

MTA ANNUAL DISCLOSURE STATEMENT UPDATE
(2017 First Quarterly Update)
August 14, 2017

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Update (including Attachment A hereto, “ADS Update”) is dated August 14, 2017, is the first quarterly update to the Annual Disclosure Statement (“ADS”) of MTA, dated April 28, 2017, as supplemented June 22, 2017, and July 5, 2017, and contains information only through that date. MTA expects to file this ADS Update with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system and may incorporate such information herein by specific cross-reference. Such information, together with the complete July Plan hereinafter referred to, is also posted on the MTA website under “MTA Info – Financial Information” at www.mta.info. No statement on MTA’s website or any other website is included by specific cross-reference herein. All of the information in this ADS Update 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 ADS Update 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 involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. 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 ADS Update.

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Introduction

This update, dated August 14, 2017 (“ADS Update”), is the first quarterly update to the Annual Disclosure Statement (“ADS”) of the Metropolitan Transportation Authority (“MTA”), dated April 28, 2017, as supplemented June 22, 2017, and July 5, 2017. This ADS Update contains information only through August 14, 2017, and should be read in its entirety, together with the ADS.

In this ADS Update, readers will find:

1. A summary of recent events and changes to the MTA’s 2017-2020 Financial Plan released by MTA in February 2017 (the “February Plan”), made since the date of the ADS, to reflect provisions of the 2017 MTA July Financial Plan presented to the MTA Board on July 26, 2017 (the “July Plan”). The complete July Plan is posted on the MTA’s website under “MTA Info – Financial Information – Budget and Financial Statements” at www.mta.info. No statement on MTA’s website or any other website is included by specific cross-reference herein. The updated information reflected in the July Plan includes revised February Plan projections for fiscal years 2017 through 2020, with additional projections for 2021.
2. An update to certain recent developments affecting MTA, including the Metropolitan Transportation Authority Capital Program Review Board (the “CPRB”) approval of certain capital program amendments, MTA Bridges and Tunnels Capital Program, management changes and actions responding to recent service disruptions. Estimated incremental costs described under the heading “Actions Responding to Recent Service Disruptions” below are not reflected in the July Plan financial information or tables.
3. **Attachment A** to this ADS Update, which presents the MTA July Plan in tabular form and includes Financial Plan tables that summarize the MTA’s July Plan for fiscal year 2016 (actual) and projected receipts and expenditures for fiscal years 2017 through 2021, in each case prepared by MTA management.

The July Plan includes the 2017 Mid-Year Forecast, the 2018 Preliminary Budget and a Financial Plan for the years 2018-2021. Since 2010, MTA’s financial plans have included MTA management initiatives to achieve recurring cost reductions, to moderate the amount of revenues needed from biennial fare and toll increases and governmental subsidies, and to provide funding for the capital program and enhanced maintenance.

The February Plan

The February Plan projected break-even cash balances through 2019 with a deficit of \$372 million in 2020. The February Plan was based on three key inter-related elements: (i) fare and toll price increases of 4% in 2017 and 2019; (ii) annually recurring cost reduction and cost containment targets that will increase the level of annual savings to \$2 billion per year by 2020; and (iii) \$566 million in debt service savings to support an additional \$2 billion of funding for the amended capital

program. The February Plan also funded important new investments over the plan period, including: \$163 million for improved maintenance and operations; \$160 million to enhance the customer experience, including Open Road Tolling (“ORT”) on all MTA Bridges and Tunnels crossings; and \$72 million for additional service and service support MTA-wide.

Changes Since The February Plan

Changes and re-estimates worsening financial results over the plan period (2017-2020) include:

- Lower real estate transaction tax receipts (\$792 million)
- Lower farebox/toll revenue estimates (\$132 million)

Changes and re-estimates improving financial results over the plan period (2017-2020) include:

- Lower energy costs (\$183 million)
- Lower debt service (\$158 million)
- Higher Payroll Mobility Tax (“PMT”) receipts (\$138 million)
- Lower insurance costs (\$112 million)
- Lower health and welfare costs (\$99 million)
- Additional State appropriation for capital programs in 2017 allowing pay-as-you-go (“PAYGO”) capital funds to be reprogrammed for operating purposes (\$65 million)

Overall, these and other net re-estimates and changes through the July Plan period are projected to be \$385 million unfavorable from the February Plan. A reconciliation of plan-to-plan changes can be found in **Attachment A**, with further details and the complete July Plan available on MTA’s website.

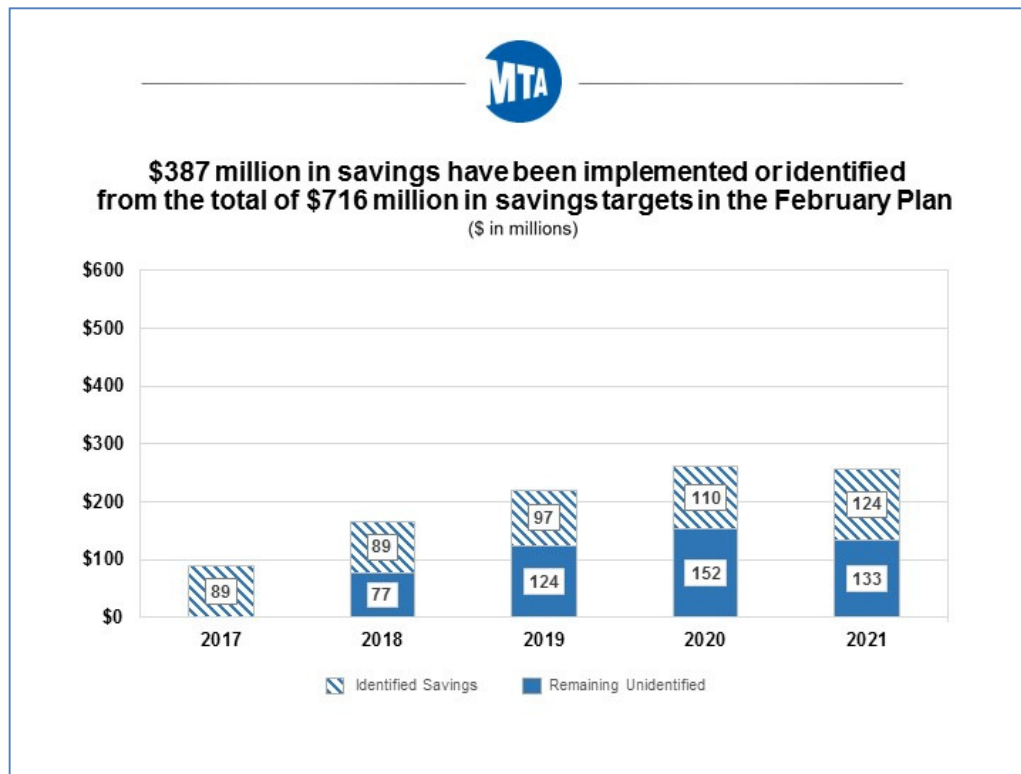
By far, the largest driver of the unfavorable change is the reduction in real estate transaction tax receipts (“Urban Taxes”) which are projected to fall short of the February Plan by a total of \$792 million over the 2017 to 2020 period, representing a 16% decline over that four-year period. The Urban Tax decline, which accounts for 92% of the plan-to-plan decline, has been affected by a continuing reduction in the value of New York City (the “City”) commercial property transactions and recorded mortgages. This decline began in 2016, and increases in real estate transaction activity are expected to resume in early 2018. Such increases, however, will be factored off a lower base that reflects the decline, resulting in plan-to-plan reductions in every year of the July Plan.

