April 22, 2014

Supplement To Official Statement Dated April 11, 2014

Relating to

$500,000,000

Metropolitan Transportation Authority

Transportation Revenue Bonds, Series 2014B

The Official Statement dated April 11, 2014 (the Official Statement) for the above-referenced Bonds is hereby supplemented as follows:

The following paragraphs are hereby inserted at the end under the subheading "Superstorm Sandy" under "INTRODUCTION – Recent Developments Affecting MTA":

"FEMA has approved approximately $17 million in expenses for emergency measures, debris removal, repair and resiliency for the MTA Bridges and Tunnels' bridge facilities, of which $5.9 million has been received to date.

On April 16, 2014, FEMA approved, under the Public Assistance Alternative Procedures Pilot Program, approximately $329 million in FEMA funding for repairs and $74.5 million in FEMA funding for hazard mitigation of the damaged elements of the Hugh Carey Tunnel and the Queens Midtown Tunnel. MTA Bridges and Tunnels has applied for an additional $4.76 million from FEMA for hazard mitigation at other facilities."

The last two paragraphs under the heading "INTRODUCTION - Recent Developments Affecting MTA - MTA Long Island Rail Road Labor Negotiations" are hereby deleted and replaced with the following:

"On March 5, 2014, MTA Long Island Rail Road requested a second Emergency Board. The second Emergency Board was established. The parties submitted their final offers for consideration on April 20, 2014 and hearings are being held April 21, 22 and 23, 2014. The second Emergency Board then has thirty days to issue a report to the President and thereafter the parties have a final 60 day cooling off period to consider both Emergency Board recommendations and to reach an agreement. If no agreement is reached, the parties can engage in self-help any time after July 20, 2014."

The following subsection is hereby inserted before the subheading "MTA NYC Transit Supervisor Contract Settlements of "INTRODUCTION - Recent Developments Affecting MTA":

"MTA New York City Transit and MaBSTOA Tentative Labor Settlement with TWU Local 100

On April 17, 2014, MTA New York City Transit and MaBSTOA entered into a letter of understanding (Letter of Understanding) with the Transport Workers Union Local 100 (TWU

Local 100). The TWU Local 100 collective bargaining agreement expired on January 15, 2012. The terms of the prior contract remain in effect until a new agreement is approved. Highlights of the understanding among MTA New York City Transit, MaBSTOA and the TWU Local 100 are as follows:

1. **Term** – The agreement runs from January 16, 2012 through January 15, 2017.
2. **General Wage Increases** – The agreement provides for the following wage increases:
    a. Effective 1/16/12 – 1.0%
    b. Effective 1/16/13 – 1.0%
    c. Effective 1/16/14 – 2.0%
    d. Effective 1/16/15 – 2.0%
    e. Effective 1/16/16 – 2.0%
3. **Benefits** –
    a. All employees covered by the agreement are required to contribute, on a pre-tax basis, 2.0% of their gross wages on forty hours per week toward health and other benefits.
    b. The agreement provides for improved optical and dental benefits.
    c. The agreement provides for increases in the line of duty death benefit and the active service member death benefit.
    d. Employees will be entitled to two weeks fully paid maternity or paternity leave upon the birth of a child.
    e. The agreement provides for pre-Medicare coverage for the surviving spouse of new retirees.
4. **Wage Progression** – The parties agreed to new wage progression schedules for certain employees.
5. **Miscellaneous Provisions** – Various provisions, including (i) granting of MTA Metro-North Railroad and MTA Long Island Rail Road commutation passes for employees living outside of the five boroughs of New York City; (ii) contributions to trust for permissible, union directed expenditures; (iii) funding for apprenticeship and training positions; and (iv) agreements to address issues relating to bus partitions and inadequate or deficient facilities for female bus operators.

This Letter of Understanding was approved by the TWU Local 100 Executive Board on April 17, 2014 and will be presented to the New York City Transit and MaBSTOA Boards for approval only after ratification by the TWU Local 100 membership. The impact of this agreement, if approved, on the MTA's 2014-2017 Financial Plan will reflect a one-time payment representing retroactive payments from January 15, 2012 (the end of the prior contract) and an increase in annual expenses for the balance of 2014 and going forward. The MTA's estimate of the increased costs of the TWU Local 100 agreement is presented below (in millions):

2014		2015	2016	2017
Retroactive	Current			
$126	$55	$116	$114	$114

MTA anticipates that the onetime payment for retroactive wages in 2014 will be funded from monies derived from released 2013 general reserves budgeted for voluntary deposits to the MTA Long Island Rail Road Plan for Additional Pensions that would have reduced the unfunded liability and future expenses. Increases in current year and annual ongoing costs are anticipated to be paid from funds budgeted for voluntary deposits to the MTA Long Island Rail Road Plan for Additional Pensions, and a portion of monies earmarked for voluntary deposit into the OPEB trust for future retiree healthcare costs.

If comparably priced agreements were to be reached with the other collective bargaining units throughout the MTA agencies that do not have contracts in place through the end of 2017, the estimated increase in collective bargaining unit costs over those reflected in the MTA's 2014-2017 Financial Plan is presented below (in millions):

2014		**2015**	**2016**	**2017**
Retroactive	Current			
$133	$32	$77	$84	$84

MTA anticipates that the one-time payment for such retroactive wages would be funded with monies previously accumulated for voluntary deposit into the OPEB trust. Increases in current year and annual ongoing costs are anticipated to be paid from funds budgeted for voluntary deposits into the OPEB trust and from a reduction in PAYGO capital of approximately $70 million per year beginning in 2015.

There can be no assurance that the TWU Local 100 agreement will be ratified by the TWU Local 100 membership or approved by the New York City Transit and MaBSTOA Boards or that that future collective bargaining agreements will be comparably priced with the TWU Local 100 agreement.

The anticipated sources of payment for the increased labor costs estimated above, subject to MTA Board approval, would require revisions to the February Plan described above under *"INTRODUCTION – Recent Developments Affecting MTA – February Plan (Changes from November Plan)*."

Please affix this Supplement to the Official Statement that you have in your possession and forward this Supplement to any party to whom you delivered a copy of the Official Statement.

NEW ISSUE **BOOK-ENTRY-ONLY**

$500,000,000
METROPOLITAN TRANSPORTATION AUTHORITY
TRANSPORTATION REVENUE BONDS, SERIES 2014B

DATED: Date of Delivery **DUE: November 15, as shown on the inside cover**

The Series 2014B Bonds are being issued to finance transit and commuter projects.

The Series 2014B Bonds —

- are MTA's special, not general, obligations, payable solely from the revenues of the transit and commuter systems and other sources pledged to bondholders as described in this official statement, and

- are not a debt of the State or The City of New York or any other local government unit.

MTA has no taxing power.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to MTA, under existing law and relying on certain representations by MTA and assuming the compliance by MTA with certain covenants, interest on the Series 2014B Bonds is:

- *excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, and*

- *not a preference item for a bondholder under the federal alternative minimum tax, but*

- *included in the adjusted current earnings of certain corporations under the federal corporate alternative minimum tax.*

Also in Bond Counsel's opinion, under existing law, interest on the Series 2014B Bonds is exempt from personal income taxes of New York State and any political subdivisions of the State, including The City of New York.

The Series 2014B Bonds will bear interest at the rates shown on the inside cover hereof.

The Series 2014B Bonds are subject to redemption prior to maturity as described herein.

The Series 2014B Bonds are offered when, as, and if issued, subject to certain conditions, and are expected to be delivered through the facilities of The Depository Trust Company, on or about April 17, 2014.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2014B Bonds. Investors are advised to read the entire official statement, including all portions hereof included by specific cross-reference, to obtain information essential to making an informed decision.

Wells Fargo Securities **CastleOak Securities, L.P.**

BofA Merrill Lynch	Citigroup	Goldman, Sachs & Co.
J.P. Morgan	Jefferies	Loop Capital Markets LLC
Morgan Stanley	Ramirez & Co., Inc.	RBC Capital Markets
	Siebert Brandford Shank & Co., L.L.C.	

Barclays	BNY Mellon Capital Markets	Cabrera Capital Markets, LLC
Duncan-Williams, Inc.	Estrada Hinojosa & Company, Inc.	Fidelity Capital Markets
Janney Montgomery Scott	KeyBanc Capital Markets Inc.	Lebenthal & Co., LLC
M&T Securities, Inc.	Mesirow Financial, Inc.	Oppenheimer & Co. Inc.
Piper Jaffray & Co.	PNC Capital Markets LLC	Raymond James
Rice Financial Products Company	Roosevelt & Cross, Incorporated	Stern Brothers & Co.
Stifel, Nicolaus & Company, Incorporated	TD Securities US Bancorp	The Williams Capital Group, L.P.

April 11, 2014

$500,000,000
Metropolitan Transportation Authority
Transportation Revenue Bonds, Series 2014B

Maturity (November 15)	Principal Amount	Interest Rate	Price or Yield	CUSIP Number (59259Y)†
2014	$ 8,390,000	1.00%	0.12%	T41
2015	7,445,000	4.00	0.28	T58
2016	7,740,000	5.00	0.57	T66
2017	8,125,000	5.00	0.96	T74
2018	8,535,000	5.00	1.34	T82
2019	8,960,000	5.00	1.74	T90
2020	9,410,000	5.00	2.15	U23
2021	9,880,000	5.00	2.42	U31
2022	10,375,000	5.00	2.69	U49
2023	10,890,000	5.00	2.90	U56
2024	11,435,000	5.00	3.06*	U64
2025	12,010,000	5.00	3.23*	U72
2026	12,610,000	5.00	3.38*	U80
2027	13,240,000	5.00	3.49*	U98
2028	4,085,000	3.75	100	V22
2028	9,815,000	5.00	3.57*	W70
2029	14,545,000	5.00	3.65*	V30
2030	15,270,000	5.00	3.76*	V48
2031	6,350,000	4.00	100	V55
2031	9,685,000	5.00	3.82*	W88
2032	16,775,000	5.25	3.76*	V63
2033	17,655,000	5.25	3.85*	V71
2034	18,580,000	5.25	3.89*	V89
2035	19,555,000	5.25	3.97*	W39
2036	3,450,000	4.25	100	W47
2036	17,135,000	5.25	4.02*	W96
2037	21,630,000	5.25	4.07*	W54
2038	22,765,000	5.25	4.10*	W62
2039	23,960,000	5.25	4.12*	W21

$139,700,000 Term Bonds

$69,850,000 5.00% Series 2014B Term Bond due November 15, 2044, Priced to Yield 4.27%* CUSIP Number 59259YV97†

$69,850,000 5.25% Series 2014B Term Bond due November 15, 2044, Priced to Yield 4.17%* CUSIP Number 59259YX20†

The Series 2014B Bonds are subject to optional and mandatory redemption as described under the caption "DESCRIPTION OF SERIES 2014B Bonds – Redemption Prior to Maturity" in Part I. The following summarizes the optional redemption provisions: the Series 2014B Bonds maturing on and after November 15, 2024 are subject to redemption prior to maturity on any date on and after May 15, 2024, at the option of MTA, in whole or in part at 100% of the principal amount thereof, together with accrued interest thereupon up to but not including the redemption date.

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† CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of the holders of the Series 2014B Bonds. MTA is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2014B Bonds or as indicated above.

* Priced at the stated yield to the May 15, 2024 optional redemption date price of 100%.

Metropolitan Transportation Authority
347 Madison Avenue
New York, New York 10017
(212) 878-7000
Website: www.mta.info

Thomas F. Prendergast	Chairman and Chief Executive Officer
Fernando Ferrer	Vice Chairman
Andrew B. Albert	Non-Voting Member
Jonathan A. Ballan	Member
John H. Banks III	Member
Robert C. Bickford	Member
James F. Blair	Non-Voting Member
Norman E. Brown	Non-Voting Member
Allen P. Cappelli	Member
Ira R. Greenberg	Non-Voting Member
Jeffrey A. Kay	Member
Mark D. Lebow	Member
Susan G. Metzger	Member
Charles G. Moerdler	Member
John J. Molloy	Member
Mark Page	Member
Mitchell H. Pally	Member
David A. Paterson	Member
Andrew M. Saul	Member
James L. Sedore, Jr.	Member
Vincent Tessitore, Jr.	Non-Voting Member
Ed Watt	Non-Voting Member
Carl V. Wortendyke	Member

Robert E. Foran	Chief Financial Officer
Jerome F. Page, Esq.	General Counsel
Patrick J. McCoy	Director of Finance

HAWKINS DELAFIELD & WOOD LLP
New York, New York
Bond Counsel

PUBLIC FINANCIAL MANAGEMENT, INC.
New York, New York
Financial Advisor

SUMMARY OF TERMS

MTA has prepared this Summary of Terms to describe the specific terms of the Series 2014B Bonds. The information in this official statement, including the materials filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board and included by specific cross-reference as described herein, provides a more detailed description of matters relating to MTA and to the Transportation Revenue Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the bonds being offered.

Issuer	Metropolitan Transportation Authority, a public benefit corporation of the State of New York.
Bonds Being Offered	Transportation Revenue Bonds, Series 2014B.
Purpose of Issue...	The Series 2014B Bonds are being issued to finance transit and commuter projects. See "APPLICATION OF PROCEEDS" in Part I.
Maturities and Rates	The Series 2014B Bonds mature on the dates and bear interest at the rates shown on the inside cover.
Denominations...	$5,000 and integral multiples of $5,000.
Interest Payment Dates	May 15 and November 15, commencing May 15, 2014.
Redemption..	See "DESCRIPTION OF SERIES 2014B Bonds – Redemption Prior to Maturity" in Part I.
Sources of Payment and Security	MTA's pledged transportation revenues from Transit and Commuter System operations and MTA Bus operations, MTA Bridges and Tunnels operating surplus, subsidies from State and local governmental entities and certain other sources, all as described in Part II.
Registration of the Bonds	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.
Trustee	The Bank of New York Mellon, New York, New York.
Bond Counsel	Hawkins Delafield & Wood LLP, New York, New York.
Tax Status	See "TAX MATTERS" in Part III.
Ratings...	<u>Rating Agency</u> — <u>Rating</u> Moody's: A2 Standard & Poor's: A+ Fitch: A See "RATINGS" in Part III.
Financial Advisor	Public Financial Management, Inc., New York, New York.
Underwriters	See cover page. Wells Fargo Bank, National Association is the representative of the Underwriters for the Series 2014B Bonds.
Underwriters' Discount	See "UNDERWRITING" in Part III.
Counsel to the Underwriters	Orrick, Herrington & Sutcliffe LLP, New York, New York.

