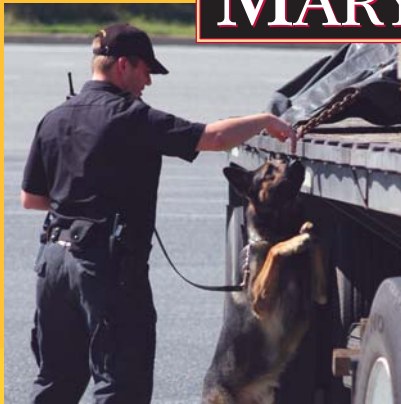


MARYLAND TRANSPORTATION AUTHORITY



FOUNDED 1834

MARYLAND



Fiscal Year 2005 Annual Report

SOLUTIONS AT WORK



The Maryland Transportation Authority is an independent State agency established in 1971 to construct, manage, operate and improve the State’s toll facilities, as well as to finance new revenue-producing transportation projects for the Maryland Department of Transportation. The Authority’s seven toll facilities—a turnpike, two tunnels and four bridges—help keep traffic moving in Maryland. All of the Transportation Authority’s projects and services are funded through tolls and revenues paid by customers who use the agency’s facilities. For more than 30 years, the Maryland Transportation Authority has provided Maryland’s citizens and visitors with safe and convenient transportation facilities. We are committed to quality and excellence in customer service, and we rely on our organization’s values, traditions and—most important—our employees to achieve these goals.

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Solutions At Work

A Message from the Governor

On behalf of the citizens of Maryland, I am pleased to share with you this report on the Fiscal Year 2005 operations of the Maryland Transportation Authority.

A cornerstone of our Administration has been our conviction that Maryland's transportation system must work for every citizen in every corner of the State. We're committed to improving the quality of life across Maryland and have made history with the largest transportation investment Maryland has ever enjoyed. Working with the State legislature, we passed a funding package that provides the first new State money for transportation in more than a decade.

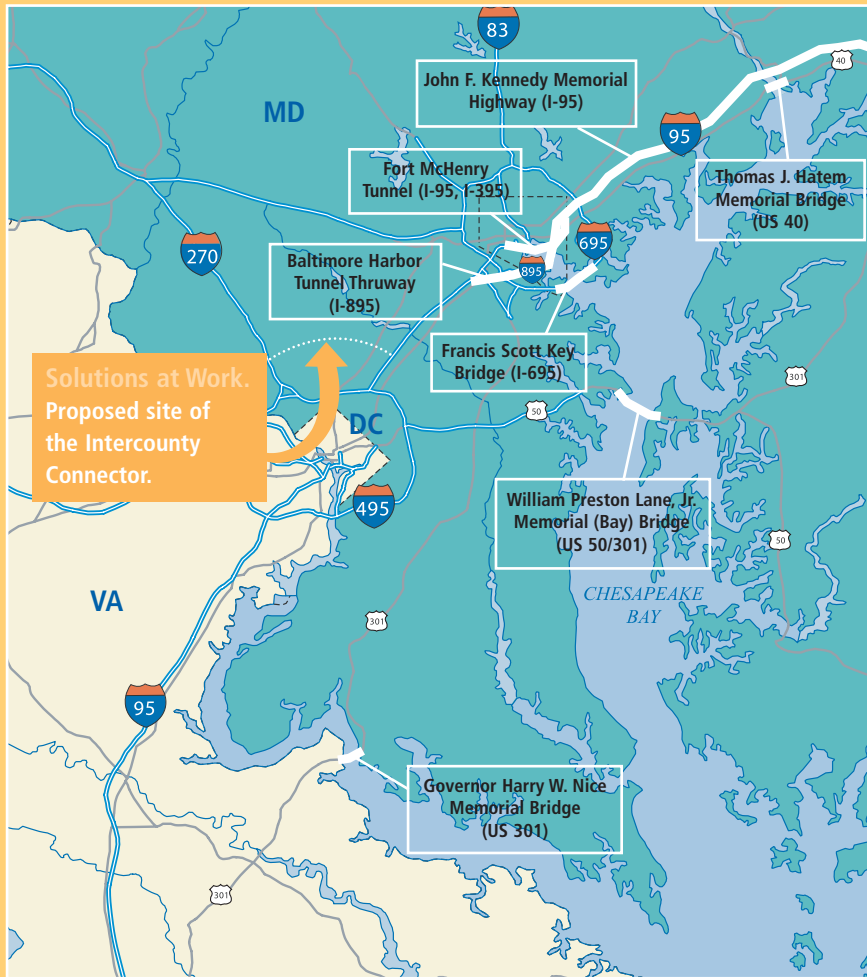
My vision is for a transportation system that complements the way Marylanders choose to live, today – and offers them choices for tomorrow. That's why the Authority is investing significantly in the Intercounty Connector, the next generation of *E-ZPass*SM and Express Toll LanesSM. These new ideas, methods and partnerships – our *Solutions at Work* – are already providing efficient, safe and secure travel for Maryland's citizens and visitors.

Maryland has an excellent network of highways, port facilities, rail lines and airports. It's now time to move forward with projects to improve safety, reduce congestion and bring our citizens and visitors a More Mobile Maryland. I appreciate the Maryland Transportation Authority's Chairman, Members and employees for their commitment to excellence and teamwork in meeting the growing needs of Maryland motorists.

Robert L. Ehrlich, Jr.
Governor



The Authority and its toll facilities are key links in the State's transportation system.



Facility Lengths

Baltimore Harbor Tunnel Thruway (I-895)	17.6 miles
Fort McHenry Tunnel (I-95, I-395)	12.5 miles
Francis Scott Key Bridge (I-695)	10.3 miles
Governor Harry W. Nice Memorial Bridge (US 301)	2.2 miles
Thomas J. Hatem Memorial Bridge (US 40)	1.8 miles
William Preston Lane Jr. Memorial (Bay) Bridge (US 50/301)	5.4 miles
John F. Kennedy Memorial Highway	48.2 miles

Solutions At Work

A Message from the Chairman

As Transportation Secretary and Maryland Transportation Authority Chairman, I am responsible for ensuring all Marylanders enjoy a comprehensive and convenient transportation system that delivers a More Mobile Maryland.

