Bonds:

Sources of Funds:	2012 Series A	2012 Series B	Total
Principal Amount of 2012 Bonds	\$130,475,000.00	\$111,085,000.00	\$241,560,000.00
Plus Original Issue Premium	23,438,633.80	–	23,438,633.80
Existing Fund Transfers	10,689,815.00	–	10,689,815.00
Total Sources:	\$164,603,483.41	\$111,085,000.00	\$275,688,483.41
Uses of Funds:			
Deposit to Escrow Fund ⁽¹⁾	164,099,971.05	–	164,099,971.05
Deposit to Project Fund	–	110,663,556.87	110,663,556.87
Costs of Issuance ⁽²⁾	503,512.36	421,443.13	924,955.49
Total Uses:	\$164,603,483.41	\$111,085,000.00	\$275,688,483.41

⁽¹⁾ See “PLAN OF FINANCE.”

⁽²⁾ Includes Underwriters’ discount, rating agency fees, trustee fees, trustee counsel fees, escrow agent fees and expenses, verification agent fees, printing costs, Co-Bond Counsel and Financial Advisor fees and expenses and other miscellaneous expenses. For details regarding the Underwriters’ discount, see “UNDERWRITING.”

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DEBT SERVICE REQUIREMENTS

The debt service requirements for the Outstanding Series 2001 Bonds, the Series 2005 A Bonds, the Series 2006 Bonds, the Series 2006 A Bonds, the Series 2010 Bonds and the 2012 Bonds are shown in the following table. The District expects to refund \$92,520,000 principal amount of the Prior Bonds listed below with a portion of the 2012 Bonds.

Calendar Year	Outstanding Sales Tax Bonds ⁽¹⁾	2012 Bonds			Total Bond Debt Service ⁽²⁾
		Principal	Interest	Total ⁽²⁾	
2013	\$ 40,088,319	\$7,110,000	\$7,481,435	\$14,591,435	\$54,679,754
2014	40,231,913	2,855,000	10,003,340	12,858,340	53,090,253
2015	40,520,150	5,520,000	9,917,690	15,437,690	55,957,840
2016	42,298,000	4,195,000	9,809,001	14,004,001	56,302,001
2017	41,542,988	5,185,000	9,716,804	14,901,804	56,444,791
2018	41,547,988	5,660,000	9,578,006	15,238,006	56,785,993
2019	41,537,838	5,915,000	9,411,437	15,326,437	56,864,274
2020	41,548,188	6,280,000	9,196,498	15,476,498	57,024,685
2021	41,553,463	6,640,000	8,990,720	15,630,720	57,184,182
2022	41,551,788	7,020,000	8,765,995	15,785,995	57,337,783
2023	41,564,513	7,480,000	8,481,085	15,961,085	57,525,597
2024	41,572,875	7,975,000	8,151,633	16,126,633	57,699,508
2025	41,563,550	8,500,000	7,798,953	16,298,953	57,862,503
2026	41,572,175	9,065,000	7,421,623	16,486,623	58,058,798
2027	41,575,450	9,665,000	7,017,718	16,682,718	58,258,168
2028	41,586,225	10,295,000	6,585,489	16,880,489	58,466,714
2029	16,375,400	10,970,000	6,102,420	17,072,420	33,447,820
2030	16,374,938	11,675,000	5,586,879	17,261,879	33,636,817
2031	16,381,450	12,440,000	5,037,412	17,477,412	33,858,862
2032	16,382,263	13,240,000	4,451,111	17,691,111	34,073,373
2033	16,394,200	14,085,000	3,826,270	17,911,270	34,305,470
2034	16,400,375	11,405,000	3,152,215	14,557,215	30,957,590
2035	7,444,575	12,090,000	2,613,480	14,703,480	22,148,055
2036	7,443,450	12,820,000	2,041,814	14,861,814	22,305,264
2037	–	5,010,000	1,435,073	6,445,073	6,445,073
2038	–	5,225,000	1,220,295	6,445,295	6,445,295
2039	–	5,450,000	996,299	6,446,299	6,446,299
2040	–	5,685,000	762,657	6,447,657	6,447,657
2041	–	5,925,000	518,941	6,443,941	6,443,941
2042	–	6,180,000	264,937	6,444,937	6,444,937
TOTAL⁽²⁾	\$ 775,052,069	\$241,560,000	\$176,337,230	\$ 417,897,230	\$1,192,949,298

⁽¹⁾ Includes debt service on the Prior Bonds other than the ABAG Bonds to be refunded by 2012 Series A Bonds.

⁽²⁾ Totals may not add due to rounding.

SECURITY FOR THE 2012 BONDS

General

The 2012 Bonds are special obligations of the District payable from and secured by a pledge of sales tax revenues, comprised of seventy-five percent (75%) of the amounts derived from a one-half of one percent (0.5%) transactions and use tax (the “Sales Tax” or the “District Sales Tax”) imposed within Alameda and Contra Costa Counties and the City and County of San Francisco (collectively, the “Three BART Counties”) pursuant to Section 29140 of the California Public Utilities Code, after deduction by the California State Board of Equalization (the “State Board of Equalization”) of its fee for administering the Sales Tax (such sales tax revenues being hereinafter referred to as the “Sales Tax Revenues”). See “– Sales Tax Revenues.”

Only Sales Tax Revenues are pledged by the District for the payment of principal of, redemption premiums, if any, and interest on the 2012 Bonds and no other revenues of the District are pledged to repayment of the Bonds, including the 2012 Bonds. The payment of principal of, redemption premiums, if any, and interest on the 2012 Bonds is on a parity with the payment of principal of, redemption premiums, if any, and interest on and reserve requirements of all Bonds Outstanding under the 1990 Indenture and any Additional Bonds and Parity Obligations hereafter issued by the District pursuant to the Indenture. Currently, the District has \$606,155,000 principal amount of Bonds Outstanding.

“Parity Obligations” means any indebtedness, bond, installment sale obligation, lease obligation or other obligation of the District for borrowed money or interest rate swap agreement (but only as to the regular payments thereunder, fees, expenses and termination payments being subordinate obligations) having an equal lien and charge upon the Sales Tax Revenues and therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding). The District currently has no Parity Obligations outstanding other than the Bonds and certain surety bond contracts under the 1990 Indenture, and all its outstanding issues of Bonds bear interest at fixed rates.

The District has covenanted in the Indenture not to create any pledge, lien or charge on Sales Tax Revenues having priority over the lien of the Bonds. The District has also covenanted in the Indenture not to create any pledge, lien or charge on Sales Tax Revenues on a parity with the lien of the Bonds and Parity Obligations except as described under “SECURITY FOR THE 2012 BONDS – Additional Bonds; Refunding Bonds; Parity Obligations; Subordinated Obligations.”

Sales Tax Revenues

The District is authorized by Section 29140 of the California Public Utilities Code to levy, within the Three BART Counties, the Sales Tax, which is a transactions tax of one-half of one percent (0.5%) of the gross receipts of retailers from the sale of tangible personal property sold at retail in the Three BART Counties and a use tax at the same rate upon the storage, use or other consumption in the Three BART Counties of such property purchased from any retailer for storage, use or other consumption in the Three BART Counties, subject to certain limited exceptions.

Collection of the Sales Tax is administered by the State Board of Equalization. The State Board of Equalization is authorized to charge a fee for collection of the Sales Tax, and the fee is determined pursuant to State legislation. For Fiscal Year 2011-12, the State Board of Equalization fee was \$1,936,070.

After deducting its fee, the State Board of Equalization is required by statute to allocate seventy-five percent (75%) of the Sales Tax receipts to the District. The remaining twenty-five percent (25%) of the Sales Tax collected by the State Board of Equalization is allocated by the Metropolitan

Transportation Commission (“MTC”), on the basis of regional priorities established by MTC, among the District, the City and County of San Francisco for the San Francisco Municipal Transportation Agency, which includes buses, street cars, cable cars and electric trolley buses, and the Alameda-Contra Costa Transit District (“AC Transit”) for transit service. The Sales Tax is authorized by State law, is not voter approved and has no limit on the term of its collection.

In addition to the Sales Tax and other sales taxes levied at the county level or the city and county level, the State also imposes a 7.25% sales tax. The 2012 Bonds are secured only by Sales Tax Revenues and not other sales taxes levied by the State or counties. The current breakdown of the State’s basic 7.25% rate imposed on a Statewide basis is as set forth below.

- 5.00% represents the State general fund tax rate (decreased from 6.00% effective July 1, 2011).
- 1.0% is imposed under the State’s uniform local sales and use tax law (decreased from 1.25% before July 1, 2004), with 0.75% dedicated to cities and counties and 0.25% dedicated to county transit systems.
- 0.5% is dedicated to local governments for health and welfare program realignment.
- 0.5% is dedicated to local governments for public safety employees.
- 0.25% is deposited into the State Fiscal Recovery Fund to repay the State’s Economic Recovery Bonds (as described below).

Legislation in 2009 raised the State sales tax rate 1.00% to 6.00%. The 1.00% tax increase ceased July 1, 2011. Under the Governor’s budget proposal a one-half cent increase in the State Sales tax will be implemented if the voters approve the proposal at the November 2012 election.

In addition to the sales tax levied Statewide and the 0.5% District Sales Tax, the Three BART Counties have local transportation authorities which each collect a 0.5% sales tax. Currently, the total sales tax levied in each of the Three BART Counties is as follows: City and County of San Francisco, 8.5% (including a 0.25% sales tax for school services); County of Alameda, 8.75% (including a 0.5% essential health care services transactions and use tax); County of Contra Costa, 8.25% (9.75% for the cities of El Cerrito, Pinole and Richmond).

In general, the Statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property and the statewide use tax is imposed on the storage, use or other consumption in the State of property purchased from a retailer for such storage, use or other consumption. The Statewide use tax does not apply to cases where the sale of the property is subject to the Statewide sales tax. Therefore, the Statewide use tax is generally applied to purchases made outside of the State for use within the State. The District Sales Tax is imposed upon the same transactions and items subject to the statewide sales tax and the statewide use tax (hereinafter collectively referred to as the “State Sales Tax”), with the same exceptions.