Highlights of the July Plan

The July Plan continues to follow the approach reflected in earlier plans.

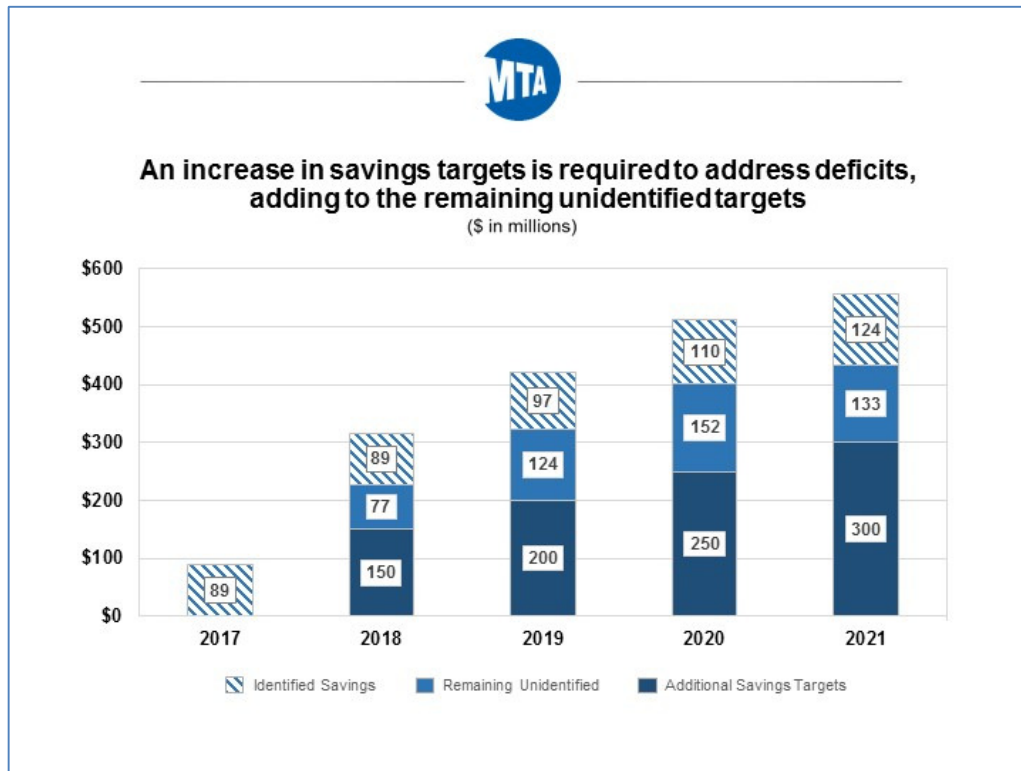
Hold projected fare/toll increases to 4% in 2019 and 2021. The July Plan continues to project 4% biennial fare/toll increases (the equivalent of 2% per year). Consistent with recent financial plans, a March 1 implementation is assumed for both the 2019 and 2021 increases. The annualized yield of these increases is projected to be \$324 million and \$338 million, respectively.

Increase annually recurring savings targets. In raising the savings targets, MTA must identify and implement new initiatives to achieve the savings. As shown on the chart below, MTA has identified initiatives to meet \$387 million of the projected \$716 million of cost reductions targeted in the February Plan (more than half of that target). Many new efficiencies have been developed providing new savings in areas including: health and welfare, headcount efficiencies, the Enterprise Asset Management program, paratransit, maintenance and information technology.



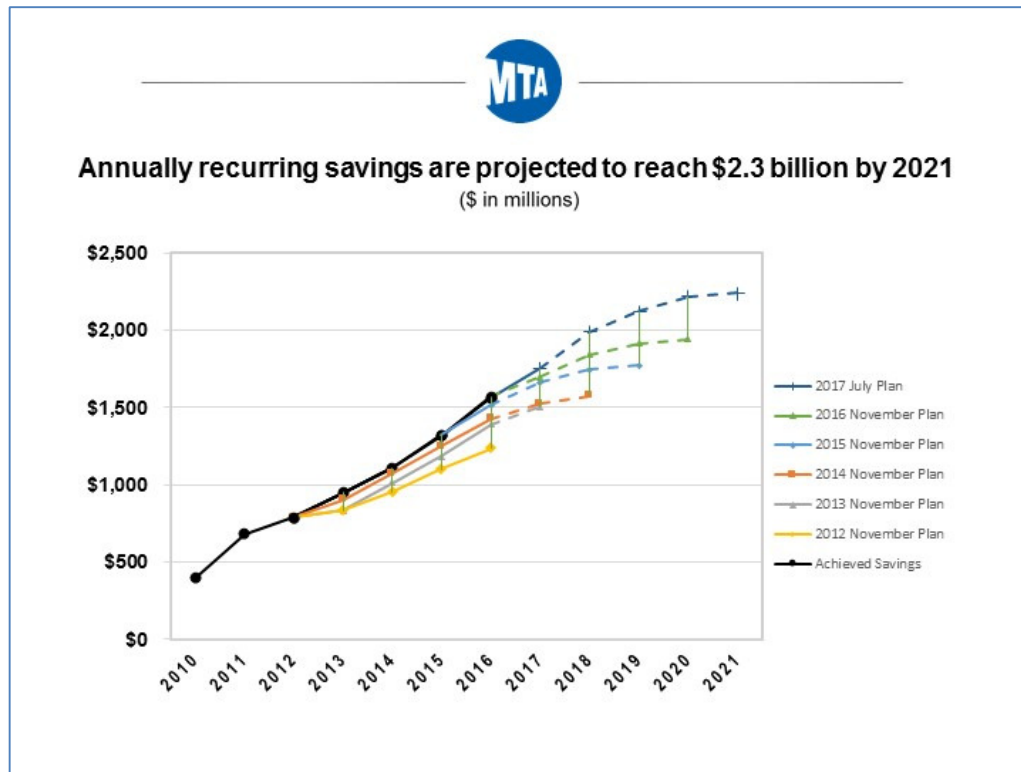
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MTA has raised the targeted level of savings in every year since 2010. In the July Plan, future savings targets are being further increased in response to the reduction in projected revenue from real estate transactions. MTA is increasing savings targets by \$150 million per year, starting in 2018, with an incremental \$50 million projected per year thereafter growing to an estimated \$300 million in 2021 (see following chart). Unidentified savings targets remaining after savings have been put in place, together with the additional targets proposed in the July Plan, are expected to increase to \$227 million in 2018, \$324 million in 2019, \$402 million in 2020 and \$433 million in 2021.



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The chart that follows identifies MTA's cost reduction/cost containment targets for the current and prior financial plans. As indicated on the chart, MTA has increased its targets each year and has consistently achieved its goals. Through 2016, MTA implemented initiatives with recurring annual savings of \$1.6 billion. These programs, when combined with MTA's new targets, are projected to result in recurring annual savings of \$2.3 billion by 2021.