The Authority is committed to Governor Ehrlich's vision and, with his support, is seeking new ways to ease congestion along our busiest corridors and ensure more reliable travel times. With its strong financial standing, the Authority is well-positioned to fund important improvement projects, including the much-needed Intercounty Connector, upgrades to *E-ZPass* technology Authority-wide, a new traffic pattern during evening rush hours at the Bay Bridge giving eastbound drivers a third "*E-ZPass Only*" lane, a plan to reduce delays along the most congested stretch of the Kennedy Highway, and enhanced law-enforcement and security efforts throughout the region. We also took significant strides to examine issues at the Bay Bridge by convening the Task Force on Traffic Capacity Across the Chesapeake Bay and the Bay Bridge Reconstruction Advisory Group. These *Solutions at Work* are key to improving safety and reducing congestion, and we will continue to build on these initiatives to meet the transportation needs of our citizens for years to come.

Thank you for your support of the Maryland Transportation Authority. We are fortunate to have a dedicated team of employees who are committed to public service and "*creating EZ passage throughout Maryland.*"

Robert L. Flanagan,
Chairman





Our Vision, Our Mission and Our Values

Our Vision

Creating EZ passage throughout Maryland

Our Mission

The Authority will be financial stewards of our dedicated revenue sources to provide vital transportation links that move people to promote commerce in Maryland by:

- Creating and maintaining a transportation network of highways, bridges and tunnels where safety and efficiency are priorities
- Operating and securing our facilities with innovative technologies
- Financing transportation facilities that offer convenient choices to travelers



Our Values

Service

Employee empowerment and accountability

Responsiveness

Vigilance

Integrity

Communication

Equal Opportunity

Governing Body

The Maryland Transportation Authority is a group of six citizens appointed by the Governor with the advice and consent of the State Senate. This group, representing Maryland's geographic regions, serves as our policy-setting, decision-making and governing body. Maryland's Secretary of Transportation presides as the Authority's Chairman. Each Member serves a three-year term, with two of the Members' terms expiring each year. Members are eligible for reappointment to the Authority.



Robert L. Flanagan
Chairman

Susan M. Affleck Bauer, Esq.

Louise P. Hoblitzell

John B. Norris, Jr., P.E.



Carolyn Y. Peoples

Carol D. Rieg

Walter E. Woodford, Jr., P.E.

March 2006

Management Committee

John J. Ayd, Jr. - *Director of Information Technology*

Alice L. Brooks - *Director of Organizational Development*

Gregory A. Brown - *Assistant Executive Secretary*

Gregory M. Derwart - *Director of Administration*

Deborah A. Donohue, Esq. - *Principal Counsel*

Keith A. Duerling, P.E. - *Director of Engineering*

Curtis V. Esposito - *Director of Operations*

Bruce W. Gartner - *Director of Strategic Development*

Geoffrey V. Kolberg, P.E. - *Executive Director for Engineering & Construction Management*

Jody D. McCurley - *Chief of Audit*

Gary W. McLhinney - *Chief of Police*

Daniel F. McMullen, III - *Deputy Executive Secretary, Operations & Public Safety*

Cheryl M. Sparks - *Director of Communications*

Simela Triandos - *Director of Capital Planning*

Joseph C. Waggoner, Jr. - *Deputy Executive Secretary, Facilities Development*

Steven E. Welkos - *Deputy Executive Secretary, Business Services*

Alison B. Williams - *Director of Finance*



Solutions At Work

A Message from the Executive Secretary

Welcome to our report on the activities and operations of the Maryland Transportation Authority for Fiscal Year 2005. It has been a privilege and pleasure to serve as the Authority's chief executive officer during the past year and witness the leadership of its Chairman and Members. I thank former Members Andrew N. Barrow and Rev. Dr. William C. Calhoun, Sr., for their dedicated service, valuable insight and expertise.

I'm also humbled to work with such a skilled and diligent employee team, which manages some of the most exciting transportation projects Maryland has seen in many years, including the Intercounty Connector, I-95 Express Toll LanesSM, Bay Bridge congestion management and the next generation of our *E-ZPass* system.

The Authority's *E-ZPass* "On the Go" and Bay Bridge *Taking the Heat Out Of Summer Travel* initiatives give our customers even more convenient travel choices and complement our mission of "creating EZ passage throughout Maryland." We're committed to our customers and value the input of these stakeholders in helping us improve our practices and address local needs. In fact, we convened the Bay Bridge Reconstruction Advisory Group, which consists of 14 citizen volunteers who are providing constructive feedback for improving Bay Bridge operations during ongoing capital projects.

Our *Solutions at Work* touch Maryland's citizens and visitors every day in so many ways. We will continue to look for ways to employ the newest technology, security strategies, business practices and community partnerships to help ensure continued success. And we will serve our customers safely and efficiently in everything we do.

I commend our employees and their commitment to excellence and teamwork in making this great State a More Mobile Maryland.

Trent M. Kittleman,
Executive Secretary



Our Facilities

Vital Links in Maryland's Transportation Network

John F. Kennedy Memorial Highway (I-95)

Opened in 1963, the John F. Kennedy Memorial Highway is a 48-mile section of I-95 from the northern Baltimore City line to Delaware. Tolls are collected in the northbound direction only at the toll plaza, located one mile north of the Millard Tydings Memorial Bridge over the Susquehanna River. *FY 05 traffic volume - 14.9 million vehicles (one-way toll).*

Thomas J. Hatem Memorial Bridge (US 40)

The oldest of the Authority's facilities, this four-lane bridge opened in August 1940. It spans the Susquehanna River on US 40 between Havre de Grace and Perryville in northeast Maryland. *FY 05 traffic volume - 5.6 million vehicles (one-way toll).*

Fort McHenry Tunnel (I-95, I-395)

The largest, underwater highway tunnel, as well as the widest vehicular tunnel ever built by the immersed-tube method, the Fort McHenry Tunnel opened to traffic in November 1985. It connects the Locust Point and Canton areas of Baltimore, crossing under the Patapsco River just south of historic Fort McHenry. The tunnel is a vital link in I-95, the East Coast's most important interstate route. *FY 05 traffic volume - 43.5 million vehicles.*

Baltimore Harbor Tunnel (I-895)

The 1.4-mile, four-lane tunnel handled its first vehicles in November 1957. Designated I-895, the facility connects major north/south highways and many arterial routes in Baltimore City's industrial sections. *FY 05 traffic volume - 25.5 million vehicles.*

Francis Scott Key Bridge (I-695)

This outer crossing of the Baltimore Harbor opened in March 1977 as the final link in I-695 (the Baltimore Beltway). Including the bridge and connecting roadways, the project is 10.3 miles in length. *FY 05 traffic volume - 11.9 million vehicles.*