Many categories of transactions are exempt from the State Sales Tax and from the District Sales Tax. The most important are: sales of food products for home consumption; prescription medicine; edible livestock and their feed; seed and fertilizer used in raising food for human consumption; and gas, electricity and water when delivered to consumers through mains, lines, and pipes. In addition, “Occasional Sales” (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller’s permit) are generally exempt from the State Sales Tax and from the

District Sales Tax; however, the “Occasional Sales” exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the District which are shipped to a point outside the District, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee at such point, are also exempt from the State Sales Tax and from the District Sales Tax.

Action by the State Legislature or by voter initiative could change the transactions and items upon which the State Sales Tax and the District Sales Tax are imposed. Such changes could have either an adverse or beneficial impact on the District Sales Tax Revenues. Senate Bill 671 which was adopted by the State Legislature in 1993 (1993 Reg. Session, Chapter 881), exempts from the State Sales Tax, but not the District Sales Tax, manufacturing equipment purchases of start-up firms.

Sales Tax revenues consist of amounts that the District actually receives from the State Board of Equalization, calculated on a cash basis. The month of receipt reflects the estimated amount for sales tax transactions that occurred approximately two months prior. At the end of each quarter, an adjustment (i.e., increase or decrease) is made to those estimates and included by the quarter-end disbursement.

The following table shows the Sales Tax Revenues received by the District for Fiscal Years ended June 30, 1996 through June 30, 2012.

SALES TAX REVENUES

<u>Fiscal Year Ended June 30</u>	<u>Sales Tax Revenues⁽¹⁾</u>	<u>Percentage Change</u>
1996	\$126,077,000	9.46%
1997	134,984,000	7.06
1998	144,675,000	7.18
1999	151,806,000	4.93
2000	170,911,000	12.58
2001	191,648,000	12.13
2002	172,774,000	(9.84)
2003	167,441,000	(3.08)
2004	170,566,000	1.86
2005	178,392,000	4.58
2006	191,680,000	7.44
2007	198,805,000	3.72
2008	202,632,000	1.93
2009	184,286,000	(9.05)
2010	166,520,000	(9.64)
2011	180,819,000	8.59
2012	195,214,000 ⁽²⁾	8.00
2013	204,248,000 ⁽³⁾	4.60

⁽¹⁾ Sales Tax Revenues have been rounded to the nearest thousand.

⁽²⁾ Unaudited

⁽³⁾ Budgeted.

Source: District.

For fiscal year ending June 30, 2012, the District received \$195,214,000 (unaudited) in Sales Tax Revenues, or 8.00% more than Sales Tax Revenues received in the prior fiscal year. The District has budgeted \$204,248,000 in sales tax revenue for the fiscal year ending June 30, 2013.

The District's imposition of the Sales Tax and the allocation of the Sales Tax receipts pursuant to Section 29140 of the California Public Utilities Code are subject to legislative review and amendment. Any repeal or amendment of the Sales Tax provisions of the California Public Utilities Code by the State Legislature would be an Event of Default under the Indenture unless the District determined that such repeal or amendment did not materially and adversely affect the rights of the holders of Bonds. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND – Events of Default and Remedies."

The District levies the Sales Tax pursuant to District Ordinance No. 1 adopted on November 20, 1969, as amended. The District has covenanted in the Indenture that, so long as any Bonds are outstanding, it will not amend, modify or alter such Ordinance in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues and that it will continue to levy and collect the Sales Tax to the full amount permitted by law.

Application of Sales Tax Revenues

Pursuant to an agreement between the District and the State Board of Equalization, dated August 5, 1982, as amended, the State Board of Equalization remits all Sales Tax receipts directly to the Trustee, as Trustee under the 1990 Indenture, on a monthly basis. The 1990 Indenture provides that Sales Tax Revenues remitted to the Trustee will be set aside with respect to the Outstanding Bonds and reserve requirements under the 1990 Indenture and on a parity basis with respect to Parity Debt (as such term is defined in the 1990 Indenture) as provided in the proceedings for such Parity Debt. The 2012 Bonds are Parity Debt to the Outstanding Bonds and the Indenture is the proceedings for such Parity Debt. Under the Indenture, the Sales Tax Revenues will be deposited in the Revenue Fund and will be applied by the Trustee to the following funds established by the Indenture in the following order of priority; provided that on a parity with such deposits the Trustee will set aside or transfer amounts with respect to outstanding Parity Obligations (which shall be proportionate in the event such amounts are insufficient to provide for all deposits required as of any date to be made with respect to the Bonds and such Parity Obligations):

Expense Account. The Trustee shall set aside in the Expense Account amounts payable by the District to the State Board of Equalization for costs and for its services in connection with the collection of the transactions and use taxes (in excess of costs previously deducted by the State Board of Equalization) and all Trustee's and paying agent's fees.

Interest Fund. The Trustee shall set aside in the Interest Fund as soon as practicable in each month an amount equal to one-sixth of the aggregate half-yearly amount of interest becoming due and payable on the Outstanding Current Interest Bonds during the next ensuing six months, until the requisite half-yearly amount of interest on all such Outstanding Current Interest Bonds is on deposit in the Interest Fund; provided that from the date of delivery of the Current Interest Bonds until the first interest payment date with respect to the Current Interest Bonds the amounts so paid shall be sufficient on a monthly pro rata basis to pay the aggregate amount of interest becoming due and payable on said interest payment date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the interest to become due and payable on the interest payment dates falling within the next six months upon all the Bonds then Outstanding and on July 1 of each year any excess amounts in the Interest Fund not needed to pay interest on such date shall be transferred to the District. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND" for an explanation of how interest on Variable Rate Indebtedness is calculated.

Principal Fund; Sinking Accounts. The Trustee shall deposit in the Principal Fund as soon as practicable in each month an amount equal to at least one-twelfth of the aggregate yearly amount of Bond

Obligation becoming due and payable on the Outstanding Serial Bonds having annual maturity dates within the next 12 months, plus one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next twelve-month period into the respective Sinking Accounts for the Term Bonds of all Series for which a Sinking Account shall have been created and for which annual mandatory redemption is required from such Sinking Account (See "DESCRIPTION OF THE 2012 BONDS – Mandatory Redemption"); provided that if the District certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in the Bond Reserve Fund that would be in excess of the Bond Reserve Requirement upon such payment, no amounts need be set aside towards such principal to be so refunded or paid.

No deposit need be made into the Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the Bond Obligations of all Serial Bonds then Outstanding and maturing by their terms within the next twelve months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such twelve-month period, but less any amounts deposited into the Principal Fund during such twelve month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such twelve-month period.

Bond Reserve Fund. If a Bond Reserve Fund has been established for a Series of Bonds, upon the occurrence of any deficiency therein, the Trustee shall deposit as soon as possible in each month in the Bond Reserve Fund, an amount equal to one-twelfth of the aggregate amount of each unreplenished prior withdrawal from the Bond Reserve Fund and the amount of any deficiency due to any required valuations of the investments in the Bond Reserve Fund until the balance in the Bond Reserve Fund is at least equal to the Bond Reserve Requirement. In addition, the Trustee shall, on a pro rata basis with such deposits, reimburse to the provider of a letter of credit, insurance policy or surety bond satisfying a portion of the Bond Reserve Requirement one-twelfth of the amount of any unreplenished prior withdrawal on such letter of credit, insurance policy or surety bond.

In addition to reimbursing the provider of an insurance policy or surety bond or letter of credit (a "Reserve Facility") satisfying the Bond Reserve Requirement the amount of any unreplenished prior withdrawal on such Reserve Facility, the Trustee shall, on a subordinate basis with such deposits, pay to such provider any reasonable expenses (together with interest thereon), and interest on the amount of any unreplenished prior withdrawal, calculated as specified in the agreement relating to such Reserve Facility. Repayment of such expenses and accrued interest shall be made from and to the extent of available Sales Tax Revenues after the replenishment of the Bond Reserve Fund and such withdrawals. Any Sales Tax Revenues remaining in the Revenue Fund after the foregoing transfers shall be transferred on the same Business Day to the District. The District may use and apply the Sales Tax Revenues when received by it for any lawful purpose of the District.

If three days prior to any principal payment date, interest payment date or mandatory redemption date the amounts on deposit in the Interest Fund and Principal Fund, including the Sinking Accounts therein, with respect to the payments to be made on such date are insufficient to make such payments, the Trustee shall immediately notify the District, by telephone confirmed in writing, of such deficiency and direct that the District transfer the amount of such deficiency to the Trustee on such payment date. The District shall transfer to the Trustee from any Sales Tax Revenues in its possession the amount of such deficiency on or prior to the principal, interest or mandatory redemption date referenced in such notice.

Bond Reserve Fund

The District will not be establishing a Reserve Fund for the 2012 Bonds. A Bond Reserve Fund and certain surety bonds are held under the 1990 Indenture. Such reserve fund and the surety bonds held therein secure only the Bonds issued under the 1990 Indenture and not the 2012 Bonds or any Additional Bonds.

See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND – SUMMARY OF THE 1990 INDENTURE RESERVE FUND.”

Additional Bonds and Parity Debt

Additional Bonds may be issued on a parity with the Bonds provided that, among other things: (1) Sales Tax Revenues and Associated Sales Tax Revenues relating to any recently annexed jurisdiction for any period of 12 consecutive months during the immediately preceding 18 months are at least equal to 1.5 times the Maximum Annual Debt Service (as defined below) for all Series of Bonds and Parity Obligations then outstanding, including the Bonds to be issued; (2) Sales Tax Revenues estimated by the District for the Fiscal Year in which the Additional Bonds are to be issued and for each of the next succeeding four Fiscal Years will equal at least 1.5 times the amount of Annual Debt Service on all Series of Bonds and Parity Obligations, including the Bonds to be issued; and (3) Sales Tax Revenues for the Fiscal Year in which the additional Series of Bonds are to be issued under the laws then in existence at the time of the issuance of such additional Series of Bonds shall be at least 1.0 times the amount of the District’s obligations with respect to repayment of any withdrawals under a Reserve Facility if any, then due and owing under the Reserve Facility.

The District may, by Supplemental Indenture, establish one or more Series of Bonds and the District may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the District, as well as Parity Debt, but only upon compliance by the District with certain provisions of the Indenture and the 1990 Indenture (until its discharge) and subject to certain specific conditions precedent to the issuance of any series of Bonds set forth in the Indenture. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND – Additional Bonds; Refunding Bonds; Parity Obligations; Subordinate Obligations.”