Investments in maintenance/operations and customer experience enhancements. The July Plan provides \$484 million* over the plan period to fund the following important investments:

- MTA New York City Transit investments (\$281 million) include pilot programs to address track and signal delays, improve emergency crew response time, reduce station and subway crowding, utilize fleet failure performance statistics, and replace or repair failing subway car components. Additional investments will be made in track defect reduction, service support, critical fleet components and track cleaning.
- MTA Long Island Rail Road investments (\$89 million) include maintenance required for the expanded Penn Station West End Concourse and new Farley Train Hall, including new LED screens. MTA Long Island Rail Road will also be making investments in critical fleet components including those supporting Positive Train Control.
- MTA Metro-North Railroad investments (\$61 million) include the overhaul of 31 locomotives and the next phase of Reliability Centered Maintenance on the M-7 fleet. MTA Metro-North Railroad will also improve grade crossings, expand staffing for maintenance and repair coverage in stations and facilities, renovate restrooms in Grand

* Numbers may not add due to rounding.

Central Terminal and replace the Haverstraw dock.

- MTA Bus investments (\$24 million) include the funding of the repair of components critical to safeguarding the reliability of over-age fleet (in excess of 12 years in service) and increased staffing to manage bus operator training to ensure adequate coverage.
- MTA Bridges and Tunnels investments (\$23 million) include support of the New York Crossings Project by implementing a fixed and mobile License Plate Recognition system to enforce toll violation collection and ORT marketing. See “MTA Bridges and Tunnels Capital Programs – *Open Road Tolling Update*” below for more information.
- MTA Staten Island Railway investments (\$2 million) will fund railroad tie replacement as well as enhance cleaning and maintenance.

Investments in safety and security. The July Plan provides \$90 million over the plan period to fund the following important investments:

- At MTA Headquarters, investments will support high priority safety and security needs, including employee obstructive sleep apnea testing, the MTA Police Department public safety radio system project and establishment of a steady replacement cycle for police vehicles.
- MTA New York City Transit and MTA Bus will implement new and existing bus safety initiatives, including the installation of on-board bus cameras, a pedestrian turn warning system and a collision warning system.
- MTA Metro-North Railroad will remotely monitor bridges in order to respond more quickly to vehicle strikes, expand a Federal Railroad Administration-mandated drug testing program to include maintenance-of-way employees by engaging a mobile testing service, add conductors and other safety sensitive positions to the obstructive sleep apnea testing program, and support an on-board camera program.
- MTA Long Island Rail Road will support its on-board camera program and increase random drug testing among safety sensitive positions.

Increase support for the Capital Program. The July Plan retains the \$566 million in debt service savings, which were identified in November, to support an additional \$2 billion of funding for the 2015-2019 Capital Program. Moreover, it provides support for an additional \$100 million for the 2015-2019 Capital Program, as amended effective in July of 2017. See “CPRB Approval of Capital Program Amendments” below.

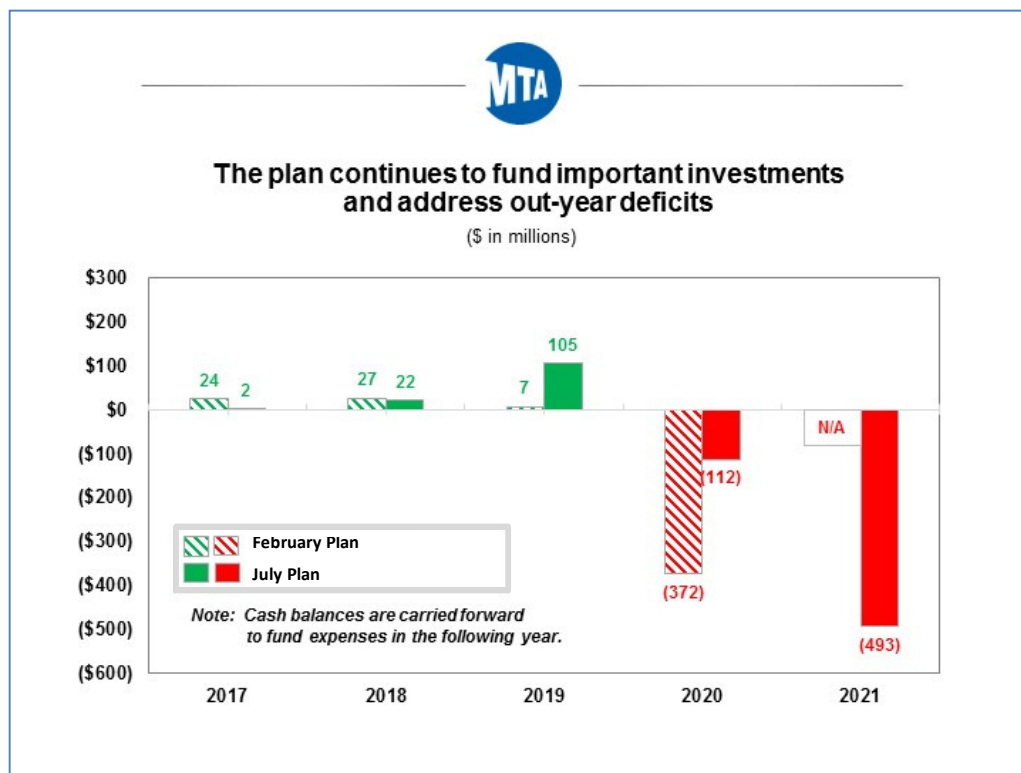
Other MTA Actions

The July Plan includes other MTA actions to address unfavorable changes from the February Plan, most notably the reduction in real estate transaction tax receipts. In addition to the previously described increased savings targets, the July Plan:

- Assumes restoration of PMT Replacement Funds to \$307 million a year (\$65 million per year);

- Suspends contributions to the MTA Bridges and Tunnels Necessary Reconstruction Reserve Fund from 2018 through 2021 (\$158 million), increasing available MTA Bridges and Tunnels Surplus payment to MTA;
- Draws down \$135 million of the \$155 million in the 2017 General Reserve. Approximately \$58 million of such amount will be used to fund Amtrak Penn Station emergency mitigation for which MTA will be seeking reimbursement from Amtrak; and
- Suspends planned contributions to the GASB 45 OPEB reserves for 2018 and the out-years (\$59 million).

Altogether, these changes, re-estimates, and recommendations, including the newly-proposed increases in targeted savings, result in a net improvement to MTA's financial forecast over the July Plan period. As detailed in the following chart, the July Plan is balanced through 2019 and the \$372 million deficit for 2020 that was projected in February has been reduced to \$112 million. However, a projected \$493 million deficit in 2021 will have to be addressed.



Challenges and Risks Going Forward

While MTA's financial position has improved, there are many challenges and risks ahead:

Biennial fare and toll increases. While MTA works diligently to control costs, combined fares and tolls only cover approximately half of the operating costs (referred to as "Farebox Operating Ratio") and a little more than a third of total costs, including capital costs (referred to as "Farebox Recovery Ratio"). Moreover, many costs are dependent on pricing factors beyond MTA's direct control (e.g., energy, health and welfare and pensions). If projected fare and toll increases are not

implemented, MTA's financial situation will quickly deteriorate as revenues will not keep pace with inflation and other expenditure growth.