* ***No Unauthorized Offer*. This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2014B Bonds in any jurisdiction where that would be unlawful. MTA has not authorized any dealer, salesperson or any other person to give any information or make any representation in connection with the offering of the Series 2014B Bonds, except as set forth in this official statement. No other information or representations should be relied upon.**

* ***No Contract or Investment Advice*. This official statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this official statement and the Series 2014B Bonds being offered or anything else related to this bond issue.**

* ***Information Subject to Change*. Information and expressions of opinion are subject to change without notice and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of, nor any sale made under, this official statement shall under any circumstances create any implication that there has been no change in MTA's affairs or in any other matters described herein since the date of this document.**

* ***Forward-Looking Statements*. Many statements contained in this official statement, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on MTA's beliefs, as well as assumptions made by, and information currently available to, the management and staff of MTA as of the date of this official statement. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this official statement. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the forward-looking statements contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the forward-looking statements set forth in this official statement, which are solely the product of MTA and its affiliates and subsidiaries, and the independent auditors assume no responsibility for their content.**

* ***Projections*. The projections set forth in this official statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of MTA's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of MTA. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this official statement are cautioned not to place undue reliance on the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability and disclaim any association with, the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the prospective financial information set forth in this official statement, which is solely the product of MTA and its affiliates and subsidiaries, and the independent auditors assume no responsibility for its content.**

* ***No Guarantee of Information by Underwriters*. The Underwriters have provided the following sentence for inclusion in this official statement: The Underwriters have reviewed the information in this official statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The Underwriters do not make any representation or warranty, express or implied, as to**

    * **the accuracy or completeness of information they have neither supplied nor verified,**
    * **the validity of the Series 2014B Bonds, or**
    * **the tax-exempt status of the interest on the Series 2014B Bonds.**

* ***Overallotment and Stabilization*. The Underwriters may overallot or effect transactions that stabilize or maintain the market price of the Series 2014B Bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are free to discontinue it at any time.**

TABLE OF CONTENTS

Information Included by Specific Cross-reference. The following portions of MTA's 2013 Combined Continuing Disclosure Filings, filed with the Electronic Municipal Market Access System (EMMA) of the Municipal Securities Rulemaking Board (MSRB), are included by specific cross-reference in this official statement, along with material that updates this official statement and that is filed with EMMA prior to the delivery date of the Series 2014B Bonds, together with any supplements or amendments thereto:

- **Appendix A** – The Related Entities (in the form filed with EMMA on April 30, 2013)

- **Appendix B** – Audited Consolidated Financial Statements of Metropolitan Transportation Authority for the Years Ended December 31, 2012 and 2011 (as filed with EMMA on April 30, 2013).

The following documents have also been filed with EMMA and are included by specific cross-reference in this official statement:

- Summary of Certain Provisions of the Transportation Resolution

- Definitions and Summary of Certain Provisions of the Standard Resolution Provisions

- Form of the Interagency Agreement

- MTA's Unaudited Consolidated Financial Statements for the nine-month period ended September 30, 2013.

For convenience, copies of these documents can be found on the MTA website (www.mta.info) under the caption "MTA Home–MTA Info–Financial Information–Budget and Financial Statements" in the case of MTA's Unaudited Consolidated Financial Statements for the nine-month period ended September 30, 2013 and the Audited Consolidated Financial Statements of Metropolitan Transportation Authority for the Years Ended December 31, 2012 and 2011, and under the caption "MTA Home–MTA Info–Financial Information–Investor Information" in the case of the remaining documents. No statement on the MTA's website is included by specific cross-reference herein. See "FURTHER INFORMATION" in Part III. Definitions of certain terms used in the summaries may differ from terms used in this official statement, such as the use herein of the popular names of MTA affiliates and subsidiaries.

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INTRODUCTION

MTA and the Related Entities

The Metropolitan Transportation Authority (MTA) was created by special New York State legislation in 1965, as a public benefit corporation, which means that it is a corporate entity separate and apart from the State, without any power of taxation – frequently called a "public authority." MTA is governed by board members appointed by the Governor, with the advice and consent of the State Senate.

MTA has responsibility for developing and implementing a single, integrated mass transportation policy for MTA's service region (the MTA Commuter Transportation District or MCTD), which consists of New York City (the City) and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out some of those responsibilities by operating the Transit and Commuter Systems through its subsidiary and affiliate entities: the New York City Transit Authority and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority; the Staten Island Rapid Transit Operating Authority; The Long Island Rail Road Company; the Metro-North Commuter Railroad Company; the MTA Bus Company; and MTA Capital Construction Company. MTA issues debt obligations to finance a substantial portion of the capital costs of these systems.

Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels), another affiliate of MTA, is a public benefit corporation empowered to construct and operate toll bridges and tunnels and other public facilities in the City. MTA Bridges and Tunnels issues debt obligations to finance the capital costs of its facilities and the Transit and Commuter Systems. MTA Bridges and Tunnels' surplus amounts are used to fund certain transit and commuter operations and capital projects.

The board members of MTA serve as the board members of MTA's affiliates and subsidiaries, which, together with MTA, are referred to herein as the Related Entities. MTA and the other Related Entities are described in detail in **Appendix A** to MTA's 2013 Combined Continuing Disclosure Filings (**Appendix A**), which is included by specific cross-reference in this official statement.

The following table sets forth the legal and popular names of the Related Entities. Throughout this official statement, reference to each agency will be made using the popular names.

Legal Name	Popular Name
Metropolitan Transportation Authority	MTA
New York City Transit Authority	MTA New York City Transit
Manhattan and Bronx Surface Transit Operating Authority	MaBSTOA
Staten Island Rapid Transit Operating Authority	MTA Staten Island Railway
MTA Bus Company	MTA Bus
The Long Island Rail Road Company	MTA Long Island Rail Road
Metro-North Commuter Railroad Company	MTA Metro-North Railroad
MTA Capital Construction Company	MTA Capital Construction
Triborough Bridge and Tunnel Authority	MTA Bridges and Tunnels

Capitalized terms used herein and not otherwise defined have the meanings provided by **Appendix A**.

Information Provided in Appendix A

From time to time, the Governor, the State Comptroller, the City Comptroller, County Executives, State legislators, City Council members and other persons or groups may make public statements, issue reports, institute proceedings or take actions that contain predictions, projections or other information relating to the Related Entities or their financial condition, including potential operating results for the current fiscal year and projected baseline surpluses or gaps for future years, that may vary materially from, question or challenge the information provided in **Appendix A**. Investors and other market participants should, however, refer to MTA's then current continuing disclosure filings and official statements for information regarding the Related Entities and their financial condition.

Where to Find Information

Information in this official statement. This official statement is organized as follows:

- **Part I** provides specific information about the Series 2014B Bonds.
- **Part II** describes the sources of payment and security for all Transportation Revenue Bonds, including the Series 2014B Bonds.
- **Part III** provides miscellaneous information relating to the Series 2014B Bonds.
- **Attachment 1** sets forth certain provisions applicable to the book-entry-only system of registration to be used for the Series 2014B Bonds.
- **Attachment 2** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Series 2014B Bonds.
- **Attachment 3** is the form of opinion of Bond Counsel in connection with the Series 2014B Bonds.
- **Information Included by Specific Cross-reference** in this official statement and identified in the Table of Contents may be obtained, as described below, from the MSRB and from MTA.

Information from the MSRB through EMMA. MTA files annual and other information with EMMA. Such information can be accessed at http://emma.msrb.org.

Information Included by Specific Cross-reference. The information listed under the caption "Information Included by Specific Cross-reference" following the Table of Contents, as filed with the MSRB through EMMA to date, is "included by specific cross-reference" in this official statement. This means that important information is disclosed by referring to those documents and that the specified portions of those documents are considered to be part of this official statement. This official statement, which includes the specified portions of those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2014B Bonds.

Information Available at No Cost. Information filed with the MSRB through EMMA is generally available, at no cost, on MTA's website or by contacting MTA, Attn.: Finance Department, at the address on page (i). For important information about MTA's website, see "FURTHER INFORMATION" in Part III.

Recent Developments Affecting MTA

MTA Financial Plan 2014-2017

General. The February Plan was presented to the Finance Committee on February 24, 2014. It is a re-statement of the 2014 Final Proposed Budget and 2014–2017 Financial Plan (collectively the November Plan or Plan) that were first presented at the November Board meeting, and adopted by the MTA Board on December 18, 2013. The February Plan includes the 2014 Adopted Budget and the 2014-2017 Financial Plan (collectively the February Plan). It incorporates those actions previously set forth "below the line" in the November Plan into the baseline, incorporates technical adjustments (described below) and establishes a 12-month allocation of the current year's Adopted Budget to facilitate monthly reporting.

The programs, initiatives and assumptions included in the November Plan are the basis for the restated February Plan. Much of the detailed information from the November Plan is not repeated in the February Plan materials.

Highlights of the November Plan

The November Plan features significantly lower fare and toll increases than previously projected in July 2013 and new customer initiatives. It also maintains the $18 million in service investments proposed in July 2013, funds critical operational and maintenance investments, contains increased support for the 2015-2019 Capital Program, and makes additional investments to pay down MTA unfunded pension and health and welfare liabilities, which are anticipated to result in ongoing savings in the future. The November Plan also includes favorable expense re-estimates, cost reduction measures and debt-service management actions that combine with existing expense reduction actions to constrain expense growth in the 2014 Budget to only 1.96% over 2013.

The re-estimates, changes and recommendations contained in the November Plan result in a significant net improvement to MTA's financial projections as compared to the July Plan (defined below). The November Plan is balanced through 2016, with projected ending cash balances of $212 million in 2013, $106 million in 2014, $44 million in 2015, and $61 million in 2016, and a deficit of $191 million in 2017. Note that these numbers differ from the cash position captured within the technically-adjusted February Plan (described below).

"Projected" Biennial Fare/Toll Revenue Increases Reduced to 4%. Following the fare and toll increases of 2009, 2011 and 2013 of 10.0%, 7.5%, and 7.5%, respectively, the November Plan reduces projected fare and toll increases to 4% in 2015 and 4% in 2017, for an average annual projected increase of approximately 2% over the four year plan period. While reducing the burden on MTA's customers, this lower projected fare/toll increase is anticipated to reduce revenues during the plan period by more than $900 million; favorable re-estimates in other revenues and a substantial increase in targeted savings efficiency initiatives described below make this possible.

Important Operational and Maintenance Needs Funded. The November Plan makes investments in critical maintenance and operational work including fleet overhauls, necessary improvements to the right-of-way, and the upgrade of critical systems. These investments reflect a careful analysis of where new resources will deliver the greatest benefit. It also reflects the increasing operating budget impacts of new services as Fulton Center, 7 West Extension, Second Avenue Subway, and East Side Access (collectively the Network Expansion Projects) are completed.

The November Plan maintains those MTA-wide investments first proposed in the July Plan, including $76 million in operational and maintenance needs, $18 million of new or restored service investments, $12 million in increased "platform" service to meet loading and headway guidelines, and $11 million in additional customer enhancements. Included within these investments is the implementation of an MTA-wide Enterprise Asset Management initiative to protect and optimize MTA's extensive infrastructure by promoting best standards and procedures. Such system is expected to offer proactive maintenance, cost efficiencies, and tools for managing the life-cycle process of MTA's assets.

Network Expansion Projects Update. During the plan period, a number of MTA's Network Expansion Projects are expected to begin operations including the first phase of the Second Avenue Subway, the 7 West Extension and the new Fulton Center subway station. These new services will increase baseline operating expenses. The increasing operating budget impacts (OBIs) associated with these capital projects as well as the preparation for East Side Access are included in the Plan. The annual OBIs increase from $16 million in 2014 to $194 million in 2017, for a total OBI of $361 million over the plan period.

Support for Capital Program Increased. The Plan increases annual PAYGO funding by an additional $40 million a year on top of the $80 million increase included in the July Plan for a total of $370 million beginning in 2015. This funding is expected to serve as a "down payment" for the 2015-2019 Capital Program, providing $2.96 billion over the expected eight-year expenditure period. Alternatively, this funding could be used to support $6.5 billion in funding ($5.2 billion in bonding capacity if used for debt service and $1.3 billion of residual PAYGO). This amount continues to be derived primarily from debt service savings from the 2012 and 2013 refundings and lower re-estimates of interest rate and cash flow requirements.

New MTA Fare and Toll Reduction Efficiencies Established. MTA continues to focus on cost control and finding new ways to do business more efficiently. In the November Plan, MTA has substantially increased its savings targets. To help fund the proposed fare and toll reduction initiative, MTA is increasing its annual recurring savings targets by $50 million beginning in 2014, increasing by $50 million each year for total annual savings of $200 million by 2017, or a cumulative increase of $500 million during the plan period. This is expected to increase projected overall savings from the $1.3 billion that was assumed in the July Plan, to $1.5 billion by 2017. Initiatives are being identified that are expected to result in savings from the following targeted sources: prompt payment discounts; workers compensation efficiencies; energy efficiencies; further consolidations; additional procurement and inventory efficiencies; and employee benefit savings.

Unfunded Pension Liability Addressed. Consistent with its increased emphasis on addressing previously considered "uncontrollable" costs, MTA anticipates continuing the use of non-recurring revenues, receipts or resources to make one-time payments toward long-term obligations to reduce annual expenses, minimizing pressure on future fares and tolls. The July Plan included an $80 million payment to reduce the MTA Long Island Rail Road's unfunded pension liability funded by a non-recurring increase in real estate receipts. The July Plan also recommended the adoption of a policy of using monies remaining in the general reserve (General Reserve) at year-end to reduce long-term obligations such as pension or health and welfare unfunded obligations, retire long-term debt or avoid new debt with PAYGO funding. The November Plan retains the $80 million investment to reduce the MTA Long Island Rail Road's unfunded pension liability. The Plan also applies the unused 2013 General Reserve of $130 million and makes additional annual investments of $30 million beginning next year to further reduce the MTA Long Island Rail Road's unfunded pension liability. MTA assumes an annual rate of return on such investments of 7%. Together, these investments are expected to result in annual recurring savings that grow to over $22 million by the end of the plan period, with increased savings thereafter.

Addressing the $17.8 billion Unfunded OPEB Liability. MTA and other governmental entities are required to fund only the current OPEB costs. As required, MTA funds only the annual cost for current retirees, approximately $450 million in 2013; however, if MTA were to fully fund this future obligation, it would cost approximately $2.3 billion a year. As disclosed in its audited financial statements, MTA currently has an unfunded OPEB liability of $17.8 billion. The NYS Comptroller has strongly encouraged governments and authorities to recognize these expenses and to set aside funds in trust to meet this obligation. MTA created a trust and has been setting aside funds each year for this purpose. Currently, it has $300 million in its OPEB trust and another $350 million in an OPEB reserve held by the MTA Treasurer for anticipated deposit into the trust. Based upon the projected contributions during the plan period, the amount held in these two accounts is expected to exceed $1.1 billion by 2017.