“Maximum Annual Debt Service” shall mean the greatest amount of principal and interest becoming due and payable on all Bonds and Parity Obligations in the Fiscal Year in which the calculation is made or any subsequent Fiscal Year as set forth in a Certificate of the District; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) if the Bonds or Parity Obligations are Variable Rate Indebtedness for which an Interest Rate Swap Agreement is not in place, the interest rate on such debt shall be calculated at the greater per annum rate (not to exceed 12%) of: (i) the average of the SIFMA Swap Index for the ten years preceding the date of calculation, and (ii) the highest interest rate listed in The Bond Buyer “25 Bond Revenue Bond Index” published one month preceding the date of sale of such Series of Bonds or Parity Obligations; or, if such Variable Rate Indebtedness is to bear interest expected to be included in gross income for federal income tax purposes (taxable bonds), such higher rate of interest as shall be specified in a Certificate of the District;

(b) principal and interest payments on Bonds and Parity Obligations shall be excluded to the extent such payments are to be paid from amounts on deposit with the Trustee or other fiduciary in

escrow specifically therefore and to the extent that such interest payments are to be paid from the proceeds of Bonds or Parity Obligations held by the Trustee or other fiduciary as capitalized interest specifically to pay such interest by the Trustee or other fiduciary and to the extent such payments are to be paid from pledged Subsidy Payments the District expects to receive;

(c) in determining the principal amount due in each Fiscal Year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any Mandatory Sinking Account Payments or any scheduled redemption or payment of Bonds on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond or Combination Bond;

(d) if the Bonds or Parity Obligations are debt, the principal of which the District determines (in a Supplemental Indenture or other document delivered on a date not later than the date of issuance of such Bonds or Parity Obligations) that the District intends to pay with moneys which are not Revenues (such as commercial paper, balloon indebtedness or bond anticipation notes), but from future debt obligations of the District, grants received from the State or federal government, or any agency or instrumentality thereof, or any other source of funds of the District, the principal of such Bonds or Parity Obligations will be treated as if such principal were due based upon a 30-year level amortization of principal from the date of calculation and the interest on such Bonds or Parity Obligations shall be calculated as if such Bonds were Variable Rate Indebtedness;

(e) if any Bonds feature an option, on the part of the Bondowners or an obligation under the terms of such Bonds, to tender all or a portion of such Bonds to the District, the Trustee, or other fiduciary or agent and require that such Bonds or portion thereof be purchased if properly presented, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Bonds, the options or obligations of the Owners of such Bonds to tender the same for purchase or payment prior to their stated maturity or maturities shall be ignored and not treated as a principal maturity and repayment obligations related to the purchase price of such Bonds provided by a Liquidity Facility and the obligation of the District with respect to the provider of such Liquidity Facility, other than its obligations on such Bonds, shall be excluded from the tests for the issuance of Parity Obligations until such time as such obligation exist due to such purchase and thereafter, such repayment obligations of the District to the provider of such Liquidity Facility shall be included in the computation of the Maximum Annual Debt Service in accordance with the terms of such obligation;

(f) with respect to any Variable Rate Indebtedness for which an Interest Rate Swap Agreement is in place, if (i) the interest rate on such Variable Rate Indebtedness, plus (ii) the payments received and made by the District under an Interest Rate Swap Agreement with respect to such variable interest rate, are expected to produce a synthetic fixed rate to be paid by the District (e.g., an interest rate swap under which the District pays a fixed rate and receives a variable rate that is expected to equal or approximate the rate of interest on such Variable Rate Indebtedness), the Variable Rate Indebtedness shall be treated as bearing such synthetic fixed rate for the duration of the synthetic fixed rate; and

(g) if any Bonds or Parity Obligations bear a fixed interest rate or the Bonds or Parity Obligations proposed to be issued will bear a fixed interest rate and an Interest Rate Swap Agreement is entered into with respect to such Bonds or Parity Obligations, if (i) the interest rate on such fixed rate Bonds or Parity Obligations, plus (ii) the payments received and made by the District under an Interest Rate Swap Agreement with respect to such fixed rate Bonds or Parity Obligations, are expected to produce a synthetic variable rate to be paid by the District (e.g., an interest rate swap under which the

District pays a variable rate and receives a fixed rate that is expected to equal or approximate the rate of interest on such fixed interest rate debt), the fixed interest rate debt, shall be treated as bearing such synthetic variable rate for the duration of the Interest Rate Swap Agreement calculated as if such Bonds or Parity Obligations were Variable Rate Indebtedness.

“Interest Rate Swap Agreement” means an interest rate swap agreement relating to a Series of Bonds or portion thereof or Parity Debt in which the party with which the District or the Trustee may contract is limited to: (i) entities the debt securities of which are rated in one of the two highest long-term debt Rating Categories by either Fitch or Standard & Poor’s and the debt securities of which are rated not lower than the third highest long-term debt Rating Category by the other rating agency; (ii) entities the obligations of which under the interest rate swap agreement are either guaranteed or insured by an entity the debt securities or insurance policies of which are so rated; or (iii) entities the debt securities of which are rated in the third highest long-term debt Rating Categories by Fitch or Standard & Poor’s or whose obligations are guaranteed or insured by an entity so rated and, in either case, the obligations of which under the interest rate swap agreement are continuously and fully secured by Investment Securities described in clauses (i) through (iv) of the definition thereof, which shall have a market value determined, by the party designated in such interest rate swap agreement, at least monthly (exclusive of accrued interest) at least equal to the termination value, if any, that would be payable by the provider of the interest rate swap agreement under such interest rate swap agreement and which shall be deposited with a custodian acceptable to the District.

“Subsidy Payments” means payments made by the U.S. Department of the Treasury to the District pursuant to Section 6431 of the Internal Revenue Code

The District currently has no Parity Debt, Variable Rate Indebtedness or Interest Rate Swap Agreement relating to any Bonds outstanding, nor has it issued any Bonds for which it expects to receive Subsidy Payments. All outstanding Bonds of the District bear interest at fixed rates to maturity.

Subordinate Obligations

No provision of the Indenture limits the ability of the District to issue bonds or other obligations payable from Sales Tax Revenues which are junior and subordinate to the payment of principal, premium, interest and reserve fund requirements of the Bonds and all Parity Debt. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND – Additional Bonds; Refunding Bonds; Parity Obligations; Subordinate Obligations – *Subordinate Obligations.*”

There are currently no outstanding obligations of the District payable from and secured on a subordinate basis with a lien upon Sales Tax Revenues.

Special Obligations

The 2012 Bonds are special obligations of the District payable solely from Sales Tax Revenues and no other revenues of the District are pledged to the payment thereof. The 2012 Bonds are not a general obligation of the District, the State or any political subdivision thereof and the District is not obligated to levy any form of taxation, other than the Sales Tax, for the payment of the 2012 Bonds.

INVESTMENT CONSIDERATIONS

Economy of the Three BART Counties and the State

The 2012 Bonds are secured by a pledge of Sales Tax Revenues, which consist primarily of the Sales Tax less an administrative fee paid to the State Board of Equalization. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the Three BART Counties, which level of retail sales is, in turn, dependent upon the level of economic activity in the Three BART Counties and in the State generally.

The economy of the Three BART Counties is recovering from a recession as evidenced by decreased Sales Tax Revenues in fiscal years ending June 30, 2009 and 2010, accompanied by increased unemployment rates, a decrease in total personal income and taxable sales, a drop in residential and commercial building permits, a decline in the rate of home sales and the median price of single-family homes and condominiums, and an increase in foreclosures resulting from such defaults.

The domestic and international recession and financial crisis has had, and is expected to continue to have, significant negative repercussions upon District, State, national and global economies, including reduced revenues for government, increased unemployment, a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, increase in interest costs, reduced business activity, increased consumer bankruptcies, and increased business failures and bankruptcies.

Any further substantial deterioration in the level of economic activity within the Three BART Counties or in the State could have a material adverse impact upon the level of Sales Tax Revenues and therefore upon the ability of the District to pay principal of and interest on the 2012 Bonds. For information relating to current economic conditions within the Three BART Counties and the State see APPENDIX E – “THE ECONOMY OF THE THREE BART COUNTIES.”

Bankruptcy

Because it is a municipal governmental entity, BART may be eligible to file a bankruptcy petition under Chapter 9 (“Chapter 9”) of the United States Bankruptcy Code (the “Bankruptcy Code”) under certain circumstances.

If the sales tax revenues are “special revenues” under Chapter 9, then sales tax revenues collected after the date of the bankruptcy filing will be subject to the lien of the indenture. “Special revenues” are defined to include taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. It is possible that a bankruptcy court would conclude that the sales tax is a sales tax levied to finance the general purposes of BART, and thus that the sales tax revenues are not special revenues.

If the sales tax revenues are subject to a “statutory lien” as defined in the Bankruptcy Code, then sales tax revenues collected after the date of the bankruptcy filing will be subject to the statutory lien for the benefit of the holders of the Bonds. California state law provides that the payment of interest on and principal of the Bonds and any premiums upon the redemption of any thereof are secured by a pledge, charge, and lien upon the sales tax revenues. BART believes that this law creates a statutory lien on the sales tax revenues under the Bankruptcy Code, but the definition of a statutory lien is not entirely clear, and no assurance can be given that a bankruptcy court would not conclude otherwise.

Chapter 9 also provides that Chapter 9 does not limit or impair the power of the applicable state to control its municipalities in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. California state law provides that so long as any Bonds or

interest thereon are unpaid the sales tax revenues and interest thereon shall not be used for any other purpose. BART believes that this law would be respected in any bankruptcy proceeding so that the sales tax revenues could not be used by BART for any purpose other than to make payments on the Bonds, but there are very few court decisions as to the precise meaning of this provision of Chapter 9, and no assurance can be given that a bankruptcy court would not conclude otherwise.

If it were to be determined that the sales tax revenues are not special revenues and that there is no statutory lien, then the lien of the indenture likely will not attach to any sales tax revenues collected after the date of the bankruptcy filing. If it is also determined that the sales tax revenues can be used for other purposes, then it is not clear whether the holders of the Bonds would be treated as general unsecured creditors of BART or whether the holders of the Bonds would have no further claim against any assets of BART.

Under any circumstance, the bankruptcy court may determine that BART is entitled to use sales tax revenues to pay the necessary operating expenses of the BART system prior to paying debt service on the Bonds, regardless of the provisions of the indenture.