Achieving efficiencies/consolidations. Efforts to reduce costs will continue, but it becomes increasingly challenging as much of the prudent opportunities to achieve cost savings have been realized. Moreover, the lower real estate revenue projections necessitated an aggressive increase in the level of savings targets. As previously stated, unidentified savings targets remaining after savings have been put in place, together with the additional targets proposed in the July Plan, are projected to increase to \$227 million in 2018, \$324 million in 2019, \$402 million in 2020 and \$433 million in 2021. These targets are aggressive and meeting them will be a challenge, but MTA is committed to achieving these goals. If MTA does not achieve its targets, deficits will occur earlier and could be substantially larger.

Increased investments in maintenance/operations and customer experience enhancements. MTA's challenge is to continue maintaining and improving MTA's operation, even as growing ridership puts more demands on aging infrastructure, including the 113 year-old subway system. MTA needs to find less expensive ways to improve the transportation system, move customers and enhance their experience.

General economic conditions. The finances of MTA are highly influenced by economic factors. Passenger and toll revenues, dedicated taxes and subsidies, debt service, pensions and energy costs are all impacted by the health of the economy. If the economic assumptions reflected in the July Plan are not realized, the projected results in the July Plan could be adversely affected.

Possibility of interest rates higher than forecast. Since 2008, MTA has benefitted from historically low interest rates. In December 2015, the Federal Open Markets Committee ("FOMC") increased the federal funds rate, for the first time since late 2008, by a quarter point to a target range of 0.25% to 0.50%. This increase has been followed by additional quarter point increases in December 2016, March 2017 and June 2017, with the target range now at 1.00% to 1.25%, and the FOMC continues to indicate support for future actions that would return inflation to a 2% level. While the July Plan includes interest rate assumptions consistent with the FOMC's recent actions and policy statements on future actions, a sudden and unexpected increase in economic activity may result in inflationary growth beyond the FOMC's target, which in turn could lead to a further increasing of the federal funds rate. Such an increase could lead to an increase in interest rates more than projected in the July Plan, which would ultimately increase debt service costs.

Issues potentially affecting MTA from failure to raise the federal debt limit. In October 2013, an impasse in Congress caused a temporary federal government shutdown and brought concern that the federal debt limit would not be raised in a timely manner. Congress has passed three suspensions of the debt limit since October 2013, with the most recent extension having expired in March of 2017. Since then, the Treasury has operated under "extraordinary measures" to finance federal outlays without further borrowing. The Congressional Budget Office (CBO), in a June 29, 2017, report projected "that if the debt limit remains unchanged, those [extraordinary] measures will be exhausted and the Treasury will most likely run out of cash in early to mid-October. (However, the timing and magnitude of revenues and outlays over the next few months could vary noticeably from CBO's projections, so those [extraordinary] measures could be exhausted and the Treasury could run out of cash earlier or later than CBO projects)."

A federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on the national and State economies, financial markets (including the municipal bond market) and intergovernmental aid payments, including programmed Federal Transit Administration grants to MTA. MTA could face higher borrowing costs and impaired market access. Such challenging conditions could negatively impact planned capital investments in MTA infrastructure and achievement of the goals set forth in MTA's approved Capital Programs. The specific effects on the MTA and its finances of a future federal government default are unknown and impossible to predict.

Maintaining discipline to use non-recurring revenues, favorable budget variances, excess resources to fund PAYGO and/or reduce unfunded liabilities, such as OPEBs and pension liabilities. MTA seeks to convert favorable revenue opportunities, when available, into recurring savings. For example, MTA should continue to reinvest debt service savings into PAYGO capital and support for new bonding, which has become an increasingly important source of funding for Capital Programs.

CPRB Approval of Capital Program Amendments

On May 24, 2017, the MTA Board reviewed and authorized a further amendment to the 2015-2019 Capital Program, increasing the 2015-2019 Capital Program from \$29.575 billion to \$32.457 billion, to further incorporate the introduction of key priority and regional mobility projects and to reflect additional funding requirements for network expansion projects. The Core Program and Network Expansion Program components of the amendment require the approval of the CPRB. The 2015-2019 Capital Program amendments were deemed approved by the CPRB on July 31, 2017.

On May 24, 2017, the MTA Board also approved an additional amendment to the 2010-2014 Capital Program providing for a reduction of funding to Superstorm Sandy-related restoration of \$2.959 billion, consisting of a reduction in restoration by \$183 million and mitigation by \$2.777 billion, reflecting the reduced availability of funding. The proposed amendment was designed to align overall budget allocations with essential project needs and funding and to prioritize needs and update the timing and costs of projects. The amendment required the approval of the CPRB. The 2010-2014 Capital Program amendments were deemed approved by the CPRB on July 31, 2017.

MTA Bridges and Tunnels Capital Programs

Open Road Tolling Update. In October 2016, Governor Cuomo announced the New York Crossings Project. This project included a one-year schedule for all MTA Bridges and Tunnels crossings to change from cash and gated E-ZPass toll plazas to cashless Open-Road Tolling ("ORT"). ORT eliminates traditional toll plazas by allowing tolls to be collected in a free-flow environment through E-ZPass sensors and license-plate cameras mounted on overhead gantries. Drivers without E-ZPass receive a "Tolls by Mail" invoice mailed to the vehicle's registered owner. The project and related enforcement modalities are further described in the ADS in PART 5 under "RIDERSHIP AND FACILITIES USE – MTA Bridges and Tunnels – Cashless Open Road Tolling".

Implementation of ORT is now complete at the following MTA Bridges and Tunnels crossings:

1. Verrazano-Narrows Bridge
2. Robert F. Kennedy Bridge

3. Queens Midtown Tunnel
4. Hugh L. Carey Tunnel
5. Henry Hudson Bridge
6. Cross Bay Bridge
7. Marine Parkway Bridge

MTA Bridges and Tunnels expects to fully complete the change to ORT by October 2017. The remaining crossings are scheduled to be fully cashless as noted:

- Throgs Neck Bridge – September 2017
- Bronx-Whitestone Bridge – October 2017

Harbor Lights Project. In addition to implementation of ORT for all MTA Bridges and Tunnels crossings, the New York Crossings Project includes a plan, called the “Harbor Lights Project,” to install programmable LED lighting at certain MTA Bridges and Tunnels facilities. The New York Power Authority (“NYPA”) is taking the lead on this work, as they have done in other lighting upgrade projects throughout the MTA region. The expectation is that NYPA will initially finance this initiative and expenditures will be re-paid by the Empire State Development Corporation.