Key Elements Remain Essential in Addressing Deficits

It should be noted that even with successful execution of these key elements, a deficit of $191 million is projected for 2017 and deficits are expected thereafter.

Cost control through recurring expense reductions and efficiencies. Existing efficiency programs, combined with the additional cost reduction targets proposed in the Plan, are projected to increase annual savings to $1.5 billion by 2017. It is critical that MTA continue to increase its annual savings targets to minimize pressure on future fares and tolls and protect MTA's ability to make important investments in its capital program, operations and maintenance and customer service.

Much of MTA's efforts have focused on "controllable" expenses, primarily payroll, but also maintenance, operating and service contracts and materials and supplies. The operating budget impacts of the Network Expansion Projects are starting to put additional pressure on MTA's operating budgets. Nevertheless, controllable costs are projected to grow slightly less than 0.5% in 2014, with average growth over the plan period of 1.46%.

"Uncontrollable" costs, which continue to outpace inflation, are increasingly the focus of MTA's cost saving efforts. These costs, which include employee and retiree health care, paratransit, pensions, debt service, energy, and insurance, are driven by factors that are largely outside the control of MTA. The November Plan includes investments that are anticipated to reduce the liabilities (and future expenses) for pensions and OPEB.

The growth of paratransit costs has been reduced significantly in recent years due to proactive management initiatives that have reduced unit costs and diverted customers to more efficient ADA-compliant modes of transportation, generating annual savings of over $280 million. It is important to note that continuing to contain rapidly-growing paratransit costs is essential. Before these paratransit savings initiatives were begun, expenses were growing at 18% percent a year. Through these management actions, paratransit's expense budget is expected to grow by only 7% a year, a significant reduction but still much greater than the expense growth of other MTA services.

Aggressive management of its debt portfolio has enabled MTA to capture savings from lower interest rates to reduce the burden of future capital programs on the farebox and tolls. MTA continues to hedge a portion of its fuel purchases, which assists in budget planning. Insurance costs would be even higher were it not for the issuance of "catastrophe" bonds in July 2013 in place of high-cost conventional reinsurance for a portion of MTA's risk coverage. These and other management actions result in a MTA-wide expense growth that is under 2% in 2014.

Three years of "net-zero" wage growth. The November Plan baseline continues to capture three years of net-zero wage growth for represented employees. To achieve net-zero wage growth, wage increases may be granted if offset by savings from work rules or other non-wage concessions. The Plan assumes that the three net-zero contracts will be achieved through collective bargaining with MTA's unions.

Continue biennial fare/toll increases. As described earlier, the November Plan continues to project biennial fare/toll increases in 2015 and 2017, but at a lower average increase of approximately 2% per year, which will be in line with projected rates of inflation. The 2015 fare/toll increase is projected to produce annualized revenue of $268 million, while the 2017 increase is expected to produce annualized revenue of $283 million. Consistent with the July Plan, a March 1st implementation for both the 2015 and 2017 increases is anticipated.

Risks to the Plan

Despite an improved outlook, significant risks to the Plan remain. Labor agreements currently open must include settlements with three years of net-zero wage growth. The Plan assumes that State budget actions will reflect full remittance to MTA of all funds collected on its behalf.

The finances of MTA are highly dependent on the economy. While the regional economy continues to improve, though unevenly, the national economy has had difficulty gaining momentum and is growing at a rate much slower than typically expected at this stage of economic recovery. The Federal spending sequester, the October 2013 Federal government shut-down, and the continuing recession in Europe have contributed to the weak national economic expansion.

Finally, MTA faces long-term vulnerabilities. Increased operating costs associated with the Network Expansion Projects reflected in the Plan rise to $194 million by 2017; to the extent that planned ridership does not follow, the relative burdens on customers and taxpayers are projected to increase. With two major weather events in two years, the importance of resiliency investments cannot be overstated, and, given the competitive process to allocate resiliency funding within the region, some of these costs may fall to MTA. As noted above, long-term costs such as pension and retiree health costs continue to grow. Consequently, MTA must continue to set aside funds for these expenses while also building reserves to meet the cash flow needs of its day to day operations and unbudgeted, but foreseeable situations.

February Plan (Changes from November Plan)

The February Plan includes certain technical adjustments to the November Plan. These modifications include the impact from:

- A labor contract arbitration ruling reached on December 21, 2013 applicable to the New York City Subway-Surface Supervisors Association (SSSA) and the Transit Supervisors Organization (TSO) awarded wage increases of 4%, 4%, and 3% for the three years ended 2012, while the November Plan assumed increases of 4%, 4%, and 0%, respectively. The financial impact of this ruling results in expense increases of $23.7 million in 2013, $13.2 million in 2014, $5.4 million in 2015, $4.7 million in 2016 and $4.9 million in 2017. On a cash basis, $23.7 million of retroactive wage payments are deferred from 2013 to 2014.

- <u>Fulton Street Transit Center</u> – The MTA New York City Transit baseline has been revised to reflect technical adjustment for additional operating costs, beginning in 2015, projected for the Fulton Street Transit Center (FSTC). These costs, projected to be $3.1 million in 2014 and $6.2 million during the subsequent years of the plan period, will fund facility management, security and utility expenses not previously captured in the baseline. Over the term of the 20-year master lessor agreement, the FSTC is expected to generate revenue totaling approximately $50 million from leases and advertising, over the 20-year period beginning in mid-2018.

- <u>Debt Service Cash Management Actions</u> – The February Plan captured the impact of below-the-line debt service cash management actions from the cash defeasance of callable bonds and high coupon debt prepayment. These actions resulted in a cumulative budgetary savings of $9.2 million over the plan period.

- <u>Reduction in Additional Investment to Reduce Pension Liability</u> - The February Plan included an investment of $80 million, originally proposed in the July Plan, to reduce the MTA Long Island Rail Road's unfunded pension liability by utilizing a favorable non-recurring increase in real estate transaction tax revenue that occurred early last year. Savings in pension expense from this investment are projected to be approximately $6 million annually for the MTA Long Island Rail Road beginning in 2014; these are now captured within MTA Long Island Rail Road's baseline forecast.

  In addition, the February Plan applied the unexpended $130 million from the 2013 general reserve towards additional annual investments of $30 million in each year of the Plan to further reduce the unfunded pension liability. The February Plan reduces the additional investment of $30 million in 2015 by $10 million to offset the impact to the year-ending cash position from the SSSA/TSO arbitration ruling. Returns on these additional investments, reflected in other subsidy adjustments, were projected to be $9 million in 2014 and increase to $17 million annually by 2017; the $10 million reduction in additional investment lowers these returns by $1 million annually in 2016 and beyond. However, see "*MTA NYC Transit Supervisor Contract Settlements*" below for a description of the reduction of the foregoing amount to offset increased costs relating to a labor settlement.

The incorporation of the below the line actions from the November Plan and the technical adjustments mentioned above resulted in projected ending cash balances of $217 million in 2013, $64 million in 2014, $4 million in 2015, and $9 million in 2016, and a deficit of $255 million in 2017.

East Side Access

The East Side Access project consists of construction of a 3.5-mile commuter rail connection between MTA Long Island Rail Road's Main and Port Washington lines in Queens to a new terminal to be constructed beneath Grand Central Terminal. The new connection will increase MTA Long Island Rail Road's capacity into Manhattan and dramatically shorten travel time for Long Island and eastern Queens commuters traveling to the east side of Manhattan. As of 2012, the project budget was $8.24 billion and the revenue service date was 2019. In 2013, MTA initiated an independent review of the project. The independent review is expected to be completed by the end of April 2014, but early indications are that the revised budget will be in the range of $9.7 to $10.83 billion and the revised revenue service date between 2021 and 2023. Federal funds for the project, through a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) remain at $2.70 billion. Of the FFGA funds committed, $2.03 billion has been received as of April 1, 2014. In addition, the State has committed $450 million to this project. MTA also applied for a Railroad Rehabilitation and Improvement Financing Program (RRIF) loan in the amount of $2.20 billion for the East Side Access project, as part of a larger $3 billion RRIF application. MTA's application for a $3 billion RRIF loan from the Federal Railroad Administration (FRA) is still being considered by the FRA. However, in January 2014, MTA modified its RRIF application as follows: funding for MTA's East Side Access project was lowered from $2.2 billion to $2 billion; a $800 million refunding request was eliminated; and $1 billion for the installation of Positive Train Control on MTA's commuter railroads unrelated to the East Side Access project was added to the application. MTA expects to finance the remaining portion of the cost of the East Side Access project using those loan proceeds and MTA bond proceeds. MTA expects the RRIF loan to be on a parity with Transportation Revenue Bonds.

West Side Development

MTA owns the land in Manhattan generally bounded by West 30th Street on the south, West 33rd Street on the north, 10th Avenue on the east and 12th Avenue on the west (and including rights to operate under 11th Avenue), on which MTA Long Island Rail Road operates its layup and maintenance yard (the West Side Yard) for trains not in service pending travel from Penn Station, its Manhattan hub. The Eastern Rail Yard (ERY) portion of the West Side Yard, located between 10th and 11th Avenues, was rezoned by the City in 2005 and the Western Rail Yard (WRY) portion of the West Side Yard, located between 11th and 12th Avenues, was rezoned by the City in December 2009. The new zoning on these sites permits extensive mixed-use development.

On May 26, 2010, MTA entered into agreements to enter into leases for the WRY and ERY, respectively, with a joint venture of The Related Companies L.P. and its joint venture partner, Oxford Properties Group, Inc., a subsidiary of the Ontario Municipal Employees Retirement System. On April 10, 2013, the closing with respect to the ERY lease occurred, with retroactive effect to December 3, 2012. The joint venture is obligated to close on the WRY lease by April 10, 2014, with such lease having retroactive effect to December 3, 2013. Assuming that the joint venture proceeds with the entire project, it is estimated that the leases and related purchase options relating to the ERY and WRY will provide a net present value of approximately $1.0 billion to support the 2005-2009 and the 2010-2014 MTA Capital Programs.

Superstorm Sandy Update

The FTA's total allocation of appropriated emergency relief funding to MTA to date is $3.79 billion. From such amount, the FTA has approved and executed two grants to MTA in the amounts of $194 million and $886 million, respectively, for a total of $1.08 billion. As of March 26, 2014, MTA has drawn down $171 million of the $194 million for reimbursement of eligible operating and capital expenses. The grant in the amount of $886 million is solely for MTA capital projects and will be used for recovery projects totaling $802 million and for four resiliency projects totaling $84 million. As of March 26, 2014, MTA has drawn down $161 million of the $886 million for reimbursement of eligible capital expenses. The balance of funds to be drawn down from both grants is available to MTA for reimbursement of eligible expenses as requisitions are submitted by MTA and approved by FTA. Additional requisitions are in process. MTA has not yet submitted grant requests for the remaining $2.71 billion of FTA allocated and appropriated emergency relief funding, but expects to begin preparation of the next round of grant requests in the coming months.

On December 26, 2013, the FTA issued a Notice of Fund Availability soliciting proposals for a $3 billion competitive resiliency program. MTA submitted proposals for projects totaling $3.9 billion ($2.9 billion federal share) by the March 28, 2014 deadline. It is currently not known what portion of that $3 billion allocation MTA will receive; FTA award announcements will be made later this year.

MTA Metro-North Railroad Train Derailment

On March 14, 2014, the Federal Railroad Administration (FRA) issued a report to Congress (FRA Report) examining safety and related issues regarding MTA Metro-North Railroad in light of the December 1, 2013 derailment north of Spuyten Duyvil station in the Bronx, as well as three other serious accidents involving MTA Metro-North Railroad in 2013. The FRA Report identified the following three major safety concerns affecting all facets of MTA Metro-North Railroad operations: (i) an over emphasis on on-time performance; (ii) an ineffective safety department and poor safety culture; and (iii) an ineffective training program. While FRA noted that MTA Metro-North Railroad immediately implemented certain corrective actions in response to FRA safety concerns, FRA identified numerous additional systemic safety improvements that are necessary and that FRA will continue to monitor. These include track safety standards, railroad operations rules and controls, worker qualification, certification and training and train control system improvements. MTA Metro-North Railroad President Giulietti responded by committing the railroad to making the necessary safety improvements identified by the FRA Report, as well as those identified in the preliminary review by the National Transportation Safety Board and those which emerge from the MTA Blue Ribbon Panel appointed by the MTA to address railroad safety issues. It is premature to estimate the financial costs of implementing the appropriate safety-related remedial actions, but such capital and operating costs can be expected to be substantial for MTA Metro-North Railroad and likely for some or all of the other MTA operating agencies.

MTA Metro-North Railroad estimates that total losses expected to be incurred by the railroad as a direct consequence of the December 1, 2013 derailment will not exceed $25 million, which includes estimated lost revenues, costs of track repairs and equipment repair and/or replacement as well as third party claims. With respect to third party claims, MTA maintains an all-agency excess liability policy insured by First Mutual Transportation Assurance Company (FMTAC), MTA’s captive insurer, for $50 million per occurrence, which provides coverage in excess of MTA Metro-North Railroad’s self-insured retention of $10 million per occurrence. Additionally, MTA maintains $350 million in liability coverage through the commercial insurance markets that is in excess of the $50 million coverage layer provided by FMTAC. MTA also maintains an all-agency property insurance program covering MTA Metro-North Railroad, with a $25 million deductible per occurrence.

MTA Long Island Rail Road Labor Negotiations

All labor contracts at the MTA Long Island Rail Road expired June 10, 2010. Thereafter, the parties entered into mediation before the National Mediation Board (NMB) and the unions representing approximately

5,200 employees at MTA Long Island Rail Road petitioned the NMB for release to pursue "self-help" (freeing the unions to strike) under the federal Railway Labor Act (the Act). Under the Act, the parties' ability to pursue "self-help" does not arise until various dispute resolution procedures provided for in the Act have been exhausted, which may occur as much as 270 days from the date the parties are released by the NMB from mediation.

On October 22, 2013, the NMB released the parties from mediation. Pursuant to Section 9a of the Act, on November 22, the MTA Long Island Rail Road requested that the President of the United States (the President) create an Emergency Board (the Emergency Board) to investigate and report on the dispute.

Following the Emergency Board hearings conducted in early December, the Emergency Board issued a Report (PEB #244) on December 21, 2013, with non-binding recommendations on how to resolve the bargaining impasse between the MTA Long Island Rail Road and its unions. Specifically, the Emergency Board recommended a 2% raise in the first year (delayed six months) followed by annual 3% increases for the next five years (1/2 of each raise applied every six months). The Emergency Board also recommended that employees begin to contribute towards their health care premiums at a rate of 1% of base pay retroactive to the beginning of the contract and growing to 2.25% of base pay in 2015.

The Emergency Board did not recommend a number of proposals sought by MTA Long Island Rail Road management, including changes to the disability provisions of the pension plan, modifications to existing work rules and increased employee contributions to the pension plan. MTA disagrees with the Emergency Board recommendations.