If BART is in bankruptcy, the indenture trustee and the holders of the Bonds may be prohibited from taking any action to collect any amount from BART (including sales tax revenues subject to a statutory lien) or to enforce any obligation of BART, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the indenture trustee from making payments to the holders of the Bonds from funds in the indenture trustee's possession during the pendency of the bankruptcy proceedings.

While the Board of Equalization has agreed that it will pay the sales tax revenues directly to the indenture trustee, so that BART never receives them, it is not clear whether this arrangement is enforceable in bankruptcy or whether BART will instead be able to require that sales tax revenues be paid directly to it by the Board of Equalization.

BART may be able, without the consent and over the objection of the indenture trustee and the holders of the Bonds, to alter the priority, interest rate, payment terms, maturity dates, covenants (including tax-related covenants), and other terms or provisions of the indenture and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be other possible effects of a bankruptcy of BART that could result in delays or reductions in payments on the Bonds or in other losses to the holders of the Bonds.

Regardless of any specific adverse determinations in a bankruptcy proceeding, the fact of a bankruptcy proceeding by BART could have an adverse effect on the liquidity and value of the Bonds.

Risk of Earthquake

The Bay Area's historical level of seismic activity and its proximity 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 disrupt economic activity in the Three BART Counties and adversely affect Sales Tax Revenues for an undetermined period of time.

An earthquake originating outside the immediate Bay Area could have an impact on Sales Tax Revenues. On October 17, 1989, the San Francisco 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.

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 in any part of, and at any time in, the Bay Area.

Other Force Majeure Events

Operation of the BART System and amount of Sales Tax Revenues is also at risk from other events of force majeure, such as damaging storms, winds and floods, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. The District cannot predict the potential impact of such events on the financial condition of the District or the level of Sales Tax Revenues.

Threats and Acts of Terrorism

BART police and other law enforcement authorities have undertaken security measures in an effort to reduce the probability that portions of the BART System could be attacked by terrorists. However, such measures are not guaranteed to prevent an attack on the BART System. The District cannot predict the likelihood of a terrorist attack on any portion of the BART System. Components of the BART System are not insured against terrorist attack. See APPENDIX A – “SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT FINANCIAL AND OPERATING INFORMATION – CAPITAL PROGRAMS – Security Enhancement Program.”

Changes in Taxable Items

With limited exceptions, the Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the State Sales Tax and the Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. For a further description of the Sales Tax, see “SECURITY FOR THE 2012 BONDS – Sales Tax Revenues.” See also APPENDIX E – “THE ECONOMY OF THE THREE BART COUNTIES” for data relating to taxable transactions in the Three BART Counties.

Effect of Growth in Internet Commerce

It is possible that collections of District Sales Tax in the future could be adversely impacted due to the growth of commerce over the internet. Goods purchased from out-of-state retailers for delivery to a customer within the District could displace sales from retailers located within the District. Even though such purchases are subject to California use tax and within the District Sales Tax, such sales often are unreported.

Constitutional Limitations on Appropriations

State and local government agencies in California are each subject to annual “appropriations limits” imposed by Article XIII B of the Constitution of the State of California (“Article XIII B”). Article XIII B prohibits government agencies and the State from spending “appropriations subject to limitation” in excess of the appropriations limit imposed. “Appropriations subject to limitation” are authorizations to spend “proceeds of taxes,” which include all tax revenues and investment earnings thereon, certain state subventions and certain other funds, including proceeds received by an entity of local government from regulatory licenses, user charges or other user fees to the extent that such proceeds exceed “the cost reasonably borne by that entity in providing the regulation, product, or service.” “Appropriations subject to limitation” under Article XIII B do not include appropriations required to comply with mandates of

courts or of the Federal government, appropriations for qualified outlay projects (as defined by the Legislature), or appropriations for debt service on indebtedness existing prior to the passage of Article XIII B or thereafter authorized by the voters.

As amended at the June 5, 1990 election by Proposition 111, Article XIII B provides that, in general terms, the District's appropriations limit is based on the limit for the prior year adjusted annually to reflect changes in cost of living, population and, when appropriate, transfer of financial responsibility of providing services from one governmental unit to another. Proposition 111 liberalized the aforementioned adjustment factors as compared to the original provisions of Article XIII B. If revenues from "proceeds of taxes" during any two consecutive Fiscal Years exceed the combined appropriations limits for those two years, the excess must be returned by a revision of tax rate or fee schedules within the two subsequent Fiscal Years.

Section 7900 et seq. of the Government Code of the State of California defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions. The District's appropriations limit for the Fiscal Year ending June 30, 2012 is \$470,524,949. Pursuant to the budget for the Fiscal Year ending June 30, 2013, "appropriations subject to the limitation" are \$387,017,319, or \$102,214,545 under the limit. It is not anticipated that the District will ever reach its appropriations limit. However, if it were ever to reach such limit, it is arguable that amounts appropriated to pay debt service on the Bonds are appropriations for capital outlay projects and therefore not subject to the limit.

Proposition 218

On November 5, 1996, California voters approved an initiative known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution. Article XIII C 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, which is defined to include local or regional governmental agencies such as the District. Article XIII C also removes limitations on the initiative power with regard to reducing or repealing previously authorized local taxes. In the opinion of the District, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Sales Tax in a manner which would prevent the payment of debt service on the 2012 Bonds would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts. Proposition 26, approved by the voters of California on November 2, 2010, also amended Article XIII C to define "tax" to include in the two-thirds voter approval requirement local levies, charges or exactions previously considered fees with certain specified exemptions.

Further Initiatives

Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, which may affect the District's ability to levy and collect the Sales Tax.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the 2012 Bonds in the event of a default in the payment of principal and interest on the 2012 Bonds when due. In the event of a default by the District, each Series 2012 Bondholder will have the rights to exercise the remedies, subject to the limitations thereon, set forth in the Indenture. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE 1990 INDENTURE RESERVE FUND.”

Loss of Tax Exemption

As discussed under “TAX MATTERS,” interest on the 2012 Series A Bonds could become includable in federal gross income, possibly from the date of issuance of the 2012 Series A Bonds, as a result of acts or omissions of the District subsequent to the issuance of the 2012 Series A Bonds. Should interest become includable in federal gross income, the 2012 Series A Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or earlier redemption.

LEGAL MATTERS

The validity of the 2012 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California and Lofton & Jennings, San Francisco, California, Co-Bond Counsel to the District. A complete copy of the proposed form of the opinion to be delivered by Co-Bond Counsel is attached hereto as APPENDIX H. Compensation of Co-Bond Counsel and Counsel to the Underwriters is contingent upon the issuance of the 2012 Bonds. Neither Co-Bond Counsel nor Counsel to the Underwriters take any responsibility for the accuracy, completeness or fairness of this Official Statement. Approval of certain other legal matters will be passed upon for the District by Matthew Burrows, Esq., General Counsel to the District, by Orrick, Herrington & Sutcliffe LLP and Lofton & Jennings, Co-Disclosure Counsel to the District, and for the Underwriters by their Counsel, Sidley Austin LLP, San Francisco, California.

TAX MATTERS

2012 Series A Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP and Lofton & Jennings (“Co-Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2012 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. In the further opinion of Co-Bond Counsel, interest on the 2012 Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Co-Bond Counsel is set forth in APPENDIX H hereto.

To the extent the issue price of any maturity of the 2012 Series A Bonds is less than the amount to be paid at maturity of such 2012 Series A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2012 Series A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2012 Series A Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2012 Series A Bonds is the first price at which a substantial amount of such maturity of the 2012 Series A Bonds is sold to the public (excluding bond houses, brokers, or similar

persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2012 Series A Bonds accrues daily over the term to maturity of such 2012 Series A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2012 Series A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2012 Series A Bonds. Beneficial owners of the 2012 Series A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Series A Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2012 Series A Bonds in the original offering to the public at the first price at which a substantial amount of such 2012 Series A Bonds is sold to the public.

2012 Series A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2012 Series A Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2012 Series A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2012 Series A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2012 Series A Bonds. The opinion of Co-Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Co-Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel’s attention after the date of issuance of the 2012 Series A Bonds may adversely affect the value of, or the tax status of interest on, the 2012 Series A Bonds. Accordingly, the opinion of Co-Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel is of the opinion that interest on the 2012 Series A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Series A Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Co-Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2012 Series A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal that would generally limit the exclusion from gross income of interest on obligations like the 2012 Series A Bonds to

some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2012 Series A Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2012 Series A Bonds. Prospective purchasers of the 2012 Series A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Co-Bond Counsel expresses no opinion.

The opinion of Co-Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Co-Bond Counsel's judgment as to the proper treatment of the 2012 Series A Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Co-Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the 2012 Series A Bonds ends with the issuance of the 2012 Series A Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the District or the beneficial owners regarding the tax-exempt status of the 2012 Series A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of 2012 Series A Bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the 2012 Series A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the 2012 Series A Bonds, and may cause the District or the beneficial owners to incur significant expense.

2012 Series B Bonds – Federally Taxable

The following discussion summarizes certain United States ("U.S.") federal tax considerations generally applicable to holders of the 2012 Series B Bonds that acquire their 2012 Series B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2012 Series B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire their 2012 Series B Bonds pursuant to this offering for the issue price that is applicable to such 2012 Series B Bonds (i.e., the price at which a substantial amount of the 2012 Series B Bonds are sold to the public) and who will hold their 2012 Series B Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds 2012 Series B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2012 Series B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2012 Series B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

For U.S. Holders

In the opinion of Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming compliance with certain covenants, interest on the 2012 Series B Bonds is exempt from State of California personal income taxes. Interest on the 2012 Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the 2012 Series B Bonds.

The 2012 Series B Bonds are not expected to be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes because the stated redemption price at maturity of the 2012 Series B Bonds is not expected to exceed their issue price, or because any such excess is expected to only be a de minimis amount (as determined for tax purposes).

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the 2012 Series B Bonds for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the 2012 Series B Bonds.