Management Changes

On June 21, 2017, Joseph J. Lhota was appointed Chairman of the MTA, returning to a position he previously held from January to December 2012. Mr. Lhota has extensive experience in both government and business. Before joining MTA in 2012, Mr. Lhota served as executive vice president, administration for the Madison Square Garden Company, a division of Cablevision, where he was responsible for the development and execution of companywide human resources strategies, government affairs, information technology, and an array of corporate services. He was New York City deputy mayor for operations under Mayor Rudolph Giuliani, where he oversaw day-to-day management of the City, and supervised city agencies. He was instrumental in developing and implementing the innovative strategies and initiatives that accomplished the successful turnaround of the city as well as its coordinated response after September 11, 2001. Before being appointed deputy mayor, Mr. Lhota was the City’s budget director, managing the city’s \$36 billion operating budget and \$45 billion capital budget. He also served as the commissioner of finance for New York City and was a board member of MTA. Prior to his government service he had a 15-year career in investment banking as director of public finance for First Boston and managing director of the Municipal Securities Group for PaineWebber Incorporated. He is a trustee of the City University of New York, where he is chair of the board’s standing committee on fiscal affairs. He also serves as senior vice president, vice dean, and chief of staff at NYU Langone Medical Center, a position he will continue to hold while serving as MTA Chairman. Mr. Lhota is a cum laude graduate of Georgetown University and he received an M.B.A. from the Harvard Business School.

In addition, on June 19, 2017, Carl Weisbrod and Scott Rechler were appointed to fill existing vacancies on the MTA Board.

Finally, on August 3, 2017, Chairman Lhota announced the appointment of Patrick J. Foye as MTA President and Veronique Hakim as Managing Director of the MTA. Mr. Foye and Ms. Hakim will serve in the newly-created Office of the Chairman, which will also include MTA Chief Development Officer Janno Lieber. Mr. Foye and Ms. Hakim will be responsible for managing the

authority on a day-to-day basis. Mr. Foye will lead key innovation and modernization initiatives, and Ms. Hakim will be responsible for the operations of MTA.

Actions Responding to Recent Service Disruptions

On June 29, 2017, Governor Cuomo undertook a series of actions in response to recent service disruptions, as well as increasing service delays, overcrowding and infrastructure disrepair system-wide. The Governor issued an Executive Order, effective immediately, declaring a “State of Emergency” with respect to MTA, effective until further notice by the Governor, which temporarily suspends selected State laws affecting MTA’s statutory authority with respect to procurement of necessary equipment and services to address deterioration in MTA infrastructure. This action is intended to expedite capital projects and permit needed subway and commuter rail repairs to proceed at a faster pace.

The Governor also announced his intention to commit an additional \$1 billion in State resources to the MTA Capital Program. The source and timing of such additional funding have yet to be determined.

In addition, the Governor announced that MTA Chairman Lhota will (i) within 30 days, provide the Governor with an outline of a reorganization plan for MTA, and (ii) within 60 days submit an outline to the Governor of a prioritized plan of equipment and related needs for the MTA Transit System and their estimated costs.

On July 25, 2017, Chairman Lhota outlined a two-phase New York City Subway Action Plan (the “Action Plan”) to address recent service disruptions, service delays, overcrowding and infrastructure disrepair. The initial phase will focus on stabilizing the subway system and preparing it for modernization by addressing the key factors which account for an estimated 79% of the major incidents causing delays on the system, including signals, track and power supply. Phase one will focus on five critical components:

1. Signal and Track Maintenance
2. Car Reliability
3. System Safety and Cleanliness
4. Customer Communications
5. Critical Management Group

Details of phase two of the Action Plan are expected to be outlined by Chairman Lhota in the near future and will focus on modernizing the system, including:

- Addressing long-term, system-wide improvements, including better subway cars, the adoption of a new signal system and modern communications technology to facilitate new signaling and enable customer benefits.
- Incorporating the most promising innovations from the MTA Genius Transit Challenge, an international competition seeking innovative solutions to modernize and improve the reliability of the New York City subway system.

In addition, MTA will launch a public dashboard to measure categories important to our customers, including reliability, safety and customer experience.

It is anticipated that accomplishing phase one of the Action Plan will require approximately 2,700 additional personnel, with an estimated cost of \$456 million additional operating expenses and \$380 million additional capital expenses. The source and timing of such additional funding have yet to be determined. Phase two of the Action Plan is to cost an additional \$8 billion, which is expected to be included in the planning for the 2020-2024 MTA Capital Program.

In April, Governor Cuomo directed the Public Service Commission (the “PSC”) to conduct an investigation into Con Edison equipment failures that resulted in significant delays across the subway system. As a result of that investigation, the PSC approved an order on August 2, 2017, which requires Con Edison to make certain repairs and upgrades to its equipment. The utility is required to dedicate personnel to perform inspections of all equipment serving MTA, make certain repairs to its equipment, install redundant electric supplies for MTA, and create a stockpile of generators or use other technology such as batteries to provide backup power for MTA stations.

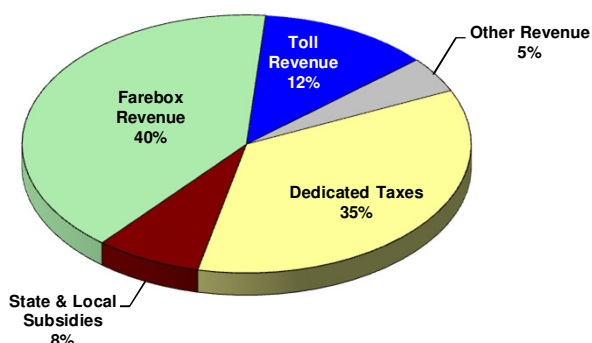
Attachment A to MTA Annual Disclosure Statement
First Quarterly Update
August 14, 2017

MTA July Plan

This Attachment A to the 2017 First Quarterly Update sets forth the MTA July Plan in tabular form and includes Financial Plan tables that summarize the MTA's July Plan for fiscal year 2016 and projected receipts and disbursements for fiscal years 2017 through 2021, in each case prepared by MTA management. The complete July Plan is posted on the MTA's website under "MTA Info – Financial Information – Budget and Financial Statements" at www.mta.info. No statement on MTA's website or any other website is included by specific cross-reference herein.

MTA 2018 Preliminary Budget
Baseline Expenses After Below-the-Line Adjustments
Non-Reimbursable

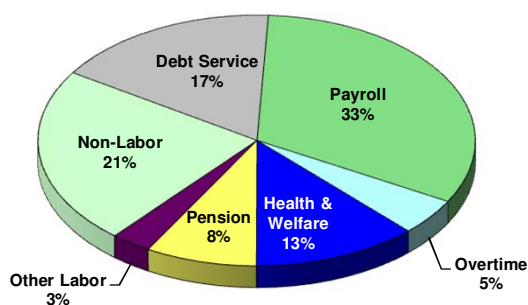
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$6,328
Toll Revenue	1,938
Other Revenue	707
Dedicated Taxes	5,547
State & Local Subsidies	1,199
Total ¹	\$15,718

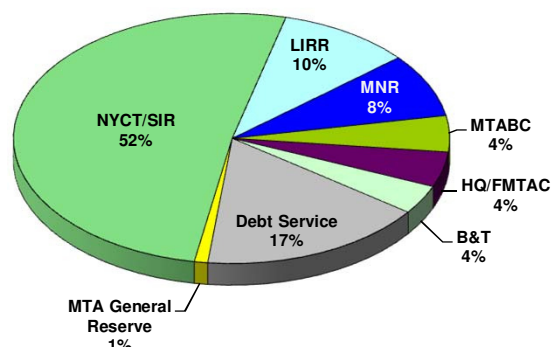
Where the Dollars Go ...