On January 15, 2014, the NMB held a public hearing at which MTA Long Island Rail Road formally rejected (and the unions accepted) the Emergency Board's recommendations. In accordance with the process, the parties are in a status-quo cooling off period. To date, three of the eight MTA Long Island Rail Road unions have obtained strike authorization from their membership.

On March 5, 2014, MTA Long Island Rail Road requested a second Emergency Board. Following the establishment of the second Emergency Board, hearings will be convened and the parties must submit a "best and final" offer for consideration. After the second Emergency Board reports to the President, the parties have a final 60 day cooling off period to consider both Emergency Board recommendations and to reach an agreement. If no agreement is reached, the parties can engage in self-help any time after July 20, 2014.

The MTA's recently adopted Financial Plan provides for wage increases for its 60,000 unionized employees after three years of "net zero" wage growth. Under the Financial Plan, wage increases would be allowable for those three years, but only if offset by productivity and/or other cost savings. If the Emergency Board's recommendations were adopted by the MTA, the MTA Long Island Rail Road and MTA Metro-North Railroad costs would increase by $256 million in 2014, including retroactive payments of $172 million. As the Emergency Board recognized, the impact on an MTA-wide basis would be about $755 million in 2014, including retroactive payments of $405 million.

MTA NYC Transit Supervisor Contract Settlements

On December 21, 2013, an arbitration panel awarded wage increases of 4%, 4% and 3% for the three years ended 2012 to the SSSA and the TSO. The February Plan assumed wage increases for members of these two bargaining units would be 4%, 4% and 0%, and this difference results in expense increases of $23.7 million in 2013, $13.2 million in 2014, $5.4 million in 2015, $4.7 million in 2016 and $4.9 million in 2017; on a cash basis, $23.7 million of retroactive wage payments are deferred from 2013 to 2014. These additional labor expenses result in an unfavorable cash deficit in 2015. To offset this deficit and retain balance in 2015, a reduction of $10 million will be made to the additional investment to reduce pension liability.

MTA PBA Contract Settlement

On January 23, 2014, the 659-member MTA Police Department Police Benevolent Association ratified a seven year contract for the period from October 15, 2011 through October 14, 2018. The contract includes annual wage increases that are partially offset by work rule and pay concessions for the second, third and fourth years of the agreement. The total net contract cost over seven years is 10.56% of the bargaining unit's wage base, and is consistent with the MTA Financial Plan assumption, including the three years of net zero wage growth.

Rebate Program for the Verrazano-Narrows Bridge

General. On February 26, 2014, the MTA and MTA Bridges and Tunnels Boards authorized MTA and MTA Bridges and Tunnels to take such actions as may be necessary or appropriate in connection with toll rebate programs by the Governor and legislative leaders at the Verrazano-Narrows Bridge (VNB), in connection with which the Governor recently announced an agreement with Legislative leaders to provide funding support (the VNB Rebate Programs). Such actions include conducting such environmental review of the VNB Rebate Programs as may be required by the State Environmental Quality Review Act prior to making a determination to implement such programs.

The VNB Rebate Programs are for: (i) Staten Island residents eligible for the Staten Island Resident (SIR) E-ZPass rate (the VNB SIR Rebate Program); and (ii) trucks and other commercial vehicles which have New York Customer Service Center (NYCSC) E-ZPass Accounts with more than ten (10) trips per month across the VNB (the VNB Commercial Rebate Program). Tolls on the VNB are collected only in the Staten Island-bound direction in accordance with federal law. The VNB Rebate Programs are expected to require several months to implement; it is expected that the VNB Rebate Programs would be effective as of April 1, 2014.

VNB SIR Rebate Program. Under the VNB SIR Rebate Program, the MTA would rebate $0.50 of the $6.00 SIR VNB E-ZPass toll paid by Staten Island residents with three or more trips per month across the VNB, where tolls are collected only in the Staten Island-bound direction in accordance with federal law, and would rebate $0.86 of the $6.36 SIR VNB E-ZPass toll paid by Staten Island residents with one or two trips per month across the VNB. As a result of the MTA rebates, Staten Island residents would pay $5.50 per trip across the VNB.

VNB Commercial Rebate Program. Under the VNB Commercial Rebate Program, the MTA would rebate 20% of the VNB E-ZPass toll for trucks and other commercial vehicles, using the same NYCSC E-ZPass account, with more than ten (10) trips per month across the VNB, where tolls are collected only in the Staten Island-bound direction in accordance with federal law.

Financial Implications. The projected annualized cost of the VNB Rebate Programs would be $14 million, with $7 million allocated for the SIR Rebate Program and $7 million allocated for the Commercial Vehicle Rebate Program. The VNB Rebate Programs would be funded equally by New York State and MTA. The moneys to fund a year's estimated costs for the VNB Rebate Programs would be transferred by MTA to MTA Bridges and Tunnels prior to the implementation of the VNB Rebate Programs each year. The VNB Rebate Programs would be implemented only for such periods of operation during which, net of State actions or available offsets, MTA's financial responsibility does not exceed half of the expense of the VNB Rebate Programs. In the event that such condition is not met, the VNB Rebate Programs would cease and Staten Island residents would be charged the applicable Staten Island residents' toll and trucks and other commercial vehicles would be charged the applicable NYCSC E-ZPass toll for the Verrazano Narrows Bridge. MTA has been advised by the New York State Division of the Budget that for calendar year 2014, the State's contribution will be provided by the waiving of $7 million of cost recovery assessments levied by the State and payable by MTA pursuant to Public Authorities Law Section 2975.

Governance Changes

Joseph J. Giulietti, former Executive Director of the South Florida Regional Transportation Authority and a MTA Metro-North Railroad veteran, has been named the new president of MTA Metro-North Railroad.

Jerome F. Page, MTA's Director of Strategic Initiatives has been named MTA General Counsel. James B. Henly, who has served as General Counsel for the past seven years, will be taking on new responsibilities as General Counsel at MTA Metro-North Railroad.

Mobility Tax Litigation

All of the claims that asserted the unconstitutionality of the legislation adopting the payroll mobility tax (Chapter 25 of the Laws of 2009) in the several lawsuits listed in **Appendix A** have now been conclusively resolved, either by withdrawal or judicial dismissal.

Most recently, in *Mangano and County of Nassau v. Silver,* on January 14, 2014, the New York Court of Appeal denied the motion of Nassau County which had sought leave to appeal the decision of the Appellate Division, Second Department declaring Chapter 25 of the Laws of 2009 constitutional. Nassau County's efforts to appeal the Second Department's June 26, 2013 decision have now been judicially exhausted, without disturbing the Second Department's holding that the legislation enacting the MTA payroll mobility tax serves a substantial State concern and did not require home rule messages. The Second Department also found the plaintiffs' other arguments attacking the legislation's constitutionality without merit.

In addition, in the *Vanderhoef/County of Rockland* action, which was previously dismissed by the Supreme Court, Albany County, the plaintiffs in November 2013 confirmed their abandonment of their constitutional challenges to the payroll mobility tax on the record during oral argument of their appeal to the Appellate Division, Third Department. Although Rockland County's appeal did press two claims against MTA only, neither claim sought relief invalidating the payroll mobility tax, and, on December 19, 2013, the Third Department unanimously affirmed dismissal of all of Rockland County's claims.

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PART I: SERIES 2014B Bonds

Part I of this official statement, together with the Summary of Terms, provides specific information about the Series 2014B Bonds.

APPLICATION OF PROCEEDS

MTA anticipates that the net proceeds of the Series 2014B Bonds (the principal amount thereof, plus net original issue premium of $51,791,092.25, and less certain financing, legal and miscellaneous expenses of $7,317,905.79) in the amount of $544,473,186.46 will be used to finance transit and commuter projects set forth in the approved MTA Capital Programs.

DESCRIPTION OF SERIES 2014B BONDS

General

Record Date. The Record Date for the payment of principal of, interest on and Sinking Fund Installments with respect to Series 2014B Bonds shall be the May 1 or November 1 immediately preceding such payment date.

Book-Entry-Only System. The Series 2014B Bonds will be issued as registered bonds, registered in the name of The Depository Trust Company or its nominee (together, DTC), New York, New York, which will act as securities depository for the Series 2014B Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof (Authorized Denominations). So long as DTC is the registered owner of the Series 2014B Bonds, all payments on the Series 2014B Bonds will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. See **Attachment 1** — "Book-Entry-Only System."

Interest Payments. The Series 2014B Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover of this official statement. Interest will be paid on each May 15 and November 15, beginning May 15, 2014.

Transfers and Exchanges. So long as DTC is the securities depository for the Series 2014B Bonds, it will be the sole registered owner of the Series 2014B Bonds, and transfers of ownership interests in the Series 2014B Bonds will occur through the DTC Book-Entry-Only System.

Trustee and Paying Agent. The Bank of New York Mellon, New York, New York is Trustee and Paying Agent with respect to the Series 2014B Bonds.

Redemption Prior to Maturity

Mandatory Sinking Fund Redemption. The term bonds shown below are subject to mandatory sinking fund redemption, in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper), on any November 15 on and after the first sinking fund installment date shown below at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments that are required to be made in amounts sufficient to redeem on November 15 of each year the principal amount of such Series 2014B Bonds shown below:

Series 2014B 2044 5.00% Term Bond		
	Sinking Fund Redemption Date (November 15)	Sinking Fund Installment
first payment	2040	$12,640,000
	2041	13,275,000
	2042	13,935,000
	2043	14,635,000
final maturity	2044	15,365,000
average life – 28.675 years		

Series 2014B 2044 5.25% Term Bond		
	Sinking Fund Redemption Date (November 15)	Sinking Fund Installment
first payment	2040	$12,580,000
	2041	13,235,000
	2042	13,935,000
	2043	14,665,000
final maturity	2044	15,435,000
average life – 28.68 years		

Credit Toward Mandatory Sinking Fund Redemption. MTA may take credit toward mandatory Sinking Fund Installment requirements as follows, and, if taken, thereafter reduce the amount of term Series 2014B Bonds otherwise subject to mandatory Sinking Fund Installments on the date for which credit is taken:

- If MTA directs the Trustee to purchase term Series 2014B Bonds with money in the Debt Service Fund (at a price not greater than par plus accrued interest to the date of purchase), then a credit of 100% of the principal amount of bonds purchased will be made against the next Sinking Fund Installment due.

- If MTA purchases or redeems term Series 2014B Bonds with other available moneys, then the principal amount of those bonds will be credited against future Sinking Fund Installment requirements in any order, and in any annual amount, that the MTA may direct.

Optional Redemption. The Series 2014B Bonds maturing on and after November 15, 2024 are subject to redemption prior to maturity on any date on and after May 15, 2024, at the option of MTA, in whole or in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) at 100% of the principal amount thereof, together with accrued interest thereon up to but not including the redemption date.

State and City Redemption. Pursuant to the MTA Act, the State, upon providing sufficient funds, may require MTA to redeem the Series 2014B Bonds, prior to maturity, as a whole, on any interest payment date not less than twenty years after the date of issue of the Series 2014B Bonds, at 105% of their face value and accrued interest or at such lower redemption price provided for the Series 2014B Bonds in the case of redemption as a whole on the redemption date. The MTA Act further provides that the City, upon furnishing sufficient funds, may require MTA to redeem the Series 2014B Bonds, as a whole, but only in accordance with the terms upon which the Series 2014B Bonds are otherwise redeemable.

Redemption Notices. So long as DTC is the securities depository for the Series 2014B Bonds, the Trustee must mail redemption notices to DTC at least 20 days before the redemption date. If the Series 2014B Bonds are not held in book-entry-only form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Series 2014B Bonds is valid and effective even if DTC's procedures for notice should fail. Beneficial owners should consider arranging to receive redemption notices or other communications to DTC affecting them, including notice of interest payments through DTC participants. Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Please note that all redemptions are final - even if beneficial owners did not receive their notice and even if that notice had a defect.

Redemption Process. If the Trustee gives an unconditional notice of redemption, then on the redemption date the Series 2014B Bonds called for redemption will become due and payable. If the Trustee gives a conditional notice of redemption and holds money to pay the redemption price of the affected Series 2014B Bonds, then on the redemption date the Series 2014B Bonds called for redemption will become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Series 2014B Bonds called for redemption, thereafter no interest will accrue on those Series 2014B Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2014B Bonds.

Debt Service on the Bonds

Table 1 on the next page sets forth, on a cash basis, the estimated debt service on the outstanding Transportation Revenue Bonds, debt service on the Series 2014B Bonds, and the aggregate estimated debt service on all Transportation Revenue Bonds to be outstanding after the issuance of the Series 2014B Bonds.

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Table 1
Aggregate Debt Service
(in thousands)[1]

Year Ending December 31	Debt Service on Outstanding Bonds[2][3]	Series 2014B Principal	Series 2014B Interest	Series 2014B Total	Aggregate Debt Service
2014	$ 1,373,776	$ 8,390	$ 14,456	$ 22,846	$ 1,396,622
2015	1,341,546	7,445	24,935	32,380	1,373,926
2016	1,313,420	7,740	24,638	32,378	1,345,797
2017	1,336,769	8,125	24,251	32,376	1,369,144
2018	1,352,761	8,535	23,844	32,379	1,385,140
2019	1,348,429	8,960	23,418	32,378	1,380,806
2020	1,347,401	9,410	22,970	32,380	1,379,781
2021	1,346,367	9,880	22,499	32,379	1,378,746
2022	1,329,748	10,375	22,005	32,380	1,362,128
2023	1,354,854	10,890	21,486	32,376	1,387,230
2024	1,341,947	11,435	20,942	32,377	1,374,324
2025	1,341,051	12,010	20,370	32,380	1,373,432
2026	1,386,165	12,610	19,770	32,380	1,418,545
2027	1,383,249	13,240	19,139	32,379	1,415,628
2028	1,381,369	13,900	18,477	32,377	1,413,746
2029	1,378,570	14,545	17,833	32,378	1,410,948
2030	1,370,072	15,270	17,106	32,376	1,402,448
2031	1,385,626	16,035	16,342	32,377	1,418,003
2032	1,350,922	16,775	15,604	32,379	1,383,301
2033	1,022,509	17,655	14,723	32,378	1,054,888
2034	1,019,364	18,580	13,797	32,377	1,051,741
2035	1,016,516	19,555	12,821	32,376	1,048,892
2036	804,306	20,585	11,794	32,379	836,686
2037	773,660	21,630	10,748	32,378	806,038
2038	711,954	22,765	9,613	32,378	744,332
2039	643,266	23,960	8,418	32,378	675,643
2040	542,358	25,220	7,160	32,380	574,737
2041	378,453	26,510	5,867	32,377	410,830
2042	325,933	27,870	4,509	32,379	358,311
2043	184,070	29,300	3,080	32,380	216,451
2044	35,533	30,800	1,579	32,379	67,912
2045	20,828	-	-	-	20,828
2046	20,829	-	-	-	20,829
2047	9,009	-	-	-	9,009
TOTAL	$33,272,630	$500,000	$494,193	$994,193	$34,266,823

(1) Totals may not add due to rounding.