Governor Harry W. Nice Memorial Bridge (US 301)

Opened in December 1940, this two-lane bridge is located on US 301 and spans the Potomac River from Newburg, MD, to Dahlgren, VA. President Franklin D. Roosevelt participated in the facility's groundbreaking in 1939. *FY 05 traffic volume - 3.2 million vehicles (one-way toll).*

William Preston Lane Jr. Memorial (Bay) Bridge (US 50/301)

The Bay Bridge crosses the Chesapeake Bay along US 50/301. Its dual spans provide a direct connection between recreational and ocean regions located on Maryland's Eastern Shore and the metropolitan areas of Baltimore, Annapolis and Washington, D.C. At 4.3 miles, the spans are among the world's longest and most scenic over-water structures. The original span was built in 1952 and provides a two-lane roadway for eastbound traffic. The parallel structure opened in 1973 and has three lanes for westbound travelers. During periods of heavy eastbound traffic, one lane of the westbound bridge is reversed to carry eastbound travelers. *FY 05 traffic volume - 12.9 million vehicles (one-way toll).*

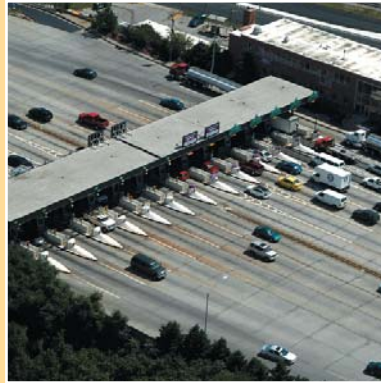
Solutions At Work

Intercounty Connector

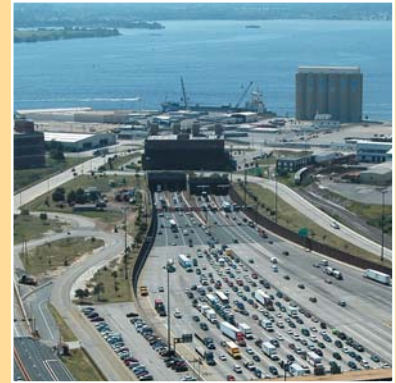
The most significant project in the Authority's capital-construction program is the Intercounty Connector (ICC). The Authority will own and provide substantial funding for the \$2.4 billion ICC, a six-lane, controlled-access toll highway that will link the I-270 and I-95/US 1 corridors in Montgomery and Prince George's counties.



Francis Scott Key Bridge (I-695)



Baltimore Harbor Tunnel (I-895)



Fort McHenry Tunnel (I-95, I-395)



William Preston Lane Jr. Memorial (Bay) Bridge (US 50/301)



Thomas J. Hatem Memorial Bridge (US 40)



Governor Harry W. Nice Memorial Bridge (US 301)



John F. Kennedy Memorial Highway (I-95)

Maryland's toll facilities were financed and constructed through revenue bonds. The outstanding principal and interest due each year is paid from toll revenues. Toll revenues are the primary source of funds. The Authority's toll receipts are pooled, with revenues from all seven facilities combined for operating, maintaining and making capital improvements to these facilities. The agency's recent AAA bond rating secures its position to finance transportation solutions for Maryland's citizens.





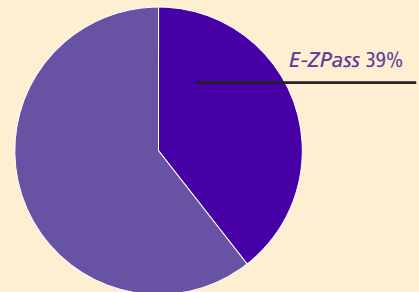
EZ Passage

More than 500,000 *E-ZPass* Maryland transponders are on the move, and nearly half of all traffic at Authority facilities uses *E-ZPass* electronic toll collection. An aggressive marketing campaign, including emphasis on less-frequent travelers, helped grow *E-ZPass* traffic volumes by nearly 10% in FY 2005. Multi-media marketing efforts included toll-lane handouts, trade shows and radio, TV and billboard advertising.

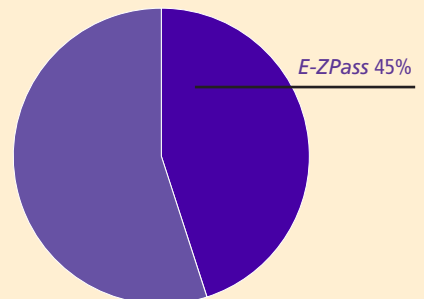
More than 14 million *E-ZPass* customers from toll agencies throughout the Northeast can pay their tolls electronically in Maryland, and the Authority is making it easier for each of them.

- In summer 2005, the Authority increased speed limits in “*E-ZPass* Only” lanes at a number of its toll plazas.
- Work is underway to extend the dedicated *E-ZPass* approach lane at the Bay Bridge an additional half mile by May 2006.
- Feedback has been positive for the pilot program that opened an extra “*E-ZPass* Only” lane at the Bay Bridge during evening rush hours.
- The Authority opened “*E-ZPass* Only” lanes in the right sides of the toll plazas at the two tunnels and the Kennedy Highway to minimize “weaving” of commercial trucks in the plazas.
- At the northbound Fort McHenry Tunnel, the Authority completed an “*E-ZPass* Only” approach lane that begins almost a mile before the tunnel.
- The Authority is testing if purple pavement dots make it easier for drivers to find *E-ZPass* lanes in the Fort McHenry Tunnel’s northbound toll plaza. If results are positive, use of the dots could expand to other Maryland toll plazas.