By Expense Category



By Expense Category ² includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,226
Overtime	770
Health & Welfare	1,977
Pension	1,332
Other Labor	484
Non-Labor	3,701
Debt Service	2,712
MTA Below-the-Line Adjustments ³	(288)
Total ¹	\$15,912

By MTA Agency



By MTA Agency ² includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$8,290
LIRR	1,600
MNR	1,337
MTABC	757
HQ/FMTAC	738
B&T	606
Debt Service	2,712
MTA General Reserve	160
MTA Below-the-Line Adjustments ³	(288)
Total ¹	\$15,912

¹ Totals may not add due to rounding.

² Expenses exclude Depreciation, OPEB Obligation and Environmental Remediation. MTA Capital Construction is not included, as its budget contains reimbursable expenses only.

³ These below-the-line adjustments impact expense dollars and have not been allocated to specific Agencies as yet.

Note: The revenues and expenses reflected in these charts are on an accrued basis and exclude cash adjustments and carryover balances. Any comparison of revenues versus expenses will not directly correspond to the cash balances reflected in the Statement of Operations.

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2018-2021

MTA Consolidated Statement Of Operations By Category

(\$ in millions)

Line No.						
7	Non-Reimbursable					
8		Actual	Mid-Year	Preliminary		
9		2016	Forecast	Budget	2019	2020
10			2017	2018		2021
11	Operating Revenue					
12	Farebox Revenue	\$6,050	\$6,222	\$6,328	\$6,359	\$6,391
13	Toll Revenue	1,870	1,913	1,938	1,949	1,956
14	Other Revenue	688	685	707	731	764
15	Capital and Other Reimbursements	0	0	0	0	0
16	Total Operating Revenue	\$8,608	\$8,820	\$8,973	\$9,039	\$9,111
17	Operating Expense					
18	Labor Expenses:					
19	Payroll	\$4,839	\$5,026	\$5,226	\$5,353	\$5,486
20	Overtime	771	809	770	777	793
21	Health & Welfare	1,172	1,235	1,340	1,426	1,515
22	OPEB Current Payment	562	580	637	689	747
23	Pensions	1,370	1,325	1,332	1,345	1,345
24	Other-Fringe Benefits	948	881	913	939	971
25	Reimbursable Overhead	(425)	(446)	(429)	(425)	(415)
26	Total Labor Expenses	\$9,238	\$9,410	\$9,788	\$10,105	\$10,443
27						
28	Non-Labor Expenses:					
29	Electric Power	\$406	\$452	\$502	\$518	\$550
30	Fuel	125	145	151	151	164
31	Insurance	(21)	32	32	35	41
32	Claims	464	312	320	328	329
33	Paratransit Service Contracts	384	399	415	440	467
34	Maintenance and Other Operating Contracts	631	777	755	767	784
35	Professional Service Contracts	401	561	480	477	484
36	Materials & Supplies	586	642	637	634	693
37	Other Business Expenses	193	205	200	213	218
38	Total Non-Labor Expenses	\$3,168	\$3,525	\$3,492	\$3,563	\$3,731
39						
40	Other Expense Adjustments:					
41	Other	\$47	\$58	\$49	\$50	\$52
42	General Reserve	0	155	160	165	175
43	Total Other Expense Adjustments	\$47	\$213	\$209	\$215	\$227
44						
45	Total Operating Expense before Non-Cash Liability Adj.	\$12,454	\$13,148	\$13,489	\$13,883	\$14,401
46						
47	Depreciation	\$2,443	\$2,609	\$2,668	\$2,737	\$2,803
48	OPEB Liability Adjustment	1,562	1,690	1,786	1,881	1,984
49	GASB 68 Pension Expense Adjustment	(219)	(172)	(234)	(229)	(246)
50	Environmental Remediation	12	6	6	6	6
51	Total Operating Expense after Non-Cash Liability Adj.	\$16,252	\$17,282	\$17,714	\$18,278	\$18,948
52						
53	Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,798)	(\$4,134)	(\$4,226)	(\$4,395)	(\$4,547)
54						
55	Debt Service (excludes Service Contract Bonds)	2,459	2,557	2,712	2,835	3,025
56						
57	Total Operating Expense with Debt Service	\$14,912	\$15,704	\$16,200	\$16,719	\$17,426
58						
59	Dedicated Taxes and State/Local Subsidies	\$6,666	\$6,513	\$6,746	\$6,949	\$7,128
60						
61	Net Surplus/(Deficit) After Subsidies and Debt Service	\$362	(\$372)	(\$482)	(\$731)	(\$1,187)
62						
63	Conversion to Cash Basis: GASB Account	0	0	(9)	(19)	(30)
64	Conversion to Cash Basis: All Other	(593)	49	158	107	133
65						
66	CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER	(\$232)	(\$323)	(\$333)	(\$642)	(\$1,084)
67	ADJUSTMENTS	0	77	353	726	867
68	PRIOR-YEAR CARRYOVER	480	248	2	22	105
69	NET CASH BALANCE	\$248	\$2	\$22	\$105	(\$493)
70						

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2018-2021
Plan Adjustments
(\$ in millions)

Line No.		Actual 2016	Mid-Year Forecast 2017	Preliminary Budget 2018	2019	2020	2021
11	Cash Balance Before Prior-Year Carry-over	(\$232)	(\$323)	(\$333)	(\$642)	(\$1,084)	(\$1,683)
13	Fare/Toll Increases:						
14	<i>Fare/Toll Increase in March 2019 (4% Yield)</i>	-	-	-	276	325	325
15	<i>Fare/Toll Increase in March 2021 (4% Yield)</i>	-	-	-	-	-	288
16	<i>Subsidy Impacts of 2019/2021 Fare/Toll Increase</i>	-	-	-	(10)	(9)	(20)
17	Sub-Total	\$0	\$0	\$0	\$266	\$316	\$593
19	MTA Efficiencies: ¹						
20	<i>MTA Efficiencies - Not Yet Implemented</i>	-	0	27	74	102	83
21	<i>Additional MTA Efficiencies - 2017 February Plan</i>	-	-	50	50	50	50
22	<i>Additional MTA Efficiencies - 2017 July Plan</i>	-	-	150	200	250	300
23	Sub-Total	\$0	\$0	\$227	\$324	\$402	\$433
25	Policy Actions:						
26	<i>Restoration of PMT Replacement Funds</i>	-	-	65	65	65	65
27	<i>GASB Fund Reserves - Suspend Planned Contributions</i>	-	-	9	19	30	43
28	<i>B&T Necessary Reconstruction - Suspend Planned Contributions</i>	-	-	52	53	54	55
29	<i>Drawdown General Reserve</i>	-	135	-	-	-	-
30	Sub-Total	\$0	\$135	\$126	\$137	\$149	\$163
32	MTA Re-estimates:						
33	<i>Amtrak Emergency Repair Work at Penn Station</i>	-	(58)	-	-	-	-
34	Sub-Total	\$0	(\$58)	\$0	\$0	\$0	\$0
36	TOTAL ADJUSTMENTS	\$0	\$77	\$353	\$726	\$867	\$1,189
38	<i>Prior-Year Carry-Over</i>	480	248	2	22	105	0
40	Net Cash Surplus/(Deficit)	\$248	\$2	\$22	\$105	(\$112)	(\$493)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2018-2021
MTA Consolidated Cash Receipts and Expenditures
(\$ in millions)

Line
No.

