MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT
June 3, 2021

This Metropolitan Transportation Authority ("MTA") Annual Disclosure Statement Supplement (the "Supplement"), dated June 3, 2021, supplements the information contained in the Annual Disclosure Statement (the "ADS") of MTA, dated April 30, 2021. MTA expects to file this Supplement with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access ("EMMA") system and may incorporate such information herein by specific cross-reference. No statement on MTA's website or any other website is included by specific cross-reference herein. All of the information in this Supplement is accurate as of its respective date. MTA retains the right to update and supplement specific information contained herein as events warrant.

The factors affecting MTA's financial condition are complex. This Supplement contains forecasts, projections, and estimates that are based on expectations and assumptions, which existed at the time they were prepared and contains statements relating to future results and economic performance that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," "project," "forecast," "anticipate" or other similar words. The forward-looking statements contained herein are based on MTA's expectations and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made but that may be incorrect, incomplete, imprecise or not reflective of future actual results. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the preceding paragraph, MTA does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events occur that change the conditions or circumstances on which such statements are based. These forward-looking statements speak only as of the date of this Supplement.

Cybersecurity Update

The information under the caption "PART 1. BUSINESS – THE RELATED ENTITIES – MTA-Wide Security – *Cybersecurity*" appearing on page 6 of the ADS is supplemented by the addition of the following paragraph as the last paragraph under such caption:

In April 2021, hackers gained access to certain of MTA's computer systems. According to a forensic audit of the attack conducted by IBM and Mandiant, at the request of MTA, the hackers did not make any changes to MTA's operations, compromise any MTA accounts, or collect any employee or customer information. The hackers did not gain access to systems which control train cars. MTA's defense-in-depth approach prevented the hackers from accessing any internal system. As a precautionary measure, MTA required a migration and password change for 3,700 users – representing 5 percent of MTA employees and contractors.

Audited Financials

On June 1, 2021, MTA posted the audited Consolidated Financial Statements for the years ended December 31, 2020 and 2019, for each of the Metropolitan Transportation Authority, New York City Transit Authority and Triborough Bridge and Tunnel Authority (collectively, the 2020 Audited Financial Statements).

All references in the ADS to the "unaudited Consolidated Financial Statements for the years ended December 31, 2020 and 2019" of each of the Metropolitan Transportation Authority, New York City Transit Authority and Triborough Bridge and Tunnel Authority are hereby deemed to refer to the "audited Consolidated Financial Statements for the years ended December 31, 2020 and 2019", all references in the ADS to the "unaudited Consolidated Financial Statements for the year ended December 31, 2020" of each of the Metropolitan Transportation Authority, New York City Transit Authority and Triborough Bridge and Tunnel Authority are hereby deemed to refer to the "audited Consolidated Financial Statements for the year ended December 31, 2020", and references to 2020 "unaudited consolidated financial statements" or "unaudited financial statements" shall now be deemed to refer to the "audited consolidated financial statements" or "audited financial statements" with respect to each such entity. The 2020 Audited Financial Statements are hereby incorporated into the ADS by specific cross-reference.

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MTA Bridges and Tunnels

The notes following the chart under the heading "PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS –MTA BRIDGES AND TUNNELS SENIOR REVENUE BONDS – Sources of Payment", titled MTA Bridges and Tunnels Senior Table 2, appearing on page 127 are deleted and replaced with the following:

- Bridge and Tunnel Revenues – Traffic in 2020 was dramatically affected by COVID-19 as vehicle crossings decreased from a record 329.4 million in 2019 to 253.2 crossings in 2020, a decrease of 23.1%. On March 20, 2020 the Governor ordered the temporary closure of certain non-essential businesses which resulted in an immediate decline in Facility crossings. Crossings for the month of April 2020 were 65% below 2019 levels. Traffic began to rebound in May 2020 and this recovery lasted through October 2020 as a phased reopening occurred. An increase in COVID-19 cases, coupled with winter weather, contributed to depressed traffic in November and December 2020; however, traffic levels remained above the revised forecasts in the July 2020 Financial Plan.
- Operating Expenses - Personnel Costs – In 2017, the increase was primarily due to wage and fringe benefits inflation for both contractually represented and non-represented employees. The increase in 2018 was mainly due to the recent changes to accounting for Other Post Employment Benefit ("OPEB") plans under GASB 75, a new accounting standard. The increase in 2019 was primarily due to an increase in retirement and other employee benefits. The decrease in 2020 was primarily due to a decrease in salaries and benefits and other post-employment benefits.
- Operating Expenses - Maintenance and Other Operating Expenses – In 2017, most of the increase in non-labor expenses was due to implementation costs for Cashless Tolling and back-office costs for administering the Tolls by Mail program. In 2018, the increase in non-labor expenses was mainly due to higher costs relating to a full year of Cashless Tolling and additional major maintenance projects. In 2019, there was a slight increase in non-labor expenses mainly due to higher credit card fees associated with the toll increase implemented on March 31, 2019 and general inflationary adjustments across a variety of areas. The decrease in 2020 is mainly due to lower major maintenance and bridge painting costs, lower legal expense and lower credit card fees.

The notes following the chart under the heading "PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS –MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS – Sources of Payment", titled MTA Bridges and Tunnels Subordinate Table 2, appearing on page 133 are deleted and replaced with the following:

- Bridge and Tunnel Revenues – Traffic in 2020 was dramatically affected by COVID-19 as vehicle crossings decreased from a record 329.4 million in 2019 to 253.2 crossings in 2020, a decrease of 23.1%. On March 20, 2020 the Governor ordered the temporary closure of certain non-essential businesses which resulted in an immediate decline in Facility crossings. Crossings for the month of April 2020 were 65% below 2019 levels. Traffic began to rebound in May 2020 and this recovery lasted through October 2020 as a phased reopening occurred. An increase in COVID-19 cases, coupled with winter weather, contributed to depressed traffic in November and December 2020; however, traffic levels remained above the revised forecasts in the July 2020 Financial Plan.
- Operating Expenses - Personnel Costs – In 2017, the increase was primarily due to wage and fringe benefits inflation for both contractually represented and non-represented employees. The increase in 2018 was mainly due to the recent changes to accounting for Other Post Employment Benefit ("OPEB") plans under GASB 75, a new accounting standard. The increase in 2019 was primarily due to an increase in retirement and other employee benefits. The decrease in 2020 was primarily due to a decrease in salaries and benefits and other post-employment benefits.

- Operating Expenses - Maintenance and Other Operating Expenses – In 2017, most of the increase in non-labor expenses was due to implementation costs for Cashless Tolling and back-office costs for administering the Tolls by Mail program. In 2018, the increase in non-labor expenses was mainly due to higher costs relating to a full year of Cashless Tolling and additional major maintenance projects. In 2019, there was a slight increase in non-labor expenses mainly due to higher credit card fees associated with the toll increase implemented on March 31, 2019 and general inflationary adjustments across a variety of areas. The decrease in 2020 is mainly due to lower major maintenance and bridge painting costs, lower legal expense and lower credit card fees.

Insurance

The chart under the caption "PART 6. REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE – General" appearing on page 229 of the ADS is deleted and replaced with the following:

Insurance Program	Expiration Date
Property Insurance	May 1, 2022
Commuter Stations and Force Liability	December 15, 2021
FMTAC Excess Loss Fund	October 31, 2021
Commercial Excess Liability Policy	October 31, 2021
All Agency Protective Liability	June 1, 2021
Paratransit and Non-Revenue Vehicle Policies	March 1, 2022
Premises Liability	December 7, 2021
Builder's Risk	Various
Owner Controlled Insurance Programs	Various

The information under the caption "PART 6. REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE – Property Insurance Program" appearing on page 229 of the ADS is deleted and replaced with the following:

Property Insurance Program

Property Insurance. Effective May 1, 2021, FMTAC renewed the all-agency property insurance programs. For the annual period commencing May 1, 2021, FMTAC directly insures property damage claims of the Related Entities in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three-year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2019. The remaining 20% of the Related Entities' losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of $200 million. The United States government's reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any “certified” act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate , (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the “certified” acts of terrorism insurance or (3) 100% of any “certified” terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire on May 1, 2023.

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