(2) Includes the following assumptions for debt service: variable rate bonds at an assumed rate of 4%; swapped bonds at the applicable synthetic fixed rate for the swapped portion and 4% otherwise; floating rate notes at the applicable synthetic fixed rate plus the current fixed spread to maturity for the swapped portion and 4% plus the current fixed spread to maturity for the portion that is not swapped ; Subseries 2002G-1 at an assumed rate of 4% plus the current fixed spread to maturity and Series 2011B at an assumed rate of 4%; Subseries 2008B-4 Bonds at an assumed rate of 5% to maturity. MTA believes that its 4.0% variable rate and 5% rate for the Subseries 2008B-4 Bonds assumptions are reasonable for long term cost calculations.

(3) Debt service has not been reduced to reflect expected receipt of Build America Bond interest subsidies relating to certain Outstanding Bonds; such subsidies do not constitute pledged revenues under the Transportation Resolution.

PART II: SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Part II of this official statement describes the sources of payment and security structure for all Transportation Revenue Bonds, including the Series 2014B Bonds.

SOURCES OF PAYMENT

Pledged Transportation Revenues

Under New York law, the Transportation Revenue Bonds are MTA's special obligations, which means that they are payable solely from the money pledged for payment under the "General Resolution Authorizing Transportation Revenue Obligations," adopted March 26, 2002 (referred to herein as the "Transportation Resolution"). They are not MTA's general obligations. Summaries of certain provisions of the Transportation Resolution and the form of the Interagency Agreement have been filed with the MSRB through EMMA as described under "INTRODUCTION – Where to Find Information."

MTA receives "transportation revenues," directly and through certain subsidiaries (currently, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus) and affiliates (currently, MTA New York City Transit and MaBSTOA), and its receipts from many of these sources are pledged for the payment of Transportation Revenue Bonds. The MTA and its subsidiaries also receive operating subsidies from MTA Bridges and Tunnels and a number of other governmental sources. The Transportation Resolution provides that bondholders are to be paid from pledged revenues prior to the payment of operating or other expenses, and as described in more detail below. MTA has covenanted to impose fares and other charges so that pledged revenues, together with other available moneys, will be sufficient to cover all debt service and operating and capital costs of the systems. See "Factors Affecting Revenues – Ability to Comply with Rate Covenant and Pay Operating and Maintenance Expenses" below.

Table 2 sets forth the following for the 5 years ended December 31, 2012:

- by general category, the amount of pledged revenues (calculated in accordance with the Transportation Resolution). A general description of the pledged revenues in the general categories referenced in **Table 2** follows the table, and a more detailed description is set forth in Part 2 of **Appendix A** under the caption "REVENUES OF THE RELATED ENTITIES," and

- the amount of transit, commuter and MTA Bus operating expenses.

Table 2 is a summary of historical revenues of MTA and its subsidiaries, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA on a cash basis. This information in **Table 2** may not be indicative of future results of operations and financial condition. The information contained in the table has been prepared by MTA management based upon the historical financial statements and notes.

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Table 2

Summary of Pledged Revenues (Calculated in Accordance with the Transportation Resolution) and Expenses
Historical Cash Basis (in millions)

	Years Ended December 31,				
	2008[7]	2009[7]	2010	2011	2012
Revenues from Systems Operations					
Fares from Transit System	$3,054	$3,149	$3,338	$3,642	$3,706
Fares from Commuter System	1,010	1,013	1,050	1,138	1,169
Fares from MTA Bus	180	181	193	199	202
Other Income[1]	148	161	144	139	197
Subtotal – Operating Revenues	**4,392**	**4,505**	**4,725**	**5,118**	**5,274**
Revenues from MTA Bridges and Tunnels Surplus	**359**	**318**	**406**	**510**	**509**
Revenues from Governmental Sources					
State and Local General Operating Subsidies	**396**	**376**	**340**	**411**	**586**
Special Tax-Supported Operating Subsidies					
DTF Excess[2]	345	373	271	271	241
MMTOA Receipts	1,651	1,250	1,315	1,262	1,343
Urban Tax	523	150	174	353	408
Excess Mortgage Recording Taxes	214	23	25	25	25
Aid Trust Account Receipts[3]	0	0	212	303	306
Mobility Tax Receipts[3]	0	603	1,604	1,415	1,320
Subtotal Special Tax-Supported Operating Subsidies	**2,733**	**2,400**	**3,600**	**3,629**	**3,642**
Station Maintenance and Service Reimbursements	**404**	**370**	**403**	**426**	**460**
City Subsidy for MTA Bus	**285**	**293**	**233**	**292**	**290**
Revenues from Investment of Capital Program Funds[4]	**41**	**19**	**10**	**3**	**11**
Subtotal – Non-Operating Revenues[5]	**4,218**	**3,776**	**4,993**	**5,271**	**5,499**
Total Transportation Resolution Pledged Revenues	**$8,610**	**$8,281**	**$9,718**	**$10,389**	**$10,773**
Debt Service[6]	**729**	**642**	**807**	**925**	**1,093**
Transit Operating Expenses	5,695	5,917	6,187	6,230	6,932
Commuter Operating Expenses	2,060	2,039	2,097	2,115	2,197
MTA Bus Operating Expenses	413	457	473	469	483
Total Operating Expenses	**$8,168**	**$8,413**	**$8,757**	**$8,814**	**$9,612**
Total Operating Expenses and Debt Service	**$8,897**	**$9,055**	**$9,594**	**$9,739**	**$10,705**

(1) Other income in the case of the Transit System includes advertising revenue, interest income on certain operating funds, station concessions, Transit Adjudication Bureau collections, rental income and miscellaneous. Other income in the case of the Commuter System includes advertising revenues, interest income on certain operating funds, concession revenues (excluding Grand Central Terminal and Pennsylvania Station concessions), rental income and miscellaneous.

(2) Calculated by subtracting the debt service payments on the Dedicated Tax Fund Bonds from the MTTF Receipts described in Part 3 of APPENDIX A under the caption "DEDICATED TAX FUND BONDS."

(3) Mobility Tax Receipts and Aid Trust Account Receipts become Pledged Revenues when MTA determines that they will be available for application to the operating needs of the Transit System and the Commuter System. For 2009, the amount shown ($603 million) represents the proceeds of revenue anticipation notes issued during 2009 which were applied to the payment of operating expenses of the Transit and Commuter Systems. $606 million of Mobility Tax Receipts and Aid Trust Account Receipts were applied to the repayment of the 2009 revenue anticipation notes. Approximately $182 million of additional Mobility Tax Receipts and $56 million of Aid Trust Account Receipts received by MTA late in 2009 are reflected in the table as 2010 Pledged Revenues since the MTA did not determine to apply such amounts to operating expenses of the Transit System and the Commuter System until early 2010. For 2010, the Pledged Revenues shown include $480 million which represents the proceeds of revenue anticipation notes issued in 2010 which were applied to the payment of operating expenses of the Transit System and the Commuter System. $482 million of Mobility Tax Receipts and Aid Trust Account Receipts were applied to the repayment of the 2010 revenue anticipation notes. The MTA did not issue revenue anticipation notes in 2011 or 2012.

(4) Represents investment income on capital program funds held for the benefit of the Transit and Commuter Systems on an accrual basis.

(5) Sum of (a) Revenues from MTA Bridges and Tunnels Surplus, (b) Revenues from Governmental Sources (including State and Local General Operating Subsidies and Special Tax-Supported Operating Subsidies), (c) Station Maintenance and Service Reimbursements, (d) City Subsidy for MTA Bus and (e) Revenues from Investment of Capital Program Funds.

(6) 2008 and 2009 Debt Service reflects an economic defeasance done in 2008. For 2010, Debt Service has been reduced by approximately $30 million, and for 2011 and 2012 Debt Service has been reduced by approximately $56 million annually to reflect Build America Bonds interest credit payments relating to certain outstanding bonds. Such payments do not constitute Pledged Revenues under the Transportation Resolution.

(7) Total Operating Expenses and Debt Service for 2008 and 2009 are higher than Transportation Resolution Pledged Revenues. For 2008 and 2009, additional non-pledged revenues, including concession revenues at Pennsylvania Station and Grand Central Terminal, and prior years' cash balances resulted in balanced budgets.

The following should be additionally noted in **Table 2**:

- MTA receives annually four quarters of MMTOA Receipts, with the first quarter of each succeeding year's receipts advanced into the fourth quarter of the preceding year. MTA continues to monitor the effect of not having MMTOA Receipts available during the first quarter of the calendar year on its cash flow needs to determine if working capital borrowings may be necessary. MTA did borrow for working capital in 2009 and 2010. In 2011, 2012 and 2013, MTA did not borrow for working capital. MMTOA Receipts increased every year between 2005 and 2008 due to increased tax collections and additional appropriations to MTA. MMTOA Receipts fell in 2009 primarily due to lower economic activity and the State's reduction in prior appropriations by $143 million. MMTOA Receipts decreased slightly in 2011 and increased in 2012 from the prior year's revenue, but, in each case, were in line with budget expectations.

- The "Urban Tax" collection reflects the activity level of certain residential and commercial real estate transactions in the City. Mortgage recording tax and urban tax proceeds from 2005 through 2007 reflect the very high level of real estate sale and refinancing activity during those years. These revenues fell 41% to $523 million in 2008 and fell further to $150 million in 2009. However, for 2010, 2011 and 2012, Urban Tax revenues continuously increased due to improvements in residential and commercial real estate transactions.

- Excess mortgage recording taxes were available for Transit and Commuter Systems purposes after the payment of MTA Headquarters Expenses. However, due to declining mortgage recording taxes receipts and increasing MTA Headquarters Expenses, the current Financial Plan provides for no Excess Mortgage Recording Tax transfers to the Transit and Commuter Systems. Excess mortgage recording taxes fell from $214 million in 2008 to $23 million in 2009, and increased to $25 million in 2010, 2011 and 2012. From 2009 through 2012, Excess Mortgage Recording Taxes were used to pay MTA Bus debt service subject to subsequent reimbursement by the City of New York.

- DTF Excess decreased in 2010 due to additional borrowing under the DTF Resolution and declined further in 2012 due to lower MTTF Receipts.

- Revenues from Investment of Capital Program Funds – substantially all of the investment income is generated from bond proceeds, such as funds held in anticipation of expenditure on project costs.

- The increase in Transit Operating Expenses in 2012 was largely due to increase in pension costs from NYCERS and Superstorm Sandy related expenses.

Table 3 sets forth the Summary of 2013 Final Estimate and 2014 Adopted Budget. The information set forth in **Table 3** is comparable to that set forth in **Table 2** with respect to the years 2008-2012.

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Table 3
Summary of 2013 Final Estimate and 2014 Adopted Budget Revenues
(Calculated in Accordance with the Transportation Resolution) and Expenses
on a Cash Basis (in millions)

	2013 Final Estimate	2014 Adopted Budget
Revenues from Systems Operations		
Fares from Transit System	$4,043	$4,145
Fares from Commuter System	1,283	1,338
Fares from MTA Bus	198	201
Other Income(1)	385	201
Subtotal – Operating Revenues	**$5,910**	**$5,885**
Revenues from MTA Bridges and Tunnels Surplus	**$576**	**$554**
Revenues from State and Local Governmental Sources		
State and Local General Operating Subsidies	**714**	**715**
Special Tax-Supported Operating Subsidies		
DTF Excess(2)	217	209
MMTOA Receipts	1,514	1,558
Urban Tax	547	529
Excess Mortgage Recording Taxes	25	25
Aid Trust Account Receipts(3)	308	320
Mobility Tax Receipts(3)(4)	1,214	1,315
Subtotal Special Tax-Supported Operating Subsidies	**$3,826**	**$3,957**
Station Maintenance and Service Reimbursements	**518**	**512**
City Subsidy for MTA Bus	**371**	**390**
Revenues from Investment of Capital Program Funds	**1**	**1**
Subtotal – Non-Operating Revenues	**$6,007**	**$6,130**
Total Transportation Resolution Pledged Revenues(5)	**$11,917**	**$12,015**
Budgeted Debt Service(5)(6)	**1,320**	**1,321**
Transit Operating Expenses	$6,746	$7,279
Commuter Operating Expenses	2,521	2,650
MTA Bus Operating Expenses	618	564
Total Operating Expenses	**$9,885**	**$10,493**
Total Operating Expenses and Debt Service(5)	**$11,205**	**$11,814**

(1) Other income in the case of the Transit System includes advertising revenue, interest income on certain operating funds, station concessions, Transit Adjudication Bureau collections, rental income and miscellaneous. Other income in the case of the Commuter System includes advertising revenues, interest income on certain operating funds, concession revenues (excluding Grand Central Terminal and Pennsylvania Station concessions), rental income and miscellaneous. Includes MTA Bus Other Income.

(2) Calculated by subtracting the debt service payments on the Dedicated Tax Fund Bonds from the MTTF Receipts described in Part 3 of Appendix A under the caption "DEDICATED TAX FUND BONDS."

(3) See "PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT — Description of Pledged Revenues – *Additional Taxes and Fees*" for a description of such additional revenues and MTA's current expectations for application of such revenues in the future.

(4) See also "PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Description of Pledged Revenues –*Additional Taxes and Fees*" for a discussion of certain recent legislative changes affecting future Mobility Tax Receipts.

(5) The Total Transportation Resolution Pledged Revenues and Operating Expenses shown above incorporate the MTA Plan Adjustments that were reflected "below the line" in the November Plan.

(6) Net of annual Build America Bond interest credit payments on previously issued bonds of approximately $54.0 million in 2013 and $54.5 million in 2014. Such payments do not constitute pledged revenues under the Transportation Resolution.

Description of Pledged Revenues

Each of the following revenues is described in more detail in Part 2 of **Appendix A** under the caption "REVENUES OF THE RELATED ENTITIES." See also **Tables 2** and **3** above for both historical and forecasted results for each category of Pledged Revenues described below.

Revenues from Systems Operations.

- ***Fares from the Transit and Commuter Systems.*** On December 19, 2012, the MTA Board approved a series of fare policy changes. The new fare charges and the commuter railroad ticket policies went into effect beginning on March 1, 2013.

  Base subway, local bus and paratransit fares were increased to $2.50 per trip and the base express bus fare was increased to $6.00 per trip. Single ride subway and bus tickets were increased to $2.75. MTA New York City Transit increased the cost of 30-day and calendar monthly unlimited ride MetroCards from $104 to $112, the cost of a 7-day unlimited ride MetroCard from $29 to $30, and the 7-day Express Bus Plus unlimited ride MetroCard from $50 to $55. The Pay-Per-Ride MetroCard bonus was reduced to 5% from 7%, and the minimum purchase price for the Bonus Pay-Per-Ride Card decreased to $5.