7	Cash Receipts and Expenditures					
8		Actual	Mid-Year	Preliminary		
9		2016	Forecast	Budget	2019	2020
10			2017	2018		2021
11	Receipts					
12	Farebox Revenue	\$6,083	\$6,243	\$6,336	\$6,368	\$6,399
13	Other Operating Revenue	706	735	831	760	804
14	Capital and Other Reimbursements	1,780	2,197	2,045	1,948	1,853
15	Total Receipts	\$8,569	\$9,174	\$9,212	\$9,076	\$9,056
16	Expenditures					
17	Labor:					
18	Payroll	\$5,303	\$5,560	\$5,736	\$5,855	\$5,963
19	Overtime	972	958	904	908	926
20	Health and Welfare	1,192	1,277	1,377	1,463	1,547
21	OPEB Current Payment	554	570	624	677	734
22	Pensions	1,405	1,377	1,389	1,401	1,397
23	Other Fringe Benefits	841	863	878	897	915
24	Contribution to GASB Fund	0	0	9	19	30
25	Reimbursable Overhead	(0)	0	(0)	(0)	0
26	Total Labor Expenditures	\$10,266	\$10,606	\$10,917	\$11,220	\$11,512
27						
28	Non-Labor:					
29	Electric Power	\$405	\$451	\$497	\$513	\$545
30	Fuel	120	144	148	147	159
31	Insurance	(29)	35	32	35	40
32	Claims	295	267	251	259	261
33	Paratransit Service Contracts	379	400	413	438	465
34	Maintenance and Other Operating Contracts	578	735	621	621	617
35	Professional Service Contracts	406	633	529	485	464
36	Materials & Supplies	698	790	771	751	805
37	Other Business Expenditures	200	208	186	199	197
38	Total Non-Labor Expenditures	\$3,051	\$3,663	\$3,448	\$3,449	\$3,554
39						
40	Other Expenditure Adjustments:					
41	Other	\$129	\$166	\$131	\$82	\$104
42	General Reserve	0	155	160	165	175
43	Total Other Expenditure Adjustments	\$129	\$321	\$291	\$247	\$310
44						
45	Total Expenditures	\$13,446	\$14,589	\$14,656	\$14,916	\$15,344
46						
47	Net Cash Deficit Before Subsidies and Debt Service	(\$4,877)	(\$5,415)	(\$5,444)	(\$5,840)	(6,289)
48						
49	Dedicated Taxes and State/Local Subsidies	\$6,439	\$6,974	\$7,114	\$7,288	\$7,448
50	Debt Service (excludes Service Contract Bonds)	(\$1,793)	(\$1,882)	(\$2,003)	(\$2,091)	(\$2,243)
51						
52	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$232)	(\$323)	(\$333)	(\$642)	(\$1,084)
53	ADJUSTMENTS	0	77	353	726	867
54	PRIOR-YEAR CARRY-OVER	480	248	2	22	105
55	NET CASH BALANCE	\$248	\$2	\$22	\$105	(\$493)

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2018-2021

MTA Consolidated July Financial Plan Compared with FEBRUARY FINANCIAL PLAN

Cash Reconciliation after Below-the-Line Adjustments

(\$ in millions)

	Favorable/(Unfavorable)			
	2017	2018	2019	2020
FEBRUARY FINANCIAL PLAN 2017-2020				
NET CASH SURPLUS/(DEFICIT)	\$24	\$27	\$7	(\$372)
Agency Baseline Adjustments	\$109	\$166	\$109	\$97
<i>Farebox/Toll Revenue</i>	(63)	(26)	(20)	(24)
<i>Rates:</i>				
<i>Pensions</i>	(2)	5	(7)	(18)
<i>Health & Welfare (includes retirees)</i>	66	8	12	14
<i>Energy</i>	68	32	37	47
<i>Insurance</i>	19	28	30	35
<i>Timing</i>	7	65	(4)	6
<i>Other Baseline Re-estimates (includes timing) 1</i>	16	54	61	37
New Needs/Investments	(\$113)	(\$120)	(\$126)	(\$109)
<i>Maintenance/Operations and</i>				
<i>Customer Experience Enhancements</i>	(113)	(120)	(126)	(109)
Other New Needs/Investments	(\$74)	(\$79)	(\$47)	(\$31)
<i>MTA Initiatives/Centralized Functions</i>	(54)	(38)	(24)	(7)
<i>Safety & Security</i>	(11)	(25)	(20)	(18)
<i>All Other New Needs</i>	(9)	(16)	(3)	(5)
Savings Programs	\$86	\$86	\$87	\$95
<i>2017 BRP Savings</i>	86	86	87	95
MTA Adjustments	\$0	\$0	\$0	(\$5)
<i>General Reserve</i>	-	-	-	(5)
Changes in Subsidies	(\$145)	(\$179)	(\$146)	(\$130)
<i>Petroleum Business Tax</i>	5	14	16	16
<i>Payroll Mobility Tax</i>	28	31	38	41
<i>MTA Aid</i>	-	2	7	9
<i>Real Estate Taxes</i>	(175)	(222)	(203)	(192)
<i>Other Subsidies</i>	(3)	(4)	(4)	(4)
Other Subsidy Adjustments	\$267	(\$73)	\$9	(\$50)
<i>Other Subsidy Adjustments</i>	210	(78)	2	(48)
<i>Other Funding Agreements</i>	55	17	19	12
<i>B&T Operating Surplus Transfer</i>	3	(12)	(12)	(14)
Debt Service	\$33	\$39	\$66	\$42
<i>Debt Service Savings</i>	33	39	66	42
Below-the-Line Adjustments:	(\$176)	\$178	\$153	\$253
<i>Additional MTA Efficiencies (2017 July Plan)</i>	-	150	200	250
<i>Adjustment to Unidentified Savings</i>	(68)	(89)	(97)	(110)
<i>Policy Actions:</i>				
<i>Restoration of PMT Funds</i>	-	65	65	65
<i>GASB Fund Reserves - Suspend Planned Contributions</i>	-	9	19	30
<i>B&T Necessary Reconstruction - Suspend Planned Contrib</i>	-	52	53	54
<i>Drawdown General Reserve</i>	135	-	-	-
<i>Other Adjustments (from February Plan)</i>	(161)	14	(64)	(13)
<i>MTA Re-estimates</i>	(82)	(24)	(24)	(24)
Prior Year Carryover	(\$12)	(\$22)	(\$5)	\$98
JULY FINANCIAL PLAN 2018-2021				
NET CASH SURPLUS/(DEFICIT)	\$2	\$22	\$105	(\$112)

* Totals may not add due to rounding

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2018-2021
Consolidated Subsidies
Cash Basis
(\$ in millions)