E-ZPass Use as Percentage of Total Traffic
FY 2004



E-ZPass Use as Percentage of Total Traffic
FY 2005

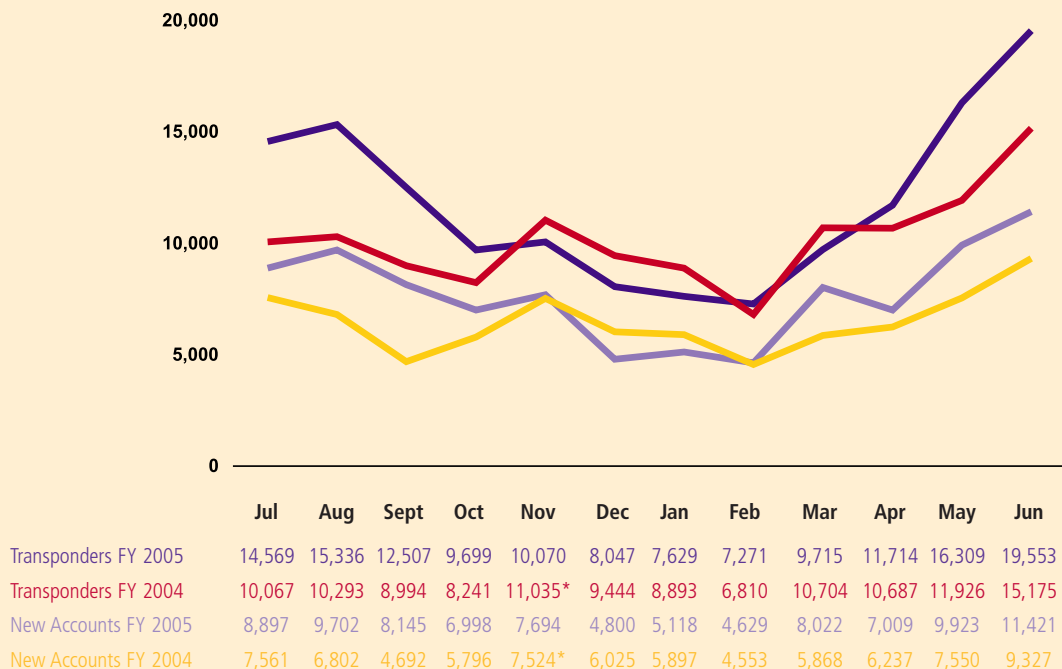




Getting *E-ZPass* became even easier with arrival of *E-ZPass* “On the Go” in June 2005. More than 15,000 tags have been sold at central Maryland Motor Vehicle Administration sites, Mars Supermarkets and select Giant Food stores. These packaged *E-ZPass* tags are loaded with \$25 worth of prepaid tolls, \$15 of which is available immediately.

Open-road tolling – where tolls are collected electronically at highway speeds without the need for traditional tollbooths – is the future of toll collection, and studies are underway at the Authority. In fact, it’s the planned toll-collection method for the Intercounty Connector and I-95 Express Toll Lanes. The Maryland Board of Public Works approved a \$183 million contract for the “next generation” of electronic toll collection to give *E-ZPass* customers higher-speed passage through a number of Authority toll plazas.

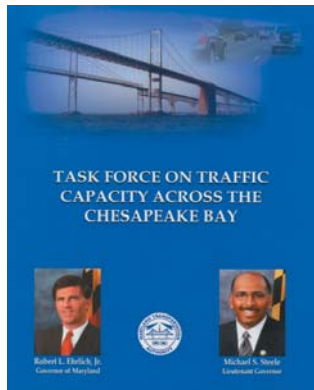
E-ZPass New Accounts & Transponders Issued
FY 2004 - FY 2005



*New standard toll rates became effective November 15, 2003, at five Maryland toll facilities.

Bay Crossing Task Force

As members of the Task Force on Traffic Capacity Across the Chesapeake Bay, 21 citizens are identifying and exploring the issues that must be considered in looking at how to address growing traffic-capacity needs at the Bay Bridge. By 2025, traffic growth will lead to 12 hours of congestion daily on summer weekends and two to three hours of congestion each weekday.



Authority Chairman Robert L. Flanagan convened the Task Force in early 2005. Throughout the year, the Task Force participated in five fact-finding meetings and five public-information meetings. Its members heard presentations on bridge traffic volumes; how another crossing might be constructed; and environmental, regulatory, land-use, growth, economic-development and infrastructure issues.

Involving the public early on in this multi-level process is paramount, and the Task Force has compiled and reviewed public input. Information presented at the fact-finding meetings can be found on the Authority's web site and at libraries throughout the Bay region. Two Task Force meetings were web-cast, and each meeting was aired regularly on cable-access channels.

This is just the first of many steps — the Task Force has highlighted the needs and issues, but is not selecting a particular project or location for development. These decisions would be the subject of a formal project-planning process that realistically can take five to 15 years. Task Force members are compiling a public report expected in summer 2006.

Something to BBRAG About

To help meet local needs, the Authority has brought together 14 citizen volunteers interested in giving feedback about Bay Bridge operations and ongoing projects during the bridge redecking. The Bay Bridge Reconstruction Advisory Group's (BBRAG) members hail from the two counties – Anne Arundel and Queen Anne's – connected by the bridge and include commuters. The group meets monthly and has begun assessing operational challenges, educating the public and serving as a forum for bridge travelers' concerns.



Taking the Heat Out of Summer Travel

In February 2005, Executive Secretary Trent M. Kittleman convened the Authority's Bay Bridge Roundtable with representatives from the Authority, the Maryland Department of Transportation, the State Highway Administration and the Maryland Department of Business and Economic Development.

At a media event on May 18, 2005, Governor Robert L. Ehrlich, Jr., launched *Taking the Heat Out of Summer Travel*, a comprehensive plan to ease congestion for Bay Bridge motorists. The campaign revisited familiar themes like "Go Early...Stay Late" and introduced new operations, marketing and public-relations efforts. On June 29, the Governor premiered Maryland's first *E-ZPass* TV commercial, announced that retail sales of *E-ZPass* "On the Go" tags were underway and launched 1-877-BAYSPAN – the State's first hotline for Bay Bridge traffic conditions.



Governor Ehrlich (left) and former Governor William Donald Schaefer

Taking the Heat Out – 2005 Successes

Reduced Congestion

- While traffic volumes were flat over the summer, "Go Early...Stay Late" efforts produced a 7.6% INCREASE in traffic between 4 and 7 a.m. Saturdays.
- Ocean City reported more visitors arriving Thursdays and early on Fridays, helping relieve heavy Saturday traffic at the bridge.
- Realtors are convincing more condo owners to use Sunday, instead of Saturday, check-ins to spread bridge traffic to off-peak times.

Increased *E-ZPass* Use

- *E-ZPass* was 41% of total bridge traffic in June and July, up seven percentage points over 2004.
- *E-ZPass* use on Saturdays increased by 26% over summer 2004.

As we look toward long-term solutions for Bay Bridge needs, *Taking the Heat Out of Summer Travel* gives us a solid base to help ease congestion in the short term, even as traffic grows in the years ahead. Plans are underway for *Taking the Heat Out of Summer Travel* 2006.