Disposition of the 2012 Series B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District), defeasance or other disposition of a 2012 Series B Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2012 Series B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2012 Series B Bond which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted tax basis in the 2012 Series B Bond (generally, the purchase price paid by the U.S. Holder for the 2012 Series B Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the 2012 Series B Bond, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the 2012 Series B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

For Non-U.S. Holders

Interest. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” payments of principal of, and interest on, any 2012 Series B Bond to a Non-U.S. Holder,

other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such 2012 Series B Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. withholding tax provided that the beneficial owner of the 2012 Series B Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

Disposition of the 2012 Series B Bonds. Subject to the discussion below under the heading “Information Reporting and Backup Withholding,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District), defeasance or other disposition of a 2012 Series B Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District), defeasance or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A 2012 Series B Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that at the time of such individual’s death, payments of interest with respect to such 2012 Series B Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. U.S. information reporting and “backup withholding” requirements apply to certain payments of principal of, and interest on the 2012 Series B Bonds, and to proceeds of the sale, exchange, redemption, retirement (including pursuant to an offer by the District), defeasance or other disposition of a 2012 Series B Bond, to certain noncorporate holders of 2012 Series B Bonds that are United States persons. Under current U.S. Treasury Regulations, payments of principal and interest on any 2012 Series B Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the 2012 Series B Bond or a financial institution holding the 2012 Series B Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. If a financial institution, other than a financial institution that is a qualified intermediary, provides the certification, the certification must state that the financial institution has received from the beneficial owner the certification set forth in the preceding sentence, set forth the information contained in such certification, and include a copy of such certification, and an authorized representative of the financial institution must sign the certificate under penalties of perjury. A financial institution generally will not be required to furnish to the IRS the names of the beneficial owners of the 2012 Series B Bonds that are not United States persons and copies of such owners’ certifications where the financial institution is a qualified intermediary that has entered into a withholding agreement with the IRS pursuant to applicable U.S. Treasury Regulations.

In the case of payments to a foreign partnership, foreign simple trust or foreign grantor trust, other than payments to a foreign partnership, foreign simple trust or foreign grantor trust that qualifies as a withholding foreign partnership or a withholding foreign trust within the meaning of applicable U.S. Treasury Regulations and payments to a foreign partnership, foreign simple trust or foreign grantor trust that are effectively connected with the conduct of a trade or business within the United States, the partners of the foreign partnership, the beneficiaries of the foreign simple trust or the persons treated as the owners

of the foreign grantor trust, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from withholding and backup withholding tax requirements. The current backup withholding tax rate is 28% (subject to future adjustment).

In addition, if the foreign office of a foreign “broker,” as defined in applicable U.S. Treasury Regulations pays the proceeds of the sale of a 2012 Series B Bond to the seller of the 2012 Series B Bond, backup withholding and information reporting requirements will not apply to such payment provided that such broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business within the United States, is not a controlled foreign corporation, as such term is defined in the Code, and is not a foreign partnership (1) one or more of the partners of which, at any time during its tax year, are U.S. persons (as defined in U.S. Treasury Regulations Section 1.1441-1(c)(2)) who, in the aggregate hold more than 50% of the income or capital interest in the partnership or (2) which, at any time during its tax year, is engaged in the conduct of a trade or business within the United States. Moreover, the payment by a foreign office of other brokers of the proceeds of the sale of a 2012 Series B Bond, will not be subject to backup withholding unless the payer has actual knowledge that the payee is a U.S. person. Principal and interest so paid by the U.S. office of a custodian, nominee or agent, or the payment by the U.S. office of a broker of the proceeds of a sale of a 2012 Series B Bond, is subject to backup withholding requirements unless the beneficial owner provides the nominee, custodian, agent or broker with an appropriate certification as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the District and our tax advisors are (or may be) required to inform you that:

- Any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;
- Any such advice is written to support the promotion or marketing of the 2012 Series B Bonds and the transactions described herein (or in such opinion or other advice); and
- Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the 2012 Bonds, the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending with respect to which the District has been served with process or, to the knowledge of the District, threatened against the District in any way affecting the existence of the District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the 2012 Bonds, the application of the proceeds thereof in accordance with the Indenture, or the levy or collection of the Sales Tax or application of the Sales Tax Revenues or other moneys to be pledged to pay the principal of and interest on the 2012 Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the 2012 Bonds, the Indenture, the Continuing Disclosure Agreement or in any way contesting the completeness or accuracy of this Official Statement.

RATINGS

Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "___" and "___," respectively, to the 2012 Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from such rating agencies furnishing the same at the following addresses: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041 and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any credit ratings given to the 2012 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by such rating agencies, if, in their judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2012 Bonds.

FINANCIAL ADVISORS

Sperry Capital Inc., Sausalito, California, serves as Financial Advisor to the District with respect to the sale of the 2012 Bonds. The Financial Advisor has not conducted a detailed investigation of the affairs of the District to determine the completeness or accuracy of this Official Statement and have not independently verified any of the data contained herein and have no responsibility for the accuracy or completeness thereof.

The compensation of the Financial Advisor is contingent upon the issuance of the 2012 Bonds.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners and Beneficial Owners of the 2012 Bonds to cause to be provided certain financial information and operating data relating to the District by not later than eight months following the end of the District's fiscal year (presently June 30), commencing with the report for the 2011-12 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access website ("EMMA") for purposes of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"). When provided by the District, the Annual Report will be filed by the Trustee on behalf of the District with the MSRB. When directed to do so by the District, the notices of listed events will be filed by the Trustee on behalf of the District with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of listed events is described in APPENDIX G – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The District has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of listed events. See APPENDIX G – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

UNDERWRITING

The 2012 Bonds are being purchased by the Underwriters identified on the cover page of this Official Statement (the "Underwriters"), for whom RBC Capital Markets, LLC, is acting as Representative. The bond purchase agreement provides that the Underwriters will purchase all of the 2012 Bonds, if any are purchased, at a purchase price equal to \$264,706,891.00 (representing the principal amount of the 2012 Bonds plus a original issue premium of \$23,438,633.80, less an underwriters' discount in the aggregate amount of \$291,742.80).

Piper Jaffray & Co. (Piper) and Pershing LLC, a subsidiary of the Bank of New York Mellon Corporation, entered into an agreement (the Agreement) which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper, including the Series 2012 Bonds. Under the Agreement, Piper will share with Pershing LLC a portion of the fee or commission paid to Piper.

The Underwriters are initially offering the 2012 Bonds to the public at the public offering yields indicated on the cover page hereof but the Underwriters may offer and sell the 2012 Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriters.

VERIFICATION OF MATHEMATICAL ACCURACY

Upon delivery of the 2012 Series A Bonds, the arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the District relating to the: (i) adequacy of forecasted receipts of principal and interest on the escrow securities and cash held in the escrow fund relating to the Prior Bonds; (ii) the scheduled payments of principal and interest with respect to the Prior Bonds on and prior to their projected maturity and/or redemption dates; and (iii) yields on the securities to be deposited pursuant to the escrow fund relating to the Prior Bonds upon delivery of the 2012 Series A Bonds, will be verified by Causey Demgen & Moore P.C., independent certified public accountants (the "Verification Agent"). Such verification shall be based solely upon information and assumptions supplied to the Verification Agent by the Financial Advisor. The Verification Agent has not made a study or evaluation of the information and assumptions on which such computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

FINANCIAL STATEMENTS

The financial statements of the District included in APPENDIX B to this Official Statement have been examined by Macias, Gini & Company, LLP, whose report thereon appears in such appendix. Macias, Gini & Company, LLP was not requested to consent to the inclusion of its report in APPENDIX B, nor has Macias, Gini & Company LLP undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Macias, Gini & Company LLP with respect to any event subsequent to the date of its report.

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APPENDIX A

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
FINANCIAL AND OPERATING INFORMATION**

APPENDIX B

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
REPORT ON AUDITS OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2011**

APPENDIX C

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT STATEMENT OF INVESTMENT POLICY

The Treasurer of the District shall invest District funds in a manner the Treasurer deems prudent, suitable and advantageous under existing circumstances and in accordance with the following objectives, in order of priority:

1. Preservation of Capital
2. Liquidity – funds shall be invested only until date of anticipated need or for a lesser period.
3. Yield – generation of a favorable return on investment without compromise of the first two objectives.

The Treasurer may invest in Securities authorized by the Public Utilities Code Sections 29100 through 29102; Government Code Sections 53601, 53601.1 and 53635 and Board Resolution 2697 with the following exception: the Treasurer will not invest in commercial paper, financial or commodity futures, options contracts, medium-term corporate notes, or mutual funds unless specifically authorized by the Board.

The Treasurer may invest in repurchase agreements and will accept as security only securities of the U.S. government and U.S. governmental agencies which have a market value, including accrued interest, equal to the amount of the repurchase agreement. The maturity date of the collateral may, however, be later than that required by Objective 2 above.

The Treasurer may invest in reverse repurchase agreements with a maturity of 90 days or less.

The Treasurer may invest in “swaps” defined as, the simultaneous buying and selling of a security of approximately the same maturity to increase yield, cash flow or to improve quality.

In addition to the securities authorized above, the Treasurer may invest in public time deposits in financial institutions having at least one branch within the BART boundaries. The Treasurer will accept as collateral securities authorized by the Government Code Section 53651 (a) through (p) excluding subsection (m) promissory notes secured by first mortgages and first trust deeds. The Treasurer will require 110% collateralization, less the portion authorized by Government Code Section 53653 on public time deposits, except for San Francisco Federal Home Loan Bank Letters of Credit, in which case the collateralization will be 105%.

The Treasurer has the authority to waive the required collateralization and substitute Federal Deposit Insurance Corporation (FDIC) for the first \$100,000 of the investment.

The Treasurer will continue to seek minority Banks and Savings and Loan Associations, as defined by the Federal Government, for the placement of some of the District’s funds.

The Treasurer may invest in money market mutual funds as authorized by Section 53601(k) of the Government Code up to a maximum total of \$25,000,000. The funds must carry a credit rating of

“AAA” by both Standard & Poor’s and Moody’s and their portfolio must consist entirely of direct obligations of the U. S. Government, its agencies or instrumentalities, and repurchase agreements backed by such obligations.

The Treasurer may invest in the State of California Local Agency Investment Fund as authorized by Government Code Sections 16429.1 et seq. in an amount not to exceed \$25,000,000.

The District’s investment policy shall also discourage the investment of funds in any institution or business which conducts operations or invests funds in any country whose laws discriminate against individuals based upon race, color or creed.

The foregoing defines the Treasurer’s investment policies for calendar year 2003 and thereafter unless and until they are modified by the Treasurer and approved by the Board.