	Actual 2016	Mid-Year Forecast 2017	Preliminary Budget 2018	2019	2020	2021
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$1,668.0	\$1,668.0	\$1,828.0	\$1,889.4	\$1,952.4	\$2,017.5
Petroleum Business Tax (PBT) Receipts	617.5	612.5	616.1	615.2	612.4	611.8
Mortgage Recording Tax (MRT)	457.6	451.0	453.3	467.4	481.9	497.4
MRT Transfer to Suburban Counties	(3.0)	(4.1)	(5.1)	(5.6)	(6.0)	(6.4)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(24.9)	(24.9)	(23.8)	(23.8)	(23.8)	(23.8)
Interest	5.1	5.3	5.3	5.3	5.3	5.3
Urban Tax	811.0	615.1	578.3	599.8	616.7	631.4
Investment Income	<u>1.1</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
	\$3,522.4	\$3,314.1	\$3,443.3	\$3,539.0	\$3,630.1	\$3,724.4
<i>PMT and MTA Aid</i>						
Payroll Mobility Tax	\$1,372.8	\$1,453.2	\$1,526.4	\$1,602.1	\$1,673.9	\$1,751.2
Payroll Mobility Tax Replacement Funds	309.3	244.3	244.3	244.3	244.3	244.3
MTA Aid	<u>300.3</u>	<u>305.4</u>	<u>306.9</u>	<u>312.9</u>	<u>314.9</u>	<u>316.9</u>
	\$1,982.3	\$2,002.8	\$2,077.6	\$2,159.3	\$2,233.0	\$2,312.3
<i>State and Local Subsidies</i>						
State Operating Assistance (18-b)	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance (18-b)	190.2	187.9	187.9	187.9	187.9	187.9
Station Maintenance	<u>162.2</u>	<u>166.3</u>	<u>170.6</u>	<u>174.9</u>	<u>178.2</u>	<u>182.2</u>
	\$540.4	\$542.2	\$546.5	\$550.8	\$554.1	\$558.1
<i>Other Subsidy Adjustments</i>						
Resource to Reduce Pension Liability	(\$75.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYCT Charge Back of MTA Bus Debt Service	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Forward Energy Contracts Program - Gain/(Loss)	(29.9)	(4.0)	(4.3)	(0.2)	0.0	0.0
MNR Repayment for 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
Committed to Capital 2010-2014 Capital Program	0.0	(73.0)	(78.9)	(49.7)	0.0	0.0
Committed to Capital 2015-2019 Capital Program	<u>(754.1)</u>	<u>(227.9)</u>	<u>(144.5)</u>	<u>(147.2)</u>	<u>(179.4)</u>	<u>(194.4)</u>
	(\$873.0)	(\$318.9)	(\$241.7)	(\$211.0)	(\$193.4)	(\$208.4)
<i>Subtotal Dedicated Taxes & State and Local Subsidies</i>	\$5,172.1	\$5,540.3	\$5,825.7	\$6,038.0	\$6,223.8	\$6,386.4
<i>Other Funding Agreements</i>						
City Subsidy for MTA Bus Company	\$355.0	\$573.9	\$494.2	\$502.4	\$505.6	\$515.7
City Subsidy for Staten Island Railway	36.1	53.0	66.0	42.9	43.7	47.6
CDOT Subsidy for Metro-North Railroad	<u>134.2</u>	<u>119.0</u>	<u>106.3</u>	<u>122.3</u>	<u>128.3</u>	<u>136.3</u>
	\$525.3	\$745.9	\$666.6	\$667.6	\$677.6	\$699.7
<i>Total Dedicated Taxes & State and Local Subsidies</i>	\$5,697.4	\$6,286.2	\$6,492.3	\$6,705.6	\$6,901.4	\$7,086.0
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$741.8	\$687.7	\$621.6	\$582.4	\$546.3	\$500.2
	\$741.8	\$687.7	\$621.6	\$582.4	\$546.3	\$500.2
GROSS SUBSIDIES	\$6,439.2	\$6,973.9	\$7,113.9	\$7,288.0	\$7,447.6	\$7,586.2

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between the July and February Financial Plans
Consolidated Subsidies
Cash Basis
(\$ in millions)

	2017	2018	2019	2020
<u>Subsidies</u>				
<i>Dedicated Taxes</i>				
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$0.0	\$0.0	\$0.0	\$0.0
Petroleum Business Tax (PBT) Receipts	4.9	14.2	16.2	15.7
Mortgage Recording Tax (MRT)	(5.9)	(19.2)	(22.4)	(17.1)
MRT Transfer to Suburban Counties	(1.1)	(2.0)	(2.3)	(2.4)
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0
MTA Bus Debt Service	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0
Urban Tax	(168.8)	(202.4)	(180.9)	(175.1)
Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$171.0)	(\$209.4)	(\$189.3)	(\$178.9)
<i>PMT and MTA Aid</i>				
Payroll Mobility Tax	\$28.1	\$31.0	\$38.0	\$41.0
Payroll Mobility Tax Replacement Funds	0.0	0.0	0.0	0.0
MTA Aid	<u>0.0</u>	<u>1.5</u>	<u>7.5</u>	<u>9.5</u>
	\$28.1	\$32.5	\$45.5	\$50.5
<i>State and Local Subsidies</i>				
State Operating Assistance (18-b)	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance (18-b)	0.0	0.0	0.0	0.0
Station Maintenance	<u>(1.9)</u>	<u>(2.0)</u>	<u>(2.0)</u>	<u>(2.1)</u>
	(\$1.9)	(\$2.0)	(\$2.0)	(\$2.1)
<i>Other Subsidy Adjustments</i>				
Resource to Reduce Pension Liability	\$0.0	(\$23.3)	(\$23.3)	(\$23.3)
NYCT Charge Back of MTA Bus Debt Service	0.0	0.0	0.0	0.0
Forward Energy Contracts Program - Gain/(Loss)	(4.6)	(5.1)	(0.2)	0.0
MNR Repayment for 525 North Broadway	0.0	0.0	0.0	0.0
Committed to Capital 2010-2014 Capital Program	0.0	0.0	0.0	0.0
Committed to Capital 2015-2019 Capital Program	<u>214.9</u>	<u>(50.0)</u>	<u>25.0</u>	<u>(25.0)</u>
	\$210.3	(\$78.4)	\$1.5	(\$48.3)
Subtotal Dedicated Taxes & State and Local Subsidies	\$65.5	(\$257.3)	(\$144.3)	(\$178.7)
<i>Other Funding Agreements</i>				
City Subsidy for MTA Bus Company	\$47.5	\$22.4	\$16.9	\$13.8
City Subsidy for Staten Island Railway	(3.4)	7.7	3.9	1.9
CDOT Subsidy for Metro-North Railroad	<u>10.4</u>	<u>(12.8)</u>	<u>(1.5)</u>	<u>(3.6)</u>
	\$54.5	\$17.2	\$19.2	\$12.1
Total Dedicated Taxes & State and Local Subsidies	\$120.0	(\$240.0)	(\$125.1)	(\$166.6)
<i>Inter-agency Subsidy Transactions</i>				
B&T Operating Surplus Transfer	<u>\$2.7</u>	<u>(\$12.1)</u>	<u>(\$11.8)</u>	<u>(\$14.2)</u>
	\$2.7	(\$12.1)	(\$11.8)	(\$14.2)
GROSS SUBSIDIES	\$122.7	(\$252.2)	(\$136.9)	(\$180.8)