  At the commuter railroads, individual commuter rail fares increased by up to 16.7 percent, with most fares increasing between 8.9 and 9.1 percent. The current policy for onboard fares remains unchanged. Increased fares also apply to CityTicket, UniTickets and MNR-managed connecting services.

- ***Other Income.*** MTA receives revenues from concessions to vendors and from advertising and other space it rents in subway and commuter rail cars, buses, stations and other facilities. Concession revenues from Grand Central Terminal (the main station for MTA Metro-North Railroad) and Pennsylvania Station (the main station for MTA Long Island Rail Road), however, are not included within these amounts pledged.

Revenues from MTA Bridges and Tunnels Surplus. MTA Bridges and Tunnels is required by law to transfer its annual operating surpluses (generally, tolls and other operating revenues from bridges and tunnels after payment of operating expenses and debt service costs) to MTA, and a statutory formula determines how MTA allocates that money between the Transit and Commuter Systems.

On March 1, 2013, new tolls became effective on MTA Bridges and Tunnels facilities as follows:

- ***Cash Tolls for Passenger Vehicles.*** Base tolls increased by $1.00 at the Robert F. Kennedy, Bronx-Whitestone and Throgs Neck Bridges and Queens Midtown and Brooklyn Battery Tunnels (the major facilities) to $7.50, by $2.00 at the Verrazano-Narrows Bridge (the VNB) (where tolls are collected in the westbound direction only) to $15.00, by $1.00 at the Henry Hudson Bridge to $5.00, and by $0.50 at the Marine Parkway-Gil Hodges and Cross Bay Veterans Memorial Bridges (the Rockaway Bridges) to $3.75. Commercial vehicle tolls also increased.

E-ZPass Tolls. E-ZPass tolls for passenger vehicles using tags issued by the New York E-ZPass Customer Service Center (NY-CSC) increased by $0.53 at major facilities, $1.06 at the VNB, $0.24 at the Henry Hudson Bridge and $0.20 at the Rockaway Bridges.

Revenues from State and Local Governmental Sources.

- ***General Operating Subsidies from the State and Local Governments.*** Under the State's Section 18-b program, MTA receives:

    - o subsidies for transit from the State and matching subsidies from New York City, and

    - o subsidies for commuter from the State and matching subsidies from New York City and the seven counties within the MTA transportation district.

- ***Special Tax-Supported Operating Subsidies.*** MTA receives subsidies from a number of sources including:

    - o portions of the following dedicated taxes pledged but not ultimately needed to pay debt service on MTA's Dedicated Tax Fund bonds:

        - ■ a group of business privilege taxes imposed on petroleum businesses operating in the State, referred to as the PBT,

        - ■ motor fuel taxes on gasoline and diesel fuel, and

        - ■ certain motor vehicle fees administered by the State Department of Motor Vehicles, including both registration and non-registration fees; and

    - o portions of the following mass transportation operating assistance or MMTOA taxes, which State law requires first be used to pay debt service on MTA's Dedicated Tax Fund bonds if the dedicated taxes described above are insufficient:

        - ■ the regional PBT (in addition to the state-wide portion described above), which is referred to as the MMTOA PBT,

        - ■ the sales and compensating use tax within the MTA transportation district,

        - ■ two franchise taxes imposed on certain transportation and transmission companies, and

        - ■ a temporary surcharge on a portion of the franchise tax imposed on certain corporations, banks, insurance, utility and transportation companies attributable to business activities within the MCTD[*]; and

    - o a portion of the amounts collected by New York City for the benefit of the Transit System from certain mortgage transfer and recording taxes.

Additional Taxes and Fees. On May 7, 2009, legislation was enacted in New York State (the May Legislation) providing additional sources of revenues in the form of taxes, fees and surcharges to address the financial needs of the MTA. The May Legislation (Chapter 25 of the Laws of 2009) among other things:

- imposed a payroll mobility tax (the PMT) of 0.34 percent on payroll expenses and net earnings from self-employment within the MCTD (effective as of March 1, 2009, except school districts, effective September 1, 2009);

[*] Legislative action has been taken as part of the New York State 2014-2015 budget that effects the methodology imposing the franchise tax surcharge and makes the surcharge permanent in 2015. Current expectations are that the legislative action will not have a material effect on the amounts expected to be received by MTA.

- imposed a supplemental fee of one dollar for each six month period of validity of a learner's permit or a driver's license issued to a person residing in the MCTD (effective September 1, 2009);

- imposed a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD (effective September 1, 2009);

- imposed on taxicab owners a tax of fifty cents per ride on taxicab rides originating in New York City and terminating within the MCTD (effective November 1, 2009); and

- imposed a supplemental tax of five percent of the cost of rentals of automobiles rented within the MCTD (effective June 1, 2009).

On December 9, 2011, Governor Cuomo signed into law legislation (the December Legislation) that made significant changes to the PMT eliminating or reducing the PMT imposed within the MCTD for certain taxpayers. Employers with payroll expense less than or equal to $312,500 in any calendar quarter, any public school district, a board of cooperative educational services, a public elementary or secondary school, a school serving students with disabilities of school age and any nonpublic elementary or secondary school that provides instruction in grade one or above are no longer required to pay the PMT, as of the quarter beginning April 1, 2012. In addition, individuals with net earnings from self-employment attributable to the MCTD that do not exceed $50,000 for the tax year are no longer subject to the PMT. Employers with payroll expense no greater than $375,000 in any calendar quarter are subject to a reduced tax rate of 0.11 percent; employers with payroll expense greater than $375,000 but not greater than $437,500 in any calendar quarter are subject to a reduced tax rate of 0.23 percent. Employers with payroll expense in excess of $437,500 in any calendar quarter will continue to pay a tax rate of 0.34 percent. The employer rate changes became effective beginning April 1, 2012.

The December Legislation further expressly provided that any reductions in aid to MTA attributable to these reductions in the payroll mobility tax "shall be offset through alternative sources that will be included in the state budget" (the PMT Revenue Offset).

The 2014-2015 State Enacted Budget includes an appropriation of $309 million to MTA for the PMT Revenue Offset.

The revenues from the PMT can be: (i) pledged by MTA to secure and be applied to the payment of bonds to be issued in the future to fund capital projects of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary and (ii) used by MTA to pay capital costs, including debt service of MTA, its subsidiaries and MTA New York City Transit and its subsidiary. Subject to the provisions of any such pledge, or in the event there is no such pledge, the PMT Revenues can be used by MTA to pay for costs, including operating costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary. Under the Transportation Resolution, the PMT Revenues constitute "Operating Subsidies" that are pledged to the payment of principal of and interest on the Transportation Revenue Bonds to the extent not required to be applied to the payment of debt service on bonds issued in the future by MTA that are secured in whole or in part by the PMT Revenues.

The other revenues (the Aid Trust Account Monies) may be pledged by MTA or pledged to MTA Bridges and Tunnels to secure debt of MTA or MTA Bridges and Tunnels. Subject to the provisions of such pledge, or in the event there is no such pledge, such revenues can be used by MTA for the payment of operating and capital costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary as MTA shall determine. Under the Transportation Resolution, the Aid Trust Account Monies constitute "Non-Pledged Operating Subsidies" that are not pledged to the payment of principal of and interest on the Transportation Revenue Bonds, unless and until and to the extent MTA allocates such moneys to the payment of debt service on the Transportation Revenue Bonds or Operating and Maintenance Expenses. Although MTA has allocated such monies so as to constitute Pledged Revenues in prior years, no assurances can be given that MTA will allocate any of the Aid Trust Account Monies to the payment of debt service on the Bonds or Operating and Maintenance Expenses in the future.

MTA anticipates establishing a new credit secured in whole or in part by the PMT Revenues and the Aid Trust Account Monies. Such pledge would reduce the amounts of PMT Revenues and Aid Trust Account Monies available to constitute Operating Subsidies.

MTA currently expects that, unless and until amounts constituting the PMT Revenue Offset are pledged as part of the security for the new credit secured in whole or in part by PMT Revenues, such amounts would be treated as "Operating Subsidies" pledged to the payment of principal and interest on the Transportation Revenue Bonds.

For certain recent developments regarding on-going recent litigation, see "INTRODUCTION–Recent Developments Affecting MTA–*Mobility Tax Litigation*" and Part 6 of **Appendix A** under the caption "LITIGATION — MTA — *Mobility Tax Litigation*".

Station Maintenance and Service Reimbursements. MTA is reimbursed by the City and the seven counties in the MCTD with respect to commuter stations located in each respective jurisdiction for the cost of staffing the stations, maintaining the stations and appurtenant land and buildings, and insurance. In addition, the City provides for the policing of the Transit System and contributes to support MTA New York City Transit's paratransit, senior-citizen and school children programs. Also, MTA Metro-North Railroad receives certain payments from the Connecticut Department of Transportation (CDOT) for its share of the operating deficits of the New Haven rail line.

City Agreement with MTA Bus. In December 2004, the MTA Board approved a letter agreement with the City (the MTA Bus Letter Agreement) with respect to MTA Bus' establishment and operation of certain bus routes (the MTA Bus System) in areas then served by seven private bus companies pursuant to franchises granted by the City. The City's payments under the MTA Bus Letter Agreement are pledged to holders of the Transportation Revenue Bonds and are reflected in **Table 2** above. The MTA Bus Letter Agreement with the City provides for the following:

- A lease by the City to MTA Bus of the bus assets to operate the MTA Bus System.
- The City agrees to pay MTA Bus the difference between the actual cost of operation of the MTA Bus System (other than certain capital costs) and all revenues and subsidies received by MTA Bus and allocable to the operation of the MTA Bus System.
- If the City fails to timely pay any of the subsidy amounts due for a period of 30 days, MTA Bus has the right, after an additional 10 days, to curtail, suspend or eliminate service and may elect to terminate the agreement. The City can terminate the agreement on one year's notice.

Revenues from Investment Income and Miscellaneous. MTA earns income, as do its subsidiaries and affiliates, from the temporary investment of money held in those of MTA's various funds and accounts that are pledged to holders of Transportation Revenue Obligations.

Factors Affecting Revenues

Ridership. The level of fare revenues depends to a large extent on MTA's ability to maintain and/or increase ridership levels on the Transit, Commuter and MTA Bus Systems. Those ridership levels are affected by safety and the quality and efficiency of systems operations, as well as by financial, economic and weather conditions in the New York metropolitan area.

Fare Policy. MTA determines the rate or rates of fares charged to users of the Commuter System and MTA Bus System, and MTA New York City Transit and MaBSTOA, together with MTA, do the same for the

Transit System. After adopting operating expense budgets and assessing the availability of governmental subsidies, each makes a determination of fares necessary to operate on a self-sustaining cash basis in compliance with State law and covenants in the Transportation Resolution. Considering the impact of increased fares on riders and on the regional economy, MTA's policy is to attempt to reduce costs or obtain additional revenues from other sources, mainly governmental sources, before increasing fares. As a result, even though MTA does not generally need other governmental approvals before setting fares, the amount and timing of fare increases may be affected by the Federal, State and local government financial conditions, as well as by budgetary and legislative processes. MTA's obligation to obtain approval of fare increases on the New Haven line from CDOT can also affect the amount and timing of fare increases.

Ability to Comply with Rate Covenant and Pay Operating and Maintenance Expenses. The Transit, Commuter and MTA Bus Systems have depended, and are expected to continue to depend, upon government subsidies to meet capital and operating needs. Thus, even though MTA is legally obligated by the rate covenant to raise fares sufficiently to cover all capital and operating costs, there can be no assurance that there is any level at which Transit, Commuter and MTA Bus Systems fares would produce revenues sufficient to comply with the rate covenant if the current level (or the assumed level in the February Plan) of collection of dedicated taxes, operating subsidies, and expense reimbursements were to be discontinued or substantially reduced.

Operating Results and Projections. Based upon the February Plan, the budgets of the Related Entities are expected to be in balance in 2013 through 2016, with a projected deficit in 2017. See "INTRODUCTION — Recent Developments Affecting MTA" above for a description of certain developments affecting the February Plan and risks to the February Plan.

Financial Plans. Current and future MTA financial plans, the 2000-2004 MTA Capital Program, the 2005-2009 MTA Capital Program, the 2010-2014 MTA Capital Program and future MTA Capital Programs are interrelated, and any failure fully to achieve the various components of these plans could have an adverse impact on one or more of the other proposals contained in the MTA financial plans, the 2000-2004 MTA Capital Program, the 2005-2009 MTA Capital Program, the 2010-2014 MTA Capital Program and future MTA Capital Programs, as well as on Pledged Revenues. See "INTRODUCTION — Recent Developments Affecting MTA" above for a description of MTA's current financial plan and risks related thereto.

MTA Bridges and Tunnels Operating Surplus. The amount of MTA Bridges and Tunnels operating surplus to be used for the Transit and Commuter Systems is affected by a number of factors, including traffic volume, the timing and amount of toll increases, the operating and capital costs of MTA Bridges and Tunnels Facilities, and the amount of debt service payable from its operating revenues, including debt service on obligations issued for the benefit of MTA's affiliates and subsidiaries and for MTA Bridges and Tunnels' own capital needs.

Government Assistance. The level and timing of government assistance to MTA may be affected by several different factors, such as:

- Subsidy payments by the State may be made only if and to the extent that appropriations have been made by the Legislature and money is available to fund those appropriations.
- The Legislature may not bind or obligate itself to appropriate revenues during a future legislative session, and appropriations approved during a particular legislative session generally have no force or effect after the close of the State fiscal year for which the appropriations are made.
- The State is not bound or obligated to continue to pay operating subsidies to the Transit, Commuter or MTA Bus Systems or to continue to impose any of the taxes currently funding those subsidies.

- The financial condition of the States of New York and Connecticut, and the City and counties in the MCTD could affect the ability or willingness of the States and local governments to continue to provide general operating subsidies, the City and local governments to continue to provide reimbursements and station maintenance payments, and the State to continue to make special appropriations.
- Successful court challenges to the State taxes that are the sources of various State and City operating subsidies to MTA could adversely affect the amount of pledged revenues generated by such State taxes.

Information Relating to the State of New York. Information relating to the State of New York, including the Annual Information Statement of the State, as amended or supplemented, is not a part of this official statement. Such information is on file with MSRB through EMMA with which the State was required to file, and the State has committed to update that information to the holders of its general obligation bonds in the manner specified in SEC Rule 15c2-12. Prospective purchasers of the Transportation Revenue Bonds wishing to obtain that information may refer to those filings regarding currently available information about the State. The State has not obligated itself to provide continuing disclosure in connection with the offering of the Transportation Revenue Bonds. MTA makes no representations about State information or its continued availability.