APPENDIX D

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
AND THE 1990 INDENTURE RESERVE FUND**

APPENDIX E

THE ECONOMY OF THE THREE BART COUNTIES

General

The San Francisco Bay Area (the “Bay Area”) encompasses the nine counties which border San Francisco Bay. The Three BART Counties, the City and County of San Francisco, Alameda County and Contra Costa County, comprise a 1,512 square-mile central core of the nearly 7,000 square miles of land in the Bay Area. The City and County of San Francisco occupies approximately 49 square miles, while Alameda County and Contra Costa County are approximately 733 and 734 square miles in size, respectively. The San Francisco Bay Area Rapid Transit District (the “District” or “BART”) service area also includes northern San Mateo County, adjacent to the southern border of San Francisco. The non-member six counties, four to the north and two to the south, provide reciprocal economic support and potential users and expansion area for the District’s centrally located System. All capitalized terms used and not otherwise defined in this Appendix E shall have the meanings set forth in the front portion of this Official Statement.

The City and County of San Francisco occupies the tip of a peninsula situated between the Pacific Ocean and San Francisco Bay (the “Bay”) and is separated from Marin County and other northerly counties by the Golden Gate, which forms the entrance to the Bay and is spanned by the Golden Gate Bridge. Alameda and Contra Costa Counties, bordering the east side of the Bay across from San Francisco, stretch eastward up to 40 miles beyond the series of hills between the Bay and the Central Valley (the Sacramento and San Joaquin Valleys) of California. Contra Costa County is bordered on the northwest by San Pablo Bay and the north by the Carquinez Strait and the extensive Delta area of the Sacramento and San Joaquin Rivers, which empty into the Bay. Alameda County adjoins Santa Clara County at the southern tip of the Bay. Linking the Bay Area are seven major bridges.

Sales taxes levied in the Three BART Counties are a principal source of District revenues. Sales Tax Revenues depend on economic activity and trends as well as the demographic characteristics of the Three BART Counties. Historical trends are summarized below and forecasts are presented for the population and employment of the Three BART Counties.

Historical Population and Employment Trends

Table 1 shows historical population for cities within the Three BART Counties for the selected years between 2000 and 2012. Population in the Three BART Counties increased approximately 7.6% between 2000 and 2012 and 1.4% between 2010 and 2012.

Table 1
HISTORICAL POPULATION
Alameda and Contra Costa Counties and City and County of San Francisco
2000 and 2009 through 2012
(As of January 1)

	<u>2000⁽¹⁾</u>	<u>2009⁽²⁾</u>	<u>2010⁽¹⁾</u>	<u>2011⁽²⁾</u>	<u>2012⁽²⁾</u>	% Change 2011-2012																																																																																																																																																																																						
Alameda County																																																																																																																																																																																												
Alameda	72,259	74,683	73,812	74,052	74,640	0.8%																																																																																																																																																																																						
Albany	16,444	16,884	18,539	18,345	18,488	0.8																																																																																																																																																																																						
Berkeley	102,743	107,178	112,580	113,925	114,821	0.8																																																																																																																																																																																						
Dublin	29,973	47,922	46,036	46,207	46,785	1.3																																																																																																																																																																																						
Emeryville	6,882	10,087	10,080	10,110	10,200	0.9																																																																																																																																																																																						
Fremont	203,413	215,636	214,089	215,391	217,700	1.1																																																																																																																																																																																						
Hayward	140,030	150,878	144,186	145,101	147,113	1.4																																																																																																																																																																																						
Livermore	73,345	84,409	80,968	81,547	82,400	1.0																																																																																																																																																																																						
Newark	42,471	44,035	42,573	42,700	43,041	0.8																																																																																																																																																																																						
Oakland	399,566	425,068	390,724	392,333	395,341	0.8																																																																																																																																																																																						
Piedmont	10,952	11,165	10,667	10,710	10,807	0.9																																																																																																																																																																																						
Pleasanton	63,654	70,097	70,285	70,537	71,269	1.0																																																																																																																																																																																						
San Leandro	79,452	82,472	84,950	85,364	86,053	0.8																																																																																																																																																																																						
Union City	66,869	73,977	69,516	69,746	70,646	1.3																																																																																																																																																																																						
Other Areas	135,688	142,166	141,266	141,688	142,833	0.8		1,443,741	1,556,657	1,510,271	1,517,756	1,532,137	0.9	Contra Costa County							Antioch	90,532	100,957	102,372	103,055	103,833	0.8	Brentwood	23,302	51,908	51,481	52,030	52,575	1.0	Clayton	10,762	10,864	10,897	10,942	10,996	0.5	Concord	121,782	124,599	122,067	122,599	123,206	0.5	Danville	41,715	43,043	42,039	42,217	42,450	0.6	El Cerrito	23,171	23,440	23,549	23,649	23,774	0.5	Hercules	19,488	24,480	24,060	24,153	24,272	0.5	Lafayette	23,908	24,087	23,893	24,024	24,159	0.6	Martinez	35,866	36,348	35,824	36,055	36,225	0.5	Moraga	16,290	16,204	16,016	16,076	16,152	0.5	Oakley ⁽³⁾	25,619	34,468	35,432	35,998	36,532	1.5	Orinda	17,599	17,669	17,643	17,714	17,819	0.6	Pinole	19,039	19,383	18,390	18,461	18,560	0.5	Pittsburg	56,769	63,771	63,264	63,735	64,706	1.5	Pleasant Hill	32,837	33,547	33,152	33,280	33,440	0.5	Richmond	99,216	104,513	103,701	104,382	104,887	0.5	San Pablo	30,256	31,808	29,139	28,931	29,105	0.6	San Ramon	44,722	63,176	72,148	73,111	74,378	1.7	Walnut Creek	64,296	65,860	64,173	64,710	65,233	0.8	Other Areas	151,557	170,310	159,785	161,184	162,815	1.0		948,816	1,060,435	1,049,025	1,056,306	1,065,117	0.8	City and County of San Francisco							San Francisco	776,733	845,559	805,235	808,768	812,538	0.5	Three BART Counties	3,169,488	3,462,651	3,364,531	3,382,830	3,409,792	0.8
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⁽¹⁾ As of April 1 of that year. 2010 is based on Census Data that uses a different methodology to assess population than California Department of Finance.

⁽²⁾ As of January 1 of that year.

⁽³⁾ The City of Oakley was incorporated in 1999.

Source: U.S. Census for 2010; California Department of Finance for years other than 2010.

Table 2-A shows historical nonagricultural employment for the Three BART Counties by industry sector in calendar year 2011 and Table 2-B shows total nonagricultural employment for the Three BART Counties by industry sector in calendar years 2001 and 2011.

Table 2-A
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Alameda and Contra Costa Counties and City and County of San Francisco
Calendar Year 2011

	Alameda County		Contra Costa County		City and County of San Francisco	
	Number	Percent	Number	Percent	Number	Percent
Mining and Construction	30,000	4.7%	17,400	5.6%	13,400	2.5%
Manufacturing	61,700	9.7	17,400	5.6	8,600	1.6
Transportation, Warehousing and Public Utilities	23,600	3.7	8,000	2.6	10,900	2.1
Wholesale Trade	34,100	5.4	7,900	2.5	10,500	2.0
Retail Trade	60,000	9.4	40,300	12.9	41,100	7.8
Finance, Insurance, and Real Estate ..	22,700	3.6	24,500	7.9	50,300	9.6
Information	13,700	2.2	9,000	2.9	20,900	4.0
Professional & Business Services.....	108,800	17.1	45,500	14.6	120,700	23.0
Educational & Health Services.....	88,300	13.9	49,200	15.8	59,000	11.2
Leisure & Hospitality	55,100	8.7	32,200	10.3	78,900	15.0
Other Services	23,500	3.7	12,500	4.0	21,900	4.2
Government	114,700	18.0	47,800	15.3	89,500	17.0
TOTAL NONAGRICULTURAL EMPLOYMENT⁽¹⁾	636,100	100.0%	311,700	100.0%	525,600	100.0%

⁽¹⁾ Figures may not add due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division.

Table 2-B
CHANGES IN NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Total Three BART Counties
Calendar Years 2001 and 2011

	2001		2011	
	Number	Percent	Number	Percent
Mining and Construction.....	91,300	5.6%	60,800	4.1%
Manufacturing	131,100	8.0	87,700	6.0
Transportation, Warehousing and Public Utilities	60,300	3.7	42,500	2.9
Wholesale Trade	69,600	4.3	52,500	3.6
Retail Trade	159,200	9.8	141,400	9.6
Finance, Insurance, and Real Estate.....	127,900	7.8	97,500	6.6
Information.....	68,000	4.2	43,600	3.0
Professional & Business Services	284,400	17.4	275,000	18.7
Educational & Health Services	165,200	10.1	196,500	13.3
Leisure & Hospitality	150,800	9.3	166,200	11.3
Other Services	60,900	3.7	57,900	3.9
Government.....	261,100	16.0	252,000	17.1
TOTAL NONAGRICULTURAL EMPLOYMENT⁽¹⁾	1,630,000	100.0%	1,473,400	100.0%

⁽¹⁾ Figures may not add due to independent rounding.

Sources: Counties: California Employment Development Department.

Nonagricultural employment in the Three BART Counties decreased approximately 9.6% between 2001 and 2011.

As shown in Table 2-A and Table 2-B, the economy of the Three BART Counties is well diversified, with emphasis on educational and health services, and professional and business services.

Alameda County. Alameda County accounts for approximately 45% of the population and approximately 43% of the nonagricultural employment of the Three BART Counties. Alameda County's population increased approximately 6.1% between 2000 and 2012.

Alameda County has a diverse economic base. A large number of new jobs have been, and are expected to be, created by firms classified in the services industry. Many of these jobs will be highly skilled professional, technical, and managerial positions. The two largest employment sectors are professional and business services and government, which account for approximately 35% of total employment. The trade sector, including both retail and wholesale, averaged 94,100 jobs in 2011, comprising approximately 14.8% of total employment. The professional and business services industry, averaging 108,800 jobs in 2011, comprising approximately 17.1% of total employment, is the largest employment sector. Major employers in Alameda County include Kaiser Permanente, University of California at Berkeley, Alameda County, Lawrence Livermore National Laboratory, New United Motor Manufacturing Inc., Oakland Unified School District, Alta Bates Summit Medical Center and Lawrence Berkeley National Laboratory, as shown in Table 4-A.

Contra Costa County. Contra Costa County, predominantly a low-density residential area, accounts for approximately 31% of the population and approximately 21% of the nonagricultural employment of the Three BART Counties in 2011. Contra Costa County's population increased approximately 12% between 2000 and 2012.