Governor Ehrlich (right) and Authority Chairman Robert Flanagan

- By Labor Day, more than 7,000 *E-ZPass* "On the Go" tags had been sold.
- More *E-ZPass* accounts were opened and tags were issued at the Bay Bridge in June and July than at any other Authority *E-ZPass* Stop-in Center.

Provided Better Information to Travelers & Media

- Worked with traffic reporters to push "off-peak travel" message.
- By Labor Day, 1-877-BAYSPAN had received more than 140,000 calls since going "live" June 2005. The prior hotline only received 35,000 calls annually!
- Partnered with the Civil Air Patrol, Maryland Wing, for traffic fly-overs to pinpoint back-up lengths and provide real-time traffic updates.

Capital Investments

In FY 2009, the Authority's Annual Capital Program will near \$900 million. For the first time ever, it will surpass the State Highway Administration's Annual Capital Program, as the Authority preserves and expands existing facilities and invests in new ones to serve Maryland for years to come. A new Division of Capital Planning manages the Authority's growing capital program and oversees government and community relations.

Public meetings updated citizens on a variety of capital projects, including:

- The I-95/MD 24 Improvement project, which will improve safety, reduce congestion and provide sufficient traffic capacity to serve the needs of the surrounding Harford County area.
- The I-695/Quarantine Road Interchange project at the Key Bridge. Plans call for reconstruction of the interchange to increase capacity and safety and construction of a truck-security and weigh-inspection facility.

Other preservation and improvement projects are underway Authority-wide.

- The \$21.8 million painting of the Key Bridge, its first full cleaning and painting since opening in 1977, is expected to wrap up by the end of 2006.
- In summer 2006, a new police detachment and facility office space at the Key Bridge will be completed.
- In March 2005, a project began to construct an additional mile of noise wall along Broening Highway near the Key Bridge to reduce traffic sounds for residents of Turner Station.
- By the end of 2006, the entire 50-mile Kennedy Highway will have been resurfaced and safety improvements made.
- At the Fort McHenry Tunnel, a \$23.5 million contract continues for renovating 22 bridges between the toll plaza and I-895 interchange.
- A \$12 million resurfacing of I-895 was completed in 2005.

The Authority has started gathering traffic, mapping and resource data to begin project planning in summer 2006 for its second oldest facility. The Nice Bridge Improvement Project will investigate improvement options to address existing and future traffic and safety needs at the two-lane bridge. The study will take about 30 to 36 months to complete.



Safety Investments – Authority Courtesy Patrol

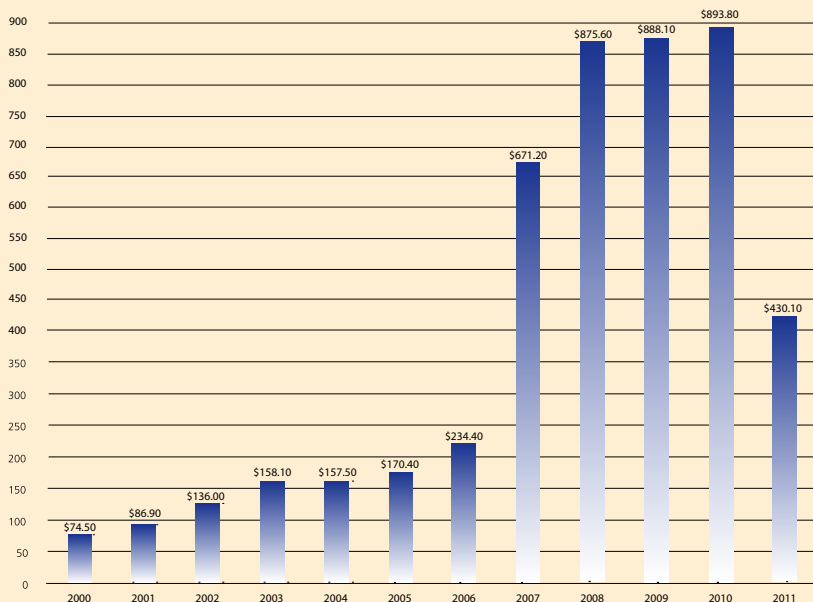
Courtesy Patrols are vital to improving service and safety on Authority roadways. By assisting drivers of disabled vehicles with gasoline, water and minor repairs, patrols minimize the risk for crashes and potential congestion from stopped vehicles – a necessity for facilities with no roadway shoulders like the Bay Bridge.

Courtesy Patrols provide 24-hour coverage at the Bay Bridge and the two tunnels and operate 16 hours a day, five days a week, at the Key Bridge and Kennedy Highway. In FY 2005, patrols assisted drivers of more than 24,400 disabled vehicles, a 9% increase over FY 2004.

Patrol operators generally respond to disabled vehicles within five minutes, and about 90% of these vehicles are back on the road within 10 minutes.



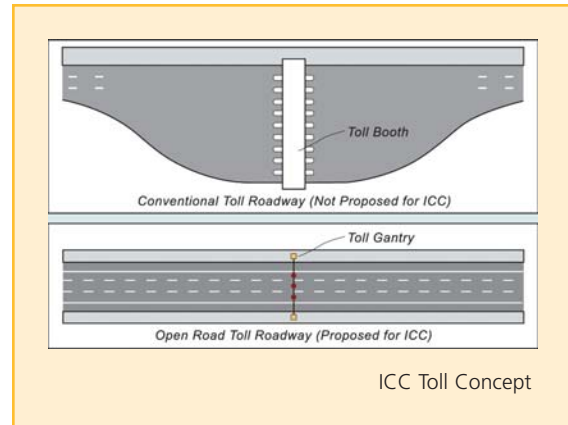
MdTA Annual Capital Program



Convenient Choices – The Intercounty Connector

The Final Environmental Impact Statement (FEIS) has been signed, and a Record of Decision is expected from the Federal Highway Administration in spring 2006 for Maryland's top transportation priority – the proposed Intercounty Connector (ICC).

Governor Ehrlich personally made the case for Maryland's ICC on Capitol Hill with a big pay-off. In July 2005, Congress' transportation reauthorization bill designated the \$2.4 billion ICC as a High Priority Corridor in the National Highway System – one of just 80 such projects in the nation.



Two of the State's mega transportation investments – the proposed Intercounty Connector and I-95 Express Toll Lanes – are both Maryland Transportation Authority projects.

That same month, Governor Ehrlich announced the State's preference of the Corridor 1 alignment alternative for ICC construction. The ICC is planned as an 18-mile limited-access toll road linking US 1 to I-270/I-370 in the Washington, D.C., metropolitan region. The project's plans offer improved travel reliability and job access, \$369 million annually in user benefits and prevention of 350 to 425 crashes a year on overburdened local roads.

The ICC will be the State's first congestion-priced facility, where toll rates will be revised periodically to help manage traffic demand for the roadway. The Authority will own, operate and provide substantial funding for the ICC and intends to collect tolls electronically at highway speeds. It anticipates varying toll rates based on traffic, time of day and other factors to assure relatively congestion-free travel.

The State Highway Administration is acting on the Authority's behalf in project development. Construction is expected to start late 2006, with portions of the roadway open as early as summer 2010.



SR 91, Orange County, Calif. Toll Managed Lanes (Center), Free Lanes (Right)
(Note: All ICC lanes to be managed using tolls - no free lanes)

Convenient Choices – I-95 Express Toll Lanes

The I-95 Express Toll Lanes (ETLsSM) Project will be the first project of its kind in Maryland and will help the Authority manage traffic in the most congested area of I-95 north of Baltimore City. The Authority will add two new ETLs in each direction on the Kennedy Highway from just inside the northern Baltimore City line to just north of MD 43 in Baltimore County.



Rendering of the completed roadway

ETLs are all about giving drivers a choice: the choice to use general-purpose travel lanes or pay a toll to drive in separate, relatively free-flowing highway lanes on any given trip. ETLs can help drivers make the most of their time — from the parent picking up a child from daycare to the delivery driver running a tight schedule.

ETLs offer a number of important benefits:

- Convenient travel choices.
- Highway infrastructure in place for express bus service.
- Traffic management for the long term.
- Increased flexibility during accidents, highway maintenance and other incidents.
- Improved air quality and other environmental benefits.

To accommodate ETLs, the Authority is reconstructing I-95 interchanges at I-895, I-695 and MD 43 and replacing 11 bridges that span the highway. Tolls will be collected electronically using open-road-tolling technology. Construction is expected to last five years, with the ETLs opening to traffic in 2011.



I-95 Express Toll Lanes Project Limits

Law Enforcement

The nationally accredited Maryland Transportation Authority (MdTA) Police takes its commitment to serve and protect seriously. Officers risk their lives daily keeping millions of the State's citizens and visitors safe and secure as they use vital transportation assets like Authority toll facilities, the Port of Baltimore and Baltimore/Washington International Thurgood Marshall Airport.



Since 2002, MdTA Police activity has soared as officers stepped up traffic and criminal enforcement to keep travelers safe. From 2002 to 2005, criminal-arrest and DUI-enforcement stats have more than doubled.

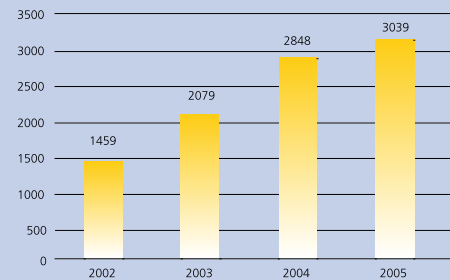
During FY 2005, the Commercial Vehicle Safety Unit inspected 17,462 vehicles and placed 3,740 vehicles and 2,000 drivers out-of-service. The unit found nearly 6,000 vehicles overweight; close to 500 had to be off-loaded for being more than 5,000 pounds overweight. MdTA Police reopened the westbound scale house at the Bay Bridge to enforce vehicle-weight limits and help protect travelers and infrastructure.

Other law-enforcement highlights:

- Police confiscated \$362,460, three loaded semi-automatic handguns and 81 tablets of CDS during an arrest that led, with four other cases, to the MdTA Police receiving nearly \$292,000 for its asset-forfeiture account from the federal Drug Enforcement Agency.
- Detectives arrested a man suspected of stealing and pawning more than 100 car stereos from vehicles stored at the Port of Baltimore. Total losses were estimated at \$50,000.
- Officers enhanced traffic safety through sobriety checkpoints and saturation patrols and “Smooth Operator,” “Chiefs’ Challenge” and “Click It or Ticket” campaigns.
- MdTA Police took first-place honors for traffic-safety efforts in both the Maryland Chiefs’ Challenge and the International Association of Chiefs of Police National Law Enforcement Challenge.
- Twenty-three new MdTA Police officers graduated in summer 2005.

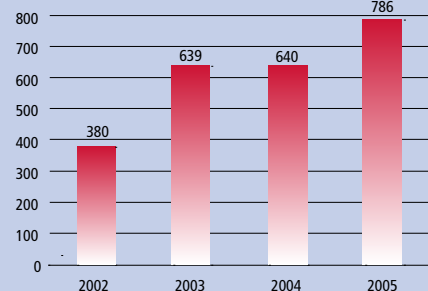
DUI Citations

MdTA Police officers issued a total of 3,039 DUI citations in 2005, compared to 1,459 in 2002. This represents a 104% increase in DUI enforcement.



Criminal Arrests

MdTA Police Officers made a total of 786 criminal arrests in 2005, compared to 380 in 2002. This represents a 104% increase in criminal enforcement.



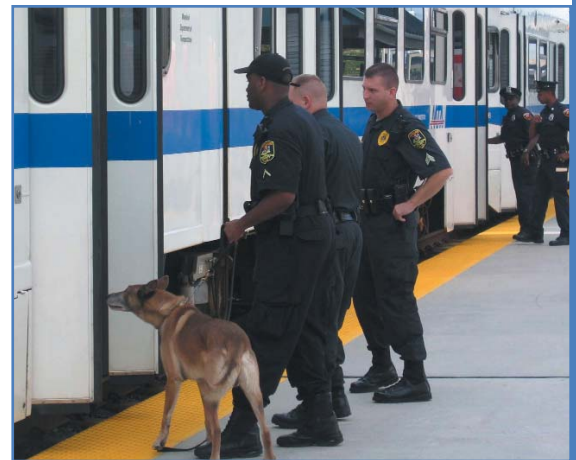
Homeland Security

The MdTA Police partners aggressively with federal, state and local officials as part of the Maryland Coordination and Analysis Center and the Joint Terrorism Task Force. President George W. Bush, in visiting the Port of Baltimore in summer 2005, commended the MdTA Police for relying on these partnerships to arrest Ismail Elbarrasse after he was observed taking photographs while traveling the Bay Bridge. Elbarrasse was taken into custody as a material witness in a Chicago terrorism case. Authorities describe him as a “high-ranking” Hamas operative.



Other homeland-security highlights:

- As a result of an ongoing investigation and close workings with the FBI, MdTA Police Chief Gary W. McLhinney closed the Baltimore Harbor Tunnel and part of the Fort McHenry Tunnel as the result of a terrorist threat in fall 2005. The closures, which made international news, happened in less than two minutes without incident and demonstrate the strong internal and external relationships necessary to execute an action of this magnitude.
- Police completed the Tactical Operations Center, where real-time events can be viewed from transportation cameras Statewide.
- As the primary agency overseeing patrols of MARC rail transportation, MdTA Police coordinated security protocols following the raising of Maryland’s threat level to Orange in response to the July 2005 London bombings.



Maryland Transportation Authority
STATEMENT OF NET ASSETS
June 30, 2005
(in thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 12,734
Restricted cash and cash equivalents	201,491
Investments, at fair value	191,599
Restricted investments, at fair value	93,501
Intergovernmental receivables	720
Inventory	1,587
Accounts receivable	7,582
Accrued interest	10,063
Direct financing leases receivable	<u>23,359</u>
 Total current assets	 <u>542,636</u>

NONCURRENT ASSETS

Capital assets, net	1,490,341
Intergovernmental receivables	9,618
Direct financing leases receivable	432,834
Contractor deposits	3,054
Investment in Canton Development Company, Inc. (CDC)	<u>1,625</u>
 Total noncurrent assets	 <u>1,937,472</u>
 Total assets	 <u>\$ 2,480,108</u>

(continued)

Maryland Transportation Authority
STATEMENT OF NET ASSETS - CONTINUED
June 30, 2005
(in thousands)

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 45,010
Intergovernmental payables	10,289
Deferred revenue	8,114
Current portion of bonds payable	28,080
Accrued annual leave	313
Accrued workers' compensation costs	<u>1,002</u>

Total current liabilities	<u>92,808</u>
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Contractor deposits	3,054
Accrued annual leave	5,547
Accrued workers' compensation costs	5,463
Bonds payable	<u>735,479</u>

Total liabilities	<u>842,351</u>
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NET ASSETS

Invested in capital assets, net of related debt	1,211,357
Restricted for:	
Debt service	68,295
Capital expenditures	259,468
Investment in CDC	1,625
Unrestricted	<u>97,012</u>

Total net assets	<u>1,637,757</u>
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Total liabilities and net assets	<u>\$ 2,480,108</u>
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Maryland Transportation Authority
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
Year ended June 30, 2005
(in thousands)

Operating revenue	
Toll revenue	\$ 274,752
Concession income	7,956
Intergovernmental revenue	47,125
Other	<u>7,504</u>
Total operating revenue	<u>337,337</u>
Operating expenses	
Collection, police patrol and maintenance	110,967
Major repairs, replacements and insurance	114,920
General and administrative	10,705
Depreciation	<u>54,092</u>
Total operating expenses	<u>290,684</u>
Operating income	<u>46,653</u>
Nonoperating income (expense)	
Interest income on investments	4,351
Restricted interest income on investments	7,445
Interest on direct financing leases	963
Restricted interest on direct financing leases	21,879
Interest expense	<u>(34,154)</u>
Total nonoperating income (expense)	<u>484</u>
Change in net assets	47,137
Net assets, beginning of year	<u>1,590,620</u>
Net assets, end of year	<u>\$ 1,637,757</u>

Maryland Transportation Authority
STATEMENT OF CASH FLOWS
Year ended June 30, 2005
(in thousands)

Cash flows from operating activities	
Receipts from toll collections and ticket sales	\$ 298,185
Receipts from concessions and other revenue	25,233
Receipts from other governmental agencies for services	29,365
Payments to employees	(66,293)
Payments to suppliers	<u>(229,852)</u>
Net cash provided by operating activities	<u>56,638</u>
Cash flows from noncapital financing activities	
Debt interest payments	(6,649)
Debt principal payments	<u>(22,205)</u>
Net cash used in noncapital financing activities	<u>(28,854)</u>
Cash flows from capital financing activities	
Capital debt interest payments	(22,893)
Capital debt principal payments	(5,945)
Bond proceeds	160,730
Purchase of capital assets	<u>(83,797)</u>
Net cash used in capital financing activities	<u>48,095</u>
Cash flows from investing activities	
Purchase of investments	(1,885,738)
Proceeds from sale of investments	1,738,875
Interest income	10,502
Payments for direct financing capital lease assets	(85,049)
Proceeds from direct financing leases	<u>95,139</u>
Net cash used in investing activities	<u>(126,271)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(50,392)</u>
Cash and cash equivalents, beginning of year	<u>264,617</u>
Cash and cash equivalents, end of year	<u>\$ 214,225</u>
Supplemental disclosure of significant noncash capital financing activities	
Additions to capital assets	<u>\$ 4,633</u>

(continued)

Maryland Transportation Authority
STATEMENT OF CASH FLOWS - CONTINUED
Year ended June 30, 2005
(in thousands)

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 46,653
Depreciation	54,092
Effect of changes in operating assets and liabilities	
Intergovernmental receivables	(125)
Inventory	(436)
Accounts receivable	131
Accounts payable and accrued liabilities	(44,782)
Intergovernmental payables	(2,835)
Deferred revenue	2,924
Accrued annual leave	469
Accrued workers' compensation costs	<u>547</u>
Net cash provided by operating activities	<u>\$ 56,638</u>

Maryland Transportation Authority
NOTE TO FINANCIAL STATEMENTS
June 30, 2005

ORGANIZATION AND PURPOSE

The Maryland Transportation Authority (the Authority), an enterprise agency of the State of Maryland, was established by statute in 1971 to act on behalf of the Maryland Department of Transportation. The Authority is responsible for the supervision, financing, construction, operation, maintenance and repair of the State's toll facilities in accordance with an Amended and Restated Trust Agreement dated as of June 1, 2004 (the Trust Agreement) relating to the Maryland Transportation Authority - Transportation Facilities Projects Revenue Bonds, Series 1991, 1992, 1998, and 2004.

The Authority is responsible for various projects (the Transportation Facilities Projects, as defined under the Trust Agreement), the revenue from which has been pledged to the payment of the toll revenue bonds issued under the Trust Agreement. The Transportation Facilities Projects consist of the following:

- Potomac River Bridge - Harry W. Nice Memorial Bridge
- Chesapeake Bay Bridge - William Preston Lane, Jr., Memorial Bridge
- Patapsco Tunnel - Baltimore Harbor Tunnel
- Baltimore Outer Harbor Bridge - Francis Scott Key Bridge
- Northeastern Expressway - John F. Kennedy Memorial Highway
- Fort McHenry Tunnel

In addition to the above facilities, the Authority is permitted to construct and/or operate other transportation facilities projects, the revenues from and for which are also pledged to the payment of the bonds issued under the Trust Agreement unless and until, at the Authority's option, such revenue is otherwise pledged. These additional projects (the General Account Projects, as defined under the Trust Agreement) currently include the following:

- Susquehanna River Bridge - Thomas J. Hatem Memorial Bridge
- Seagirt Marine Terminal
- Masonville Phase I Auto Terminal
- Intercounty Connector

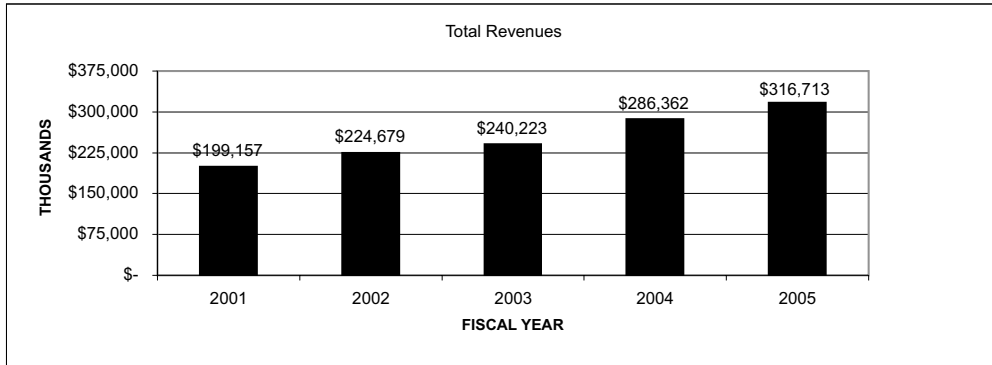
By Maryland statute, the Authority may issue revenue bonds to provide financing for other revenue-producing transportation-related projects. These bonds are secured by revenues pledged from the individual projects and are not secured by the toll revenues of the Authority, and are subject to separate trust agreements for each particular project. To date, the Authority has also issued revenue bonds for various transportation facilities projects at the Baltimore/Washington International Thurgood Marshall Airport (BWI) in Anne Arundel County, MD, and for vehicle-parking facilities projects at certain Metrorail stations operated by the Washington Metropolitan Area Transit Authority (WMATA) in Prince George's County, MD. Therefore, under separate trust agreements, the Authority has issued Airport Parking Revenue Bonds, Series 2002A and 2002B; BWI Consolidated Rental Car Facility Revenue Bonds, Series 2002; BWI Variable Rate Passenger Facility Charge Revenue Bonds, Series 2003A and 2003B; and Lease Revenue Bonds, Metrorail Parking Projects, Series 2004.

Financial Statements

The Authority is an enterprise agency of the State of Maryland. The accompanying financial statements present the financial position and changes in financial position solely of the Authority.

The Authority's Report of Independent Auditors is available on-line at www.mdtransportationauthority.com or by contacting the Authority's Division of Finance at 410-537-5714.

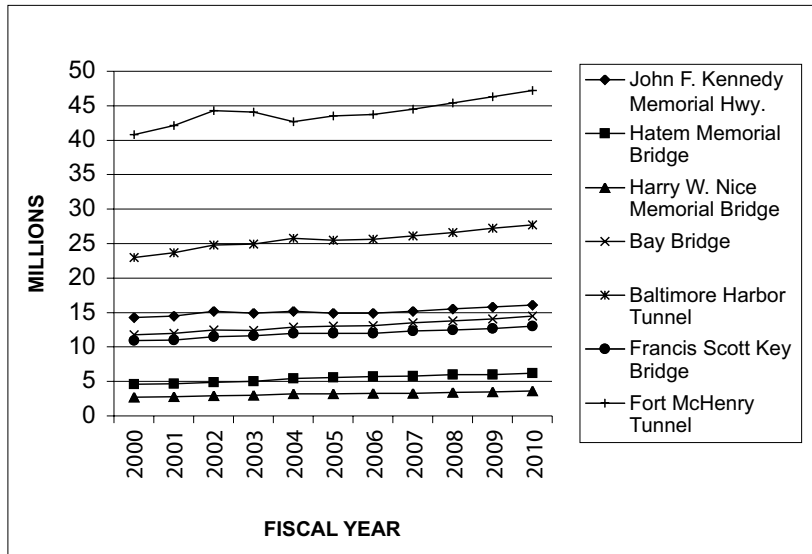
Maryland Transportation Authority Funding Sources Fiscal Years 2001-2005



FUNDING SOURCES IN THOUSANDS
(\$ In Thousands)

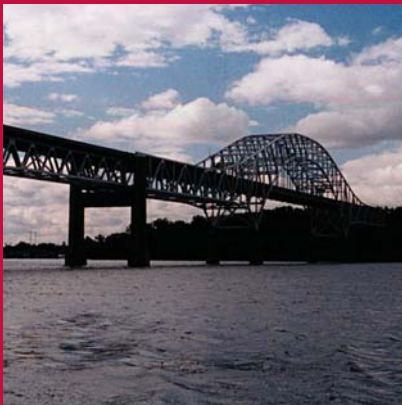
<u>REVENUES</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Toll Revenues	\$ 149,827	\$ 181,948	\$ 197,625	\$ 249,001	\$ 274,752
Concession Income	7,464	7,183	8,286	8,138	7,962
Investment Income	23,897	13,874	8,269	3,530	7,682
Maryland Department of Transportation					
Port Administration Leases	6,927	7,653	9,983	8,505	8,661
BWI/Port Police Reimbursement	11,042	14,021	16,060	17,188	17,656
Total Revenues	\$ 199,157	\$ 224,679	\$ 240,223	\$ 286,362	\$ 316,713

Maryland Transportation Authority Total Annual Traffic By Facility



*In service to the Maryland
Transportation Authority*

*Trustee - The Bank of New York
Independent Auditors - Reznick Group, P.C.*



Solutions At Work



MARYLAND TRANSPORTATION AUTHORITY

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Michael S. Steele, *Lt. Governor*

Robert L. Flanagan, *Chairman*

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Carol D. Rieg

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