SECURITY

General

The Transportation Revenue Bonds, including the Series 2014B Bonds, are MTA's special obligations payable as to principal (including sinking fund installments), redemption premium, if any, and interest from the security, sources of payment, and funds specified in the Transportation Resolution.

- The payment of principal (including sinking fund installments, if any), redemption premium, if any, and interest on Transportation Revenue Bonds is secured by, among other sources described below, the transportation revenues discussed in the preceding section "SOURCES OF PAYMENT," which are, together with certain other revenues, referred to as "pledged revenues."
- Holders of Transportation Revenue Bonds are to be paid prior to the payment, from pledged revenues, of operating or other expenses of MTA, MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus. However, MTA's ability to generate major portions of the pledged revenues depends upon its payment of operating and other expenses.
- Transportation Revenue Bonds are not a debt of the State or the City, or any other local governmental unit.
- MTA has no taxing power.

Summaries of certain provisions of the Transportation Resolution and the form of the Interagency Agreement have been filed with the MSRB through EMMA. See "INTRODUCTION – Where to Find Information."

Pledge Effected by the Resolution

The Transportation Resolution provides that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the Transportation Revenue Bonds and Parity Debt, in accordance with their terms and the provisions of the Transportation Resolution the following, referred to as the "trust estate":

- all pledged revenues as described above;
- the net proceeds of certain agreements pledged by MTA to the payment of transit and commuter capital projects;
- the proceeds from the sale of Transportation Revenue Bonds, until those proceeds are paid out for an authorized purpose;
- all funds, accounts and subaccounts established by the Transportation Resolution (except those established by a supplemental obligation resolution for variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt); and
- the Amended and Restated Interagency Agreement dated as of April 1, 2006, among MTA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA New York City Transit, MaBSTOA and MTA Bus.

The Trustee may directly enforce an undertaking to operate the Transit System, the Commuter System or the MTA Bus System to ensure compliance with the Transportation Resolution.

Under the Transportation Resolution, the operators of the Transit, Commuter and MTA Bus Systems are obligated to transfer to the Trustee for deposit into the Revenue Fund virtually all pledged revenues as soon as practicable following receipt, or with respect to revenues in the form of cash and coin, immediately after being counted and verified. The pledge of money located in the State of Connecticut may not be effective until that money is deposited under the Transportation Resolution.

Flow of Revenues

The Transportation Resolution creates the following funds and accounts:

- Revenue Fund (held by the Trustee);
- Debt Service Fund (held by the Trustee); and
- Proceeds Fund (held by MTA).

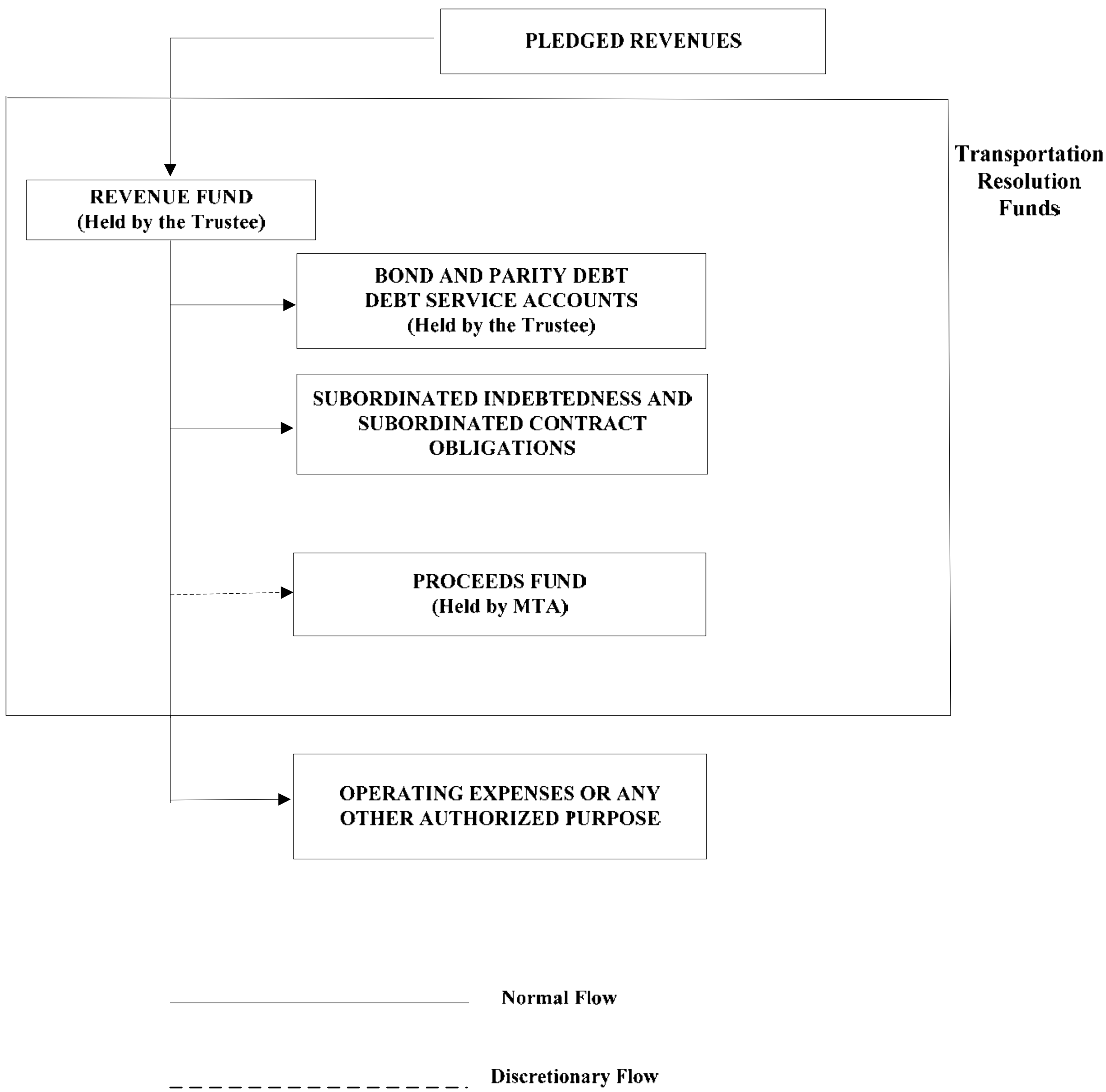
The Transportation Resolution requires the Trustee, promptly upon receipt of the pledged revenues in the Revenue Fund, to deposit the revenues into the following funds and accounts, in the amounts and in the order of priority, as follows:

- to the debt service accounts, the net amount, if any, required to make the amount in the debt service accounts equal to the accrued debt service for Transportation Revenue Bonds and Parity Debt to the last day of the current calendar month;
- to pay, or accrue to pay, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;
- to MTA for deposit in the Proceeds Fund, as directed by one of MTA’s authorized officers, to fund Capital Costs of the Transit, Commuter and MTA Bus Systems; and
- to accounts held by MTA or any of the Related Transportation Entities for payment of operating expenses or any other authorized purpose.

All amounts paid out by MTA or the Trustee either for an authorized purpose (excluding transfers to any other pledged fund or account) or under the last bullet point above are free and clear of the lien and pledge created by the Transportation Resolution.

The following chart illustrates the basic elements of the flow of revenues described above

TRANSPORTATION REVENUE OBLIGATIONS – FLOW OF PLEDGED REVENUES



Covenants

Rate Covenants. MTA must fix the transit and commuter fares and other charges and fees to be sufficient, together with other money legally available or expected to be available, including from government subsidies –

- to pay the debt service on all the Transportation Revenue Bonds;
- to pay any Parity Debt;
- to pay any Subordinated Indebtedness and amounts due on any Subordinated Contract Obligations; and
- to pay, when due, all operating and maintenance expenses and other obligations of its transit and commuter affiliates and subsidiaries.

See "SOURCES OF PAYMENT – Factors Affecting Revenues" above.

Operating and Maintenance Covenants.

- MTA, MaBSTOA, MTA New York City Transit, MTA Metro-North Railroad, MTA Long Island Rail Road and MTA Bus are required at all times to operate, or cause to be operated, the systems properly and in a sound and economical manner and maintain, preserve, reconstruct and keep the same or cause the same to be maintained, preserved, reconstructed and kept in good repair, working order and condition.
- Nothing in the Transportation Resolution prevents MTA from ceasing to operate or maintain, or from leasing or disposing of, all or any portion of the systems if, in MTA's judgment it is advisable to do so, but only if the operation is not essential to the maintenance and continued operation of the rest of the systems and this arrangement does not materially interfere with MTA's ability to comply with MTA's rate covenants.

Additional Bonds. The Transportation Resolution permits MTA to issue additional Transportation Revenue Bonds and to issue or enter into Parity Debt, from time to time, to pay or provide for the payment of qualifying costs, without meeting any specific debt-service-coverage level, as long as MTA certifies to meeting the rate covenant described above for the year in which the additional debt is being issued. Under the Transportation Resolution, MTA may only issue additional Transportation Revenue Bonds if those bonds are issued to fund projects pursuant to an approved MTA Capital Program, if an approved capital program is then required.

There is no covenant with bondholders limiting the aggregate principal amount of additional Transportation Revenue Bonds or Parity Debt that MTA may issue. There is a limit under current New York law that covers the Transportation Revenue Bonds and certain other securities.

Refunding Bonds. MTA may issue Transportation Revenue Bonds to refund all or any portion of the Transportation Revenue Bonds or Parity Debt. Transportation Revenue Bonds may also be issued to refund any pre-existing indebtedness of any Related Entity. MTA has adopted a refunding policy which must be complied with prior to the issuance of any refunding Bonds.

Non-Impairment. Under New York law, the State has pledged to MTA that it will not limit or change MTA's powers or rights in such a way that would impair the fulfillment of MTA's promises to holders of the Transportation Revenue Bonds.

No Bankruptcy. New York law specifically prohibits MTA, its Transit System affiliates, its Commuter System subsidiaries or MTA Bus from filing a bankruptcy petition under Chapter 9 of the U.S. Federal Bankruptcy Code. As long as any Transportation Revenue Bonds are outstanding, the State has covenanted not to change the law to permit MTA or its affiliates or subsidiaries to file such a petition. Chapter 9 does not provide authority for creditors to file involuntary bankruptcy proceedings against MTA or other Related Entities.

PART III: OTHER INFORMATION ABOUT THE SERIES 2014B BONDS

Part III of this official statement provides miscellaneous additional information relating to the Series 2014B Bonds.

TAX MATTERS

General

Hawkins Delafield & Wood LLP is Bond Counsel for the Series 2014B Bonds. Their opinion is that, under existing law, relying on certain statements by MTA and assuming compliance by MTA with certain covenants, interest on the Series 2014B Bonds is:

- excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, and
- not a preference item for a bondholder under the federal alternative minimum tax, but
- included in the adjusted current earnings of certain corporations under the federal corporate alternative minimum tax.

Their opinion is also that under existing law interest on the Series 2014B Bonds is exempt from personal income taxes of New York State and any political subdivisions of the State, including The City of New York. See **Attachment 3** to this official statement for the form of the opinion that Bond Counsel expects to deliver when the Series 2014B Bonds are delivered.

The Series 2014B Bonds

The Internal Revenue Code of 1986 imposes requirements on the Series 2014B Bonds that MTA must continue to meet after the Series 2014B Bonds are issued. These requirements generally involve the way that Series 2014B Bond proceeds must be invested and ultimately used. If MTA does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2014B Bonds in its federal gross income on a retroactive basis to the date of issue. MTA has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code.

A bondowner who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2014B Bonds. This is possible if a bondowner is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit, or
- a borrower of money to purchase or carry the Series 2014B Bonds.

If a bondowner is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events could change the tax treatment of the interest on the Series 2014B Bonds or affect the market price of the Series 2014B Bonds. See also “Miscellaneous” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2014B Bonds, or under State, local or foreign tax law.

Original Issue Discount

A maturity of the Series 2014B Bonds will have “original issue discount” if the price first paid by the bondholders for a substantial amount of such maturity of the Series 2014B Bonds is less than the principal amount of these Series 2014B Bonds. Bond Counsel’s opinion is that the original issue discount on these Series 2014B Bonds as it accrues is excluded from a bondholder’s federal gross income under the Internal Revenue Code of 1986. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Series 2014B Bonds will be increased. Bond Counsel’s opinion is also that the original issue discount on these Series 2014B Bonds as it accrues is exempt from personal income taxes of New York State and its political subdivisions. If a bondholder owns one of these Series 2014B Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Bond Premium

If a bondholder purchases a Series 2014B Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Series 2014B Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Series 2014B Bond will be reduced. The holder of a Series 2014B Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bond. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2014B Bond with bond premium, even though the Series 2014B Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Series 2014B Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, such as the Series 2014B Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the interest recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Internal Revenue Code of 1986. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If a bondholder purchasing a Series 2014B Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2014B Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the bondholder’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2014B Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2014B Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2014B Bonds. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their "modified adjusted gross income," defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

LEGALITY FOR INVESTMENT

The MTA Act provides that the Series 2014B Bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

- all public officers and bodies of the State and all municipalities and political subdivisions in the State,
- all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business,
- all administrators, guardians, executors, trustees and other fiduciaries, and
- all other persons whatsoever who are now or who may hereafter be authorized to invest in the obligations of the State.

Certain of those investors, however, may be subject to separate restrictions that limit or prevent their investment in the Series 2014B Bonds.

LITIGATION

There is no pending litigation concerning the bonds being offered.

MTA is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including the MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus and MTA Bridges and Tunnels. Certain of these claims and actions, either individually or in the aggregate, are potentially material to holders of the obligations. A summary of certain of these potentially material claims and actions is set forth in Part 6 of **Appendix A** under the caption "LITIGATION," as that filing may be amended or supplemented to date. See also "INTRODUCTION–Recent Developments Affecting MTA–*Mobility Tax Litigation*" and Part 6 of **Appendix A** under the caption "LITIGATION — MTA — Mobility Tax Litigation".

FINANCIAL ADVISOR

Public Financial Management, Inc. is MTA's financial advisor for the Series 2014B Bonds. The financial advisor has provided MTA advice on the plan of financing and reviewed the pricing of the Series 2014B Bonds. The financial advisor has not independently verified the information contained in this official statement and does not assume responsibility for the accuracy, completeness or fairness of such information. The financial advisor's fees for serving as financial advisor are contingent upon the issuance of the Series 2014B Bonds.

UNDERWRITING

The Underwriters for the Series 2014B Bonds, acting through Wells Fargo Bank, National Association, as Representative, have jointly and severally agreed, subject to certain conditions, to purchase from MTA the Series 2014B Bonds described on the inside cover of this official statement at an aggregate purchase price of $549,392,950.34, reflecting a net original issue premium of $51,791,092.25 and an Underwriters' discount of $2,398,141.91 and to reoffer such Series 2014B Bonds at the public offering prices or yields set forth on the inside cover.