Contra Costa County has one of the fastest-growing work forces among Bay Area counties, with growth in its employment base being driven primarily by the need to provide services to an increasing local population. Contra Costa County has also experienced an influx of white-collar jobs due to the relocation of companies from more expensive locations in the Bay Area. The professional and business services, educational and health services, retail trade and government employment sectors account for approximately 59% of the employment base. Major employers in Contra Costa County include SBC Communications Inc., Contra Costa County, Safeway Inc., Chevron Corp. and John Muir/Mount Diablo Health System, as shown in Table 4-A.

City and County of San Francisco. The City and County of San Francisco (the "City") is a major employment center of the Three BART Counties, accounting for approximately 36% of the nonagricultural employment and approximately 24% of the population of the Three BART Counties. The population of San Francisco is relatively dense and has increased slowly in recent years, with an overall increase of approximately 4.6% between 2000 and 2012.

The City has the benefit of a highly skilled, professional labor force. Key industries include tourism, real estate, banking and finance, retailing, apparel design and manufacturing. Emerging industries include multimedia and bioscience. Major employers in San Francisco include the City and County of San Francisco, the University of California at San Francisco, Wells Fargo & Co. Inc., and the San Francisco Unified School District, as shown in Table 4-B.

Table 3 shows the average annual unemployment rates for the Three BART Counties and the State of California and the United States for the calendar years 2007 through June 2012.

Table 3
AVERAGE ANNUAL UNEMPLOYMENT RATES
Alameda County, Contra Costa County, City and County of San Francisco,
State of California and the United States
Calendar Years 2007 Through June 2012

Calendar Year	Alameda County	Contra Costa County	City and County of San Francisco	State of California	United States
2007	4.7%	4.7%	4.2%	5.4%	4.6%
2008	6.2	6.2	5.2	7.2	5.8
2009	10.5	10.2	8.9	11.3	9.3
2010	11.3	11.1	9.6	12.4	9.6
2011	10.4	10.4	8.6	11.7	8.9
2012 ⁽¹⁾	9.4	9.4	7.8	11.0	8.2

⁽¹⁾ Annual average up through June 2012.

Sources: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Table 4-A identifies the major employers of Alameda and Contra Costa Counties and Table 4-B identifies the major employers in the City and County of San Francisco.

Table 4-A
MAJOR EMPLOYERS
Alameda and Contra Costa Counties
As of 2011

Employer	Number of Employees
University of California, Berkeley	21,139
Kaiser Permanente	16,587
State of California	9,586
Contra Costa County	9,500
Safeway Inc.	9,121
Alameda County	8,813
Chevron Corp.	7,025
U.S. Postal Service	6,399
John Muir Health	6,259
Wells Fargo Bank	5,911
Alta Bates Summit Medical Center	4,997
Oakland Unified School District	4,592
Lawrence Livermore National Laboratory	4,300
Lawrence Berkeley National Laboratory	3,600
PG&E Corp.	3,420
Fremont Unified School District	3,000
Children's Hospital & Research Center at Oakland	2,800
San Ramon Valley Unified School District	2,675
San Francisco Bay Area Rapid Transit (BART)	2,639
Comcast Corp.	2,264
Contra Costa Community College District	2,000
Bank of the West	1,898
California State University, East Bay	1,740
Bayer HealthCare Pharmaceuticals	1,730
Ross Stores Inc.	1,655

Source: San Francisco Business Times, 2012 Book of Lists.

Table 4-B
MAJOR EMPLOYERS
City and County of San Francisco
As of 2011

Employer	Number of Employees
City and County of San Francisco	25,488
University of California, San Francisco	11,639
Wells Fargo & Co. Inc.	9,089
California Pacific Medical Center	6,600
State of California	5,465
United States Postal Service	4,369
PG&E Corp.	4,080
United States Postal Service	4,697
Gap Inc.	3,783
Kaiser Permanente	3,490
San Francisco State University	3,243
City College of San Francisco	3,200
Catholic Healthcare West	2,884
Charles Schwab & Co. Inc.	2,800
Salesforce.com Inc.	2,000
University of San Francisco	1,856
Safeway Inc.	1,834
Deloitte	1,485
Kimpton Hotel & Restaurant Group LLC	1,392
Hilton San Francisco	1,200
Levi Strauss & Co.	1,200
Golden Gate University	1,181
San Francisco Marriott	1,100
Blue Shield of California	1,075
Saint Francis Memorial Hospital	1,061
YMCA of San Francisco	1,054

Source: San Francisco Business Times, 2012 *Book of Lists*.

Population and Employment Forecasts

Table 5 presents population and employment projections for the Three BART Counties prepared by the Association of Bay Area Governments (“ABAG”). ABAG projects the population of the Three BART Counties to increase by approximately 848,408 people between 2012 and 2035, with most of the growth occurring in Contra Costa and Alameda counties. Employment in the Three BART Counties is expected to increase by approximately 783,060 jobs between 2012 and 2035. Most of the growth in employment is projected by ABAG to occur in the professional and managerial services and health and educational services sectors in each of the Three BART Counties. ABAG also projects the largest growth in employment will occur in San Francisco County.

Table 5
PROJECTED POPULATION AND EMPLOYMENT
Alameda and Contra Costa Counties and City and County of San Francisco
Population

County	2012 (Actual)	2035 (Projected)	% Change 2012-2035
Alameda.....	1,532,137	1,966,300	28.3%
Contra Costa	1,065,117	1,322,900	24.2
San Francisco.....	812,538	969,000	19.3
Three BART Counties	3,409,792	4,258,200	24.9

Employment			Percent Change
County	2012⁽¹⁾	2035 (Projected)	2012-2035
Alameda.....	698,400	1,039,680	48.9%
Contra Costa	480,400	555,650	15.7
San Francisco.....	440,300	806,830	83.2
Three BART Counties	1,619,100	2,402,160	48.4

⁽¹⁾ As of July 2012.

Source: Association of Bay Area Governments, *Jobs-Housing Connections Strategy*.

Personal Income

The United State Department of Commerce, Bureau of Economic Analysis (the “BEA”) produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines “personal income” as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors’ income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau’s annual midyear population estimates.

Table 6 below presents the latest available total income and per capita personal income for the City, the County, the State and the nation for the calendar years 2007 through 2011 (the most recent annual data available). The County has traditionally had per capita income levels significantly higher than those of the State and the nation.

Table 6
PERSONAL INCOME
Alameda County, Contra Costa County, City and County of San Francisco,
State of California and United States
Calendar Years 2007 through 2011

Year and Area	Personal Income (millions of dollars)	Per Capita Personal Income (dollars)
2011		
Alameda County	N/A	N/A
Contra Costa	N/A	N/A
San Francisco	N/A	N/A
State	1,676,565	44,481
United States	12,981,741	41,663
2010		
Alameda County	72,757	48,087
Contra Costa	58,383	55,465
San Francisco	53,831	70,190
State	1,587,403	42,514
United States	12,353,577	39,937
2009		
Alameda County	69,974	46,695
Contra Costa	56,221	54,169
San Francisco	53,830	67,127
State	1,526,531	41,301
United States	11,916,773	38,846
2008		
Alameda County	74,306	50,302
Contra Costa	59,914	58,547
San Francisco	58,108	73,448
State	1,610,698	44,003
United States	12,451,660	40,947
2007		
Alameda County	71,894	49,387
Contra Costa	58,044	57,518
San Francisco	56,307	72,311
State	1,566,400	43,211
United States	11,900,562	39,506

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 7 shows the total dollar volume of sales and other taxable transactions (which correlate with sales tax receipts) in the Three BART Counties for calendar years 2006 through 2010 (the most recent annual data available).

Table 7
HISTORICAL TAXABLE TRANSACTIONS
Alameda and Contra Costa Counties and City and County of San Francisco
Calendar Years 2006 Through 2010
(\$ in thousands)

Fiscal Year	Alameda County	Contra Costa County	San Francisco County	Total Three BART Counties	Percentage Change
2006	\$25,223,384	\$13,867,661	\$13,892,188	\$52,983,233	–
2007	25,831,140	14,086,295	14,614,736	54,532,171	2.9%
2008	23,862,957	13,307,681	14,837,689	52,008,327	(4.6)
2009	20,430,195	11,883,049	12,633,575	44,946,819	(13.6)
2010	21,541,741	11,953,846	13,443,121	46,938,708	4.4

Source: California State Board of Equalization, 2006-2010 Annual Reports.

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Table 8 shows taxable transactions by type of business for the Three BART Counties for the year ended December 31, 2010 (the most recent annual data available).

Table 8
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
Alameda and Contra Costa Counties and the City and County of San Francisco
For Calendar Year 2010
(\$ in thousands)

Type of Business	Alameda County	Contra Costa County	City and County of San Francisco	Total Three BART Counties	Percentage of Total ⁽¹⁾
Women's Apparel	\$135,245	\$98,131	\$265,088	498,464	1.06%
Men's Apparel	26,005	21,813	33,995	81,813	0.17
Family Apparel	601,098	419,078	875,311	1,895,487	4.03
Shoes	103,688	63,469	126,670	293,827	0.63
Apparel Stores Group	866,036	602,491	1,301,064	2,769,591	5.90
General Merchandise Stores	1,710,291	1,406,756	700,755	3,817,802	8.13
Drug Stores	419,672	264,011	368,023	1,051,706	2.24
General Merchandise Group	2,129,963	1,670,767	1,068,778	4,869,508	10.37
Supermarkets	628,388	512,745	460,784	1,601,917	3.41
All Other Food Stores	89,178	72,673	50,502	212,353	0.45
Food Stores Group	717,566	585,418	511,286	1,814,270	3.86
Limited-Service restaurants	891,003	508,255	565,749	1,965,007	4.18
Full-Service Eating and Drinking Places	1,103,519	618,143	2,247,246	3,968,908	8.45
Eating and Drinking Group	1,994,522	1,126,398	2,812,995	5,933,915	12.63
Furniture Stores	272,359	104,679	173,962	551,000	1.17
Home Furnishings Stores	140,620	122,753	151,203	414,576	0.88
Furniture and Home Furnishings Stores Group	412,979	227,432	325,165	965,576	2.06
Building Materials Group	1,017,464	634,928	330,800	1,983,192	4.22
New Motor Vehicle Dealers	1,679,643	967,353	329,842	2,976,838	6.34
Used Motor Vehicle Dealers	197,034	88,822	13,401	299,257	0.64
Automotive Supplies and Parts	215,072	149,979	48,065	413,116	0.88
RV and All Other Vehicles	91,960	28,690	22,171	142,821	0.30
Automotive Group	2,183,709	1,234,844	413,479	3,832,032	8.16
Service Stations Group	1,716,376	1,312,703	507,626	3,536,705	7.53
Appliance, TV and Other Electronics	353,915	263,025	165,321	782,261	1.67
Gifts, Art Goods, and Novelties	48,887	26,548	121,801	197,236	0.42
Sporting Goods	172,168	115,737	125,342	413,247	0.88
Florists	16,665	7,770	28,023	52,458	0.11
Photographic Equipment and Supplies	5,674	3,769	26,805	36,248	0.08
Hobby, Toy, Musical Instruments	160,174	121,281	66,490	347,945	0.74
Book, Periodical and Music Stores	157,612	67,473	170,527	395,612	0.84
Office Supplies and Stationery	358,378	60,809	82,739	501,926	1.07
Jewelry, Luggage and Leather Goods	60,573	60,751	198,848	320,172	0.68
Computer and Software Stores	215,784	89,331	162,155	467,270	0.99
Packaged Liquor Stores	166,468	87,908	106,635	361,011	0.77
Second-Hand Merchandise	28,049	16,919	31,926	76,894	0.16
Farm and Garden Supply Stores	74,393	83,477	17,929	175,799	0.37
Miscellaneous Retail	448,060	270,001	356,463	1,074,524	2.29
Other Retail Stores Group	2,266,800	1,274,799	1,661,004	5,202,603	11.07
Nonstore Retailers	68,868	46,613	39,563	155,044	0.33
Retail Services Totals	13,374,283	8,716,393	8,971,759	31,062,435	66.12
All Other Outlets	8,167,458	3,237,454	4,471,363	15,876,275	33.79
TOTALS ALL OUTLETS	\$21,541,741	\$11,953,846	\$13,482,685	\$46,978,272	100.00%

