



Metropolitan Transportation Authority

Audit Committee Meeting

July 2026

Committee Members

D. Jones, Chair
M. Miller, Vice Chair
M. Fleischer
M. Herbst
JR. Rizzo
L. Sorin

Audit Committee Meeting

**MTA Board Room - 20th Floor
2 Broadway**

**Monday, 7/27/2026
2:30 - 3:30 PM ET**

1. PUBLIC COMMENTS

2. APPROVAL OF MINUTES

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3. AUDIT COMMITTEE WORK PLAN

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4. 2025 MANAGEMENT LETTER REPORTS

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5. 2025 SINGLE AUDIT (Materials previously distributed)

6. MANAGEMENT REVIEW OF PENSION PLAN AUDITS

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7. 2025 PENSION PLANS

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Draft - LIRR Company Plan for Additional Pensions - Page 155

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8. REVIEW OF MTA INSPECTOR GENERAL'S OFFICE

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11. ETHICS AND COMPLIANCE UPDATE

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12. FINANCIAL INTEREST REPORTS

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Financial Disclosure Statement Reminder to All MTA Employees - CY 2025 - Page 473

13. OPEN AUDIT RECOMMENDATIONS

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14. 2026 AUDIT PLAN STATUS UPDATE

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Joint Minutes of the Metropolitan Transportation Authority, the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority, the Staten Island Rapid Transit Operating Authority, the Metropolitan Suburban Bus Authority, the Triborough Bridge and Tunnel Authority, the Long Island Rail Road Company, Metro-North Commuter Railroad Company, MTA Construction and Development Company, the MTA Bus Company, Grand Central Madison Operating Company, and the First Mutual Transportation Assurance Company

Joint Meeting of the Triborough Bridges & Tunnel Authority, the Long Island Rail Road, Metro North, Capital Program and New York City Transit, Audit, Corporate Governance and Finance Committees and the MTA Board

Meeting Minutes

Wednesday, May 20, 2026

9:00 AM

2 Broadway

New York, New York

The following Board Members were present:

Hon. Janno Lieber, Chair & CEO

Hon. Samuel Chu

Hon. Haeda B. Mihaltses

Hon. Melva M. Miller

Hon. Lisa Sorin

Hon. Dr. John-Ross Rizzo

Hon. Daniel Garodnick

Hon. David Jones

Hon. Marc Herbst

Hon. Blanca P. López

Hon. Neal Zuckerman

Hon. Michael Fleischer

Hon. James O'Donnell

The following alternate non-voting members were present:

Hon. Andrew Albert

Hon. Gerard Bringmann

Hon. Randolph Glucksman

Hon. Christopher Leathers

Hon. Edward Valente

The following Board Members were not present:

Hon. John Samuelsen

Hon. David Mack

Paige Graves, General Counsel, John McCarthy, Chief of External Relations & Policy, Jai Patel, Chief Financial Officer, Anita Miller, Chief Labor and Employee Relations Officer, Justin Vonashek, Metro-North President, Robert Free, LIRR President, Catherine Sheridan, TBTA President, Demetrius Crichlow, New York City Transit President, Jamie Torres-Springer, MTA C&D President, Shanifah Rieara, Senior Advisor for Communications and Policy/Chief Customer Officer, Juliette Michaelson, Chief of Staff & Strategic Planning, Sergio Paneque, Chief Procurement Officer, Monica Murray, Auditor General, Jim McGovern, MTA Deputy Chief from the Comptroller's Office, Lamond Kears, Chief Compliance Officer, Rafail Portnoy, Chief Technology Officer, and Michael Kemper, Chief Security Officer, also attended this meeting.

Chair Lieber called to order the May joint meeting of the MTA Board and Committees (TBTA, Joint Railroad, New York City Transit, Capital Program, Audit, Corporate Governance, and Finance Committees).

A safety announcement was made.

1. PUBLIC SPEAKERS

The following people spoke, either virtually or in-person. The moderator reminded public speakers of the rules of conduct and the two-minute speaking limit. The moderator advised that the public comment will be recorded, published to the MTA website, and available for MTA Board Members' review.

The following public speakers commented (*live virtual comments):

Jason Anthony, LIRR ADA Task Force
Betsy Plum, Riders Alliance
Jeremiah Gonzalez, Riders Alliance
Christopher Greif*, NYCTRC & ACTA LIRR ADA Task Force
Oliver Chessler, private citizen
Jesse Figueroa*, ADA Accessibility
Miriam Fisher*, Independent
Abrahan Cruz*, Riders Alliance
Lisa Daglian, PCAC
Michael Acevedo, private citizen
Solomon Blecher, Riders Alliance
Alexis Foote, Riders Alliance
Iris Kelly, Disabled in