The Series 2014B Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2014B Bonds into investment trusts) at prices lower or yields higher than such public offering prices or yields and prices or yields may be changed, from time to time, by the Underwriters.

The Underwriters' obligations to purchase the Series 2014B Bonds are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2014B Bonds if any Series 2014B Bonds are purchased.

The Underwriters appearing on the cover of this official statement include certain joint-venture arrangements. Those joint-venture arrangements are as follows: Morgan Stanley & Co, LLC together with Siebert Brandford Shank & Co., LLC; Oppenheimer & Co. Inc. together with Duncan-Williams, Inc.; and Rice Financial Products Company together with BNY Mellon Capital Markets, LLC. Each of the joint-venture arrangements provide for sharing of underwriter's discount in connection with orders for the Series 2014B Bonds.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by MTA as Underwriters) for the distribution of the Series 2014B Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for MTA for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of MTA.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies to be assigned to the Series 2014B Bonds. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings or any outlooks or other statements given with respect thereto from each identified agency may be obtained as follows:

Fitch Ratings One State Street Plaza New York, New York 10004 (212) 908-0500	Moody's Investors Service, Inc. 7 World Trade Center New York, New York 10007 (212) 553-0300	Standard & Poor's Ratings Services 55 Water Street New York, New York 10041 (212) 438-2000

MTA has furnished to each rating agency rating the bonds being offered information, including information not included in this official statement, about MTA and the bonds. Generally, rating agencies base their ratings on that information and on independent investigations, studies and assumptions made by each rating agency. There can be no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to MTA or the bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the bonds. A securities rating is not a recommendation to buy, sell or hold securities.

LEGAL MATTERS

All legal proceedings in connection with the issuance of the bonds being offered are subject to the approval of the nationally-recognized bond counsel firm identified on page (i) and in the Summary of Terms. The form of the opinion of Bond Counsel is **Attachment 3** to this official statement.

Certain legal matters regarding MTA will be passed upon by its General Counsel. In addition, certain legal matters will be passed upon by counsel to the Underwriters as indicated in the Summary of Terms.

CONTINUING DISCLOSURE

As more fully stated in **Attachment 2**, MTA has agreed to provide certain financial information and operating data by no later than 120 days following the end of each fiscal year. That information is to include, among other things, information concerning MTA annual audited financial statements prepared in accordance with generally accepted accounting principles, or if unavailable, unaudited financial statements will be delivered until audited statements become available. MTA has undertaken to file such information (the Annual Information) with EMMA.

MTA has further agreed to deliver notice to EMMA of any failure to provide the Annual Information. MTA is also obligated to deliver, in a timely manner not in excess of ten business days after the occurrence of each event, notices of the following events to EMMA:

- principal and interest payment delinquencies;
- non payment related defaults, if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;

- adverse tax opinions or the issuance by the IRS of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds or other material events affecting the tax status of the bonds;

- modifications to the rights of security holders, if material;

- bond calls, if material;

- defeasances;

- bankruptcy, insolvency, receivership or similar event of the issuer;

- rating changes;

- tender offers;

- consummation of a merger, consolidation, acquisition, or sale or all of substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

- appointment of a successor or additional trustee or the change of name of a trustee, if material; and

- release, substitution, or sale of property securing repayment of the securities, if material.

MTA has not failed to comply, in any material respect, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

MTA is not responsible for any failure by EMMA or any nationally recognized municipal securities information repository to timely post disclosure submitted to it by MTA or any failure to associate such submitted disclosure to all related CUSIPs.

FURTHER INFORMATION

MTA may place a copy of this official statement on its website (www.mta.info) under the caption "MTA Home–MTA Info–Financial Information–Investor Information." No statement on the MTA's website or any other website is included by specific cross-reference herein.

Although MTA has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and MTA assumes no liability or responsibility for errors or omissions contained on any website. Further, MTA disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. MTA also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

METROPOLITAN TRANSPORTATION AUTHORITY

By: /s/ Patrick J. McCoy
Patrick J. McCoy
Director of Finance

ATTACHMENT 1

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Series 2014B Bonds. The Series 2014B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2014B Bond will be issued for each maturity of the Series 2014B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of the Series 2014B Bonds exceeds $500 million, one Bond of such maturity will be issued with respect to each $500 million of principal amount, and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

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

3. Purchases of Series 2014B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014B Bond (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2014B Bonds, except in the event that use of the book-entry system for the Series 2014B Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2014B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2014B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2014B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2014B Bond documents. For example, Beneficial Owners of the Series 2014B Bonds may wish to ascertain that the nominee holding the Series 2014B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2014B Bonds of any maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2014B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to MTA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2014B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and principal and interest payments on the Series 2014B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from MTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or MTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of MTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2014B Bonds at any time by giving reasonable notice to MTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2014B Bonds are required to be printed and delivered.

10. MTA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2014B Bonds will be printed and delivered to DTC.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT MTA BELIEVES TO BE RELIABLE, BUT MTA TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

ATTACHMENT 2

CONTINUING DISCLOSURE UNDER

SEC RULE 15c2-12

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (Rule 15c2-12), MTA and the Trustee will enter into a written agreement (the Disclosure Agreement) for the benefit of holders of the Series 2014B Bonds to provide continuing disclosure. MTA will undertake to provide certain financial information and operating data relating to the Related Transportation Entities (currently, MTA and its subsidiaries MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA) by no later than 120 days after the end of each MTA fiscal year, commencing with the fiscal year ending December 31, 2014 (the Annual Information), and to provide notices of the occurrence of certain enumerated events. The Annual Information will be filed by or on behalf of MTA with the Electronic Municipal Market Access System (EMMA) of the Municipal Securities Rulemaking Board (the MSRB). Notices of such events will be filed by or on behalf of MTA with EMMA. The nature of the information to be provided in the Annual Information and the notices of such events is set forth below.

Pursuant to Rule 15c2-12, MTA will undertake for the benefit of holders of Series 2014B Bonds to provide or cause to be provided, either directly or through the Trustee, audited consolidated financial statements of MTA New York City Transit and the audited consolidated financial statements of MTA by no later than 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2014, when and if such audited financial statements become available and, if such audited financial statements of either MTA New York City Transit or MTA are not available on the date which is 120 days after the end of a fiscal year, the unaudited financial statements of MTA New York City Transit or MTA for such fiscal year. MTA New York City Transit's and MTA's annual financial statements will be filed by or on behalf of such parties by MTA with EMMA. In the event that such audited financial statements of MTA New York City Transit cease to be separately published, the obligation of MTA hereunder to provide such financial statements shall cease.

The required Annual Information shall consist of at least the following:

1. a description of the systems operated by the Related Transportation Entities and their operations,

2. a description of changes to the fares or fare structures charged to users of the systems operated by the Related Transportation Entities,

3. operating data of the Related Transportation Entities, including data of the type included in Appendix A under the following captions:

   a. "TRANSIT SYSTEM,"

   b. "RIDERSHIP AND FACILITIES USE – Transit System (MTA New York City Transit and MaBSTOA) Ridership,"

   c. "EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS – Transit System,"

   d. "COMMUTER SYSTEM,"

   e. "RIDERSHIP AND FACILITIES USE – Commuter System Ridership,"

f. “EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS – Commuter System,”

g. “MTA BUS COMPANY,”

h. “RIDERSHIP AND FACILITIES USE – MTA Bus Ridership,” and

i. “EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS – MTA Bus.”

4. information regarding the Capital Programs of the Related Transportation Entities, including information of the type included in Appendix A under the caption “FINANCIAL PLANS AND CAPITAL PROGRAMS,”

5. a presentation of the financial results of the Related Transportation Entities prepared in accordance with GAAP for the most recent year for which that information is then currently available (currently, MTA New York City Transit prepares consolidated financial statements and MTA prepares consolidated financial statements),

6. a presentation of changes to indebtedness issued by MTA under the Transportation Resolution, as well as information concerning changes to MTA’s debt service requirements on such indebtedness payable from pledged revenues,

7. information concerning the amounts, sources, material changes in and material factors affecting pledged revenues and debt service incurred under the Transportation Resolution,

8. financial information of the type included in this official statement in Table 2 under the caption “SOURCES OF PAYMENT—Pledged Transportation Revenues” and included in Appendix A under the caption “REVENUES OF THE RELATED ENTITIES,”

9. material litigation related to any of the foregoing, and

10. such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Related Entities.

All or any portion of the Annual Information as well as required audited financial statements may be incorporated therein by specific cross reference to any other documents which have been filed with (a) EMMA or (b) the Securities and Exchange Commission (the SEC). Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent feasible, such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to EMMA.

MTA will undertake, for the benefit of holders of the Series 2014B Bonds, to provide or cause to be provided:

1. to EMMA, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed under the caption "CONTINUING DISCLOSURE" in this official statement with respect to the Series 2014B Bonds, and

2. to EMMA, in a timely manner, notice of a failure to provide any Annual Information required by such undertaking or any required audited financial statements of any of the Related Transportation Entities.

The Disclosure Agreement provides that if any party to the Disclosure Agreement fails to comply with any provisions of its undertaking described herein, then any holder of the Series 2014B Bonds (which will include beneficial owners during any period that DTC acts as securities depository for, and DTC or its nominee is the registered owner of, the Series 2014B Bonds) may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the undertaking against such party and any of its officers, agents and employees, and may compel such party or any of its officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach under the undertaking is an action to compel specific performance, and no person or entity, including any holder of Series 2014B Bonds, may recover monetary damages thereunder under any circumstances, and provided further that any challenge to the adequacy of any information under the undertaking may be brought only by the Trustee or the holders of 25 percent in aggregate principal amount of the Series 2014B Bonds at the time Outstanding which are affected thereby. Each of the MTA and the Trustee reserves the right, but shall not be obligated, to enforce the obligations of the others. Failure to comply with any provisions of the undertaking shall not constitute a default under the Transportation Resolution nor give right to the Trustee or any Bondholder to exercise any remedies under the Transportation Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information shall no longer be required to be provided.

The foregoing is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data, and where MTA's undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. MTA does not anticipate that it often will be necessary to amend the undertaking. The undertaking, however, may be amended or modified under certain circumstances set forth therein and the undertaking will continue until the earlier of the date the Series 2014B Bonds have been paid in full or legally defeased pursuant to the Transportation Resolution or the date the undertaking is no longer required by law. Copies of the undertaking when executed by the parties will be on file at the office of MTA.

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ATTACHMENT 3

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2014B Bonds in definitive form, Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to MTA, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

Metropolitan Transportation Authority
347 Madison Avenue
New York, New York 10017

Ladies and Gentlemen:

We have examined a certified record of proceedings of the Metropolitan Transportation Authority ("MTA") and other proofs submitted to us relative to the issuance of $500,000,000 aggregate principal amount of Metropolitan Transportation Authority Transportation Revenue Bonds, Series 2014B (the "Series 2014B Bonds").

All terms defined in the Resolution (hereinafter defined) and used herein shall have the meanings assigned in the Resolution, except where the context hereof requires otherwise.

The Series 2014B Bonds are issued under and pursuant to the Constitution and statutes of the State of New York (the "State"), including the Metropolitan Transportation Authority Act, being Title 11 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date of this opinion letter (herein called the "Issuer Act"), and under and pursuant to proceedings of MTA duly taken, including a resolution adopted by the members of MTA on March 26, 2002 entitled "General Resolution Authorizing Transportation Revenue Obligations," as supplemented by a resolution of said members adopted on December 18, 2013 (collectively, the "Resolution").

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2014B Bonds in order that interest on the Series 2014B Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of MTA, dated the date hereof (the "Arbitrage and Use of Proceeds Certificate"), in which MTA has made representations, statements of intention and reasonable expectation, certifications of fact and covenants relating to the federal tax status of interest on the Series 2014B Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2014B Bonds and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates MTA to take certain actions necessary to cause interest on the Series 2014B Bonds to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code could cause interest on the Series 2014B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained. MTA has covenanted in the Resolution to maintain the exclusion of the interest on the Series 2014B Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion of interest on the Series 2014B Bonds from gross income for federal income tax purposes under Section 103 of the Code and compliance by the MTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

We have also examined one of said Series 2014B Bonds as executed and, in our opinion, the form of said Series 2014B Bond and its execution are regular and proper.

We are of the opinion that:

1. MTA is duly created and validly existing under the laws of the State, including the Constitution of the State and the Issuer Act.

2. MTA has the right and power under the Issuer Act to adopt the Resolution. The Resolution has been duly and lawfully adopted by MTA, is in full force and effect, is valid and binding upon MTA, and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The Series 2014B Bonds have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Issuer Act, and in accordance with the Resolution, and are valid and binding special obligations of MTA, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate as provided in the Resolution, and are entitled to the benefits of the Issuer Act and the Resolution. MTA has no taxing power and the Series 2014B Bonds are not debts of the State or of any other political subdivision thereof. MTA reserves the right to issue additional Obligations and to incur Parity Debt on the terms and conditions, and for the purposes, provided in the Resolution, on a parity as to security and payment with the Series 2014B Bonds.

4. The MTA, the holders of the Series 2014B Bonds, or the holders of any evidence of indebtedness of the MTA do not and will not have a pledge of or lien on (i) the dedicated mass transportation trust fund established by Section 89-c of the State Finance Law, (ii) the metropolitan transportation authority financial assistance fund established by Section 92-ff of the State Finance Law, (iii) the metropolitan mass transportation operating assistance account established in the mass transportation operating assistance fund pursuant to Section 88-a of the State Finance Law, or (iv) the taxes or moneys deposited therein.

5. The Series 2014B Bonds are securities in which all public officers and bodies of the State and all municipalities and political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are or may be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them to the extent that the legality of such investment is governed by the laws of the State; and which may be deposited with and shall be received by all public officers and bodies of the State and all municipalities and political subdivisions for any purpose for which the deposit of bonds or other obligations of the State is or may be authorized.

6. Under existing statutes and court decisions (i) interest on the Series 2014B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2014B Bonds is not treated as a preference item in calculating the federal corporate alternative minimum tax imposed on individuals and corporations under the Code; however, we note that interest is included in the adjusted current earnings of certain corporations for purposes of calculating the federal corporate alternative minimum tax.

7. Under existing statutes, interest on the Series 2014B Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

The opinions expressed in paragraphs 2 and 3 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 6 and 7, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2014B Bonds. We express no opinion regarding the federal, state, local or foreign tax consequences of any action hereafter taken or not taken in reliance upon an opinion of other counsel with respect to the Series 2014B Bonds.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2014B Bonds.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any future actions, facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any reason whatsoever.

Very truly yours,

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