⁽¹⁾ Numbers may not add due to independent rounding.

Source: California State Board of Equalization, 2010 Annual Report.

Table 9 shows a comparison of taxable transactions among several large northern and southern California counties (including the Three BART Counties) and Statewide over the calendar years 2006 through 2010 (the most recent annual data available).

Table 9
COMPARISON OF TAXABLE TRANSACTIONS TREND
FOR MAJOR CALIFORNIA COUNTIES
Calendar Years 2006 Through 2010
(\$ in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>% Change (2009-2010)</u>
Three BART Northern Counties						
Alameda	\$25,223,384	\$25,831,140	\$23,862,957	20,430,195	21,541,741	5.44%
Contra Costa	13,867,661	14,086,295	13,307,681	11,883,049	11,953,846	0.60
San Francisco	13,892,188	14,614,736	14,837,689	12,633,575	13,443,121	6.41
Total Three BART Counties	\$52,983,233	\$54,532,171	\$52,008,327	\$44,946,819	\$46,938,708	4.43
Other Northern Counties						
Sacramento	\$21,140,386	\$20,560,510	\$19,331,847	\$16,563,853	\$16,904,528	2.06
San Mateo	12,900,391	13,326,306	13,137,913	11,327,022	11,966,338	5.64
Santa Clara	32,273,238	33,663,448	32,274,306	27,427,709	30,523,322	11.29
Southern Counties						
Los Angeles	\$136,162,552	\$137,820,418	\$131,881,744	\$112,744,727	\$116,942,334	3.72
Orange	57,202,747	57,293,471	53,606,829	45,712,784	47,667,179	4.28
Riverside	29,816,237	29,023,609	26,003,595	22,227,877	23,152,780	4.16
San Bernardino	31,309,905	30,450,731	27,777,703	23,652,433	24,687,862	4.38
San Diego	47,835,514	47,485,988	45,329,136	39,728,657	41,623,636	4.77
Ventura	12,316,912	12,230,207	11,322,410	9,883,853	10,225,488	3.46
Statewide	\$433,941,115	\$436,386,859	\$412,673,810	\$452,492,945	\$477,347,986	5.49

Source: California State Board of Equalization.

APPENDIX F

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from sources that the San Francisco Bay Area Rapid Transit District (the “District”) believes to be reliable, but neither the District nor the Underwriters take responsibility for the accuracy thereof. Beneficial Owners (as such term is defined herein) should confirm the following information with DTC or the DTC Participants (as such term is defined herein). All defined terms used and not otherwise defined herein shall have the meanings assigned to such terms in the front portion of this Official Statement.

DTC will act as securities depository for the 2012 Bonds. The 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each annual maturity of 2012 Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2010 Bond (each a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates

representing their ownership interests in 2012 Bonds, except in the event that use of the book-entry-only system for the 2012 Bonds is discontinued.

To facilitate subsequent transfers, all 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents. For example, Beneficial Owners of 2012 Bonds may wish to ascertain that the nominee holding the 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2012 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District or to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2012 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

APPENDIX G

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the San Francisco Bay Area Rapid Transit District (the “Issuer”) and U.S. Bank National Association, successor by merger to U. S. Bank Trust National Association, as trustee (the “Trustee”) and as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$130,475,000 principal amount of San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series A (the “2012 Series A Bonds”) and \$111,085,000 principal amount of San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series B (Federally Taxable) (the “2012 Series B Bonds” and together with the 2012 Series A Bonds, the “2012 Bonds”). The 2012 Bonds are being issued pursuant to an Indenture, dated as of September 1, 2012 (the “Master Indenture”), as supplemented and amended by a First Supplemental Indenture, dated as of September 1, 2012 (the “First Supplemental Indenture” and together with the Master Indenture, the “Indenture”), between the Issuer and the Trustee. The Issuer, the Trustee and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Trustee and the Dissemination Agent for the benefit of the Holders and the Beneficial Owners (as hereinafter defined) of the 2012 Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement and not otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2012 Bonds (including persons holding 2012 Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Controller/Treasurer of the Issuer or his designee, or such other officer or employee of the Issuer as the Controller/Treasurer of the Issuer shall designate in writing to the Trustee and the Dissemination Agent from time to time.

“Dissemination Agent” shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the 2012 Bonds required to comply with the Rule in connection with offering of the 2012 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission or any successor agency thereto.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than eight (8) months after the end of the Issuer’s fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the Issuer ending June 30, 2012, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Trustee nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer and the Trustee to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to

governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, dated September __, 2012, relating to the 2012 Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when such audited financial statements become available.

(b) An update (as of the most recently ended fiscal year of the Issuer) for the table entitled "Sales Tax Revenues" set forth in the Official Statement under the caption "SECURITY FOR THE 2012 BONDS – Sales Tax Revenues" and an update for the table entitled "Debt Service Requirements" set forth in the Official Statement under the caption "DEBT SERVICE REQUIREMENTS."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2012 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing

governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2012 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional paying agent or the change of name of a paying agent.

(c) The Issuer shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Issuer shall determine if such event would be material under applicable federal securities laws.

(e) If the Issuer learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Issuer shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected 2012 Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2012 Bonds. If such termination occurs prior to the final maturity of the 2012 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee. The Dissemination Agent shall not be responsible in any manner for the form or the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Issuer, provided neither the Trustee nor the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2012 Bonds, or the type of business conducted;

(b) This Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2012 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Trustee or the Owners of the 2012 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the 2012 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer, the Dissemination Agent or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding 2012 Bonds, shall) (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any Owner or Beneficial Owner of the 2012 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer, the Dissemination Agent or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Trustee and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Trustee and their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's or the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Trustee or the Dissemination Agent and payment of the 2012 Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

- (i) If to the Issuer:

San Francisco Bay Area Rapid Transit District
300 Lakeside Drive
Oakland, California 94612-3534
Attention: Controller/Treasurer
Telephone: (510) 464-6070
Fax: (510) 464-6011

- (ii) If to the Trustee or the Dissemination Agent:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Telephone: (415) 273-4540
Fax: (415) 273-4590

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Notices may also be given by electronic means.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2012 Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____, 2012.

SAN FRANCISCO BAY AREA RAPID
TRANSIT DISTRICT

By _____
Controller/Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and Dissemination Agent

By _____
Authorized Officer

Exhibit A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: San Francisco Bay Area Rapid Transit District
Name of Bond Issue: San Francisco Bay Area Rapid Transit District Sales Tax Revenue
Bonds, 2012 Series A, and San Francisco Bay Area Rapid Transit
District Sales Tax Revenue Bonds, 2012 Series B (Federally Taxable)
Date of Issuance of Bonds: October 4, 2012

NOTICE IS HEREBY GIVEN that the San Francisco Bay Area Rapid Transit District (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 12.13 of the Indenture, dated as of September 1, 2012, as supplemented and amended by the First Supplemental Indenture, dated as of September 1, 2012, between the Issuer and U. S. Bank National Association, as trustee. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: October 4, 2012

U.S. BANK NATIONAL ASSOCIATION,
as trustee on behalf of the San Francisco Bay Area
Rapid Transit District

cc: Issuer

APPENDIX H

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

[Date of Delivery]

San Francisco Bay Area
Rapid Transit District
Oakland, California

San Francisco Bay Area Rapid Transit District
Sales Tax Revenue Bonds
2012 Series A and 2012 Series B (Federally Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as co-bond counsel to the San Francisco Bay Area Rapid Transit District (the “District”) in connection with the issuance by the District of \$130,475,000 aggregate principal amount of San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series A (the “2012 Series A Bonds”) and \$111,085,000 aggregate principal amount of San Francisco Bay Area Rapid Transit District Sales Tax Revenue Bonds, 2012 Series B (Federally Taxable) (the “2012 Series B Bonds” and, together with the 2012 Series A Bonds, the “Bonds”), issued pursuant to a Master Indenture, dated as of September 1, 2012, as supplemented and amended by a First Supplemental Indenture, dated as of September 1, 2012 (hereinafter collectively referred to as the “Indenture”), between the District and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate, dated the date hereof (the “Tax Certificate”), certificates of the District, the Trustee, and others, opinions of counsel to the District and the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without

undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2012 Series A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public transit districts in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, arbitration, judicial reference, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the District payable from and secured by a pledge of Sales Tax Revenues.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the District.
3. Interest on the 2012 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2012 Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observe that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Interest on the Bonds is exempt from State of California personal income taxes. Interest on the 2012 Series B Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Circular 230 Disclaimer. To ensure compliance with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this communication was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties that may be imposed under the Internal Revenue Code of 1986, or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

Faithfully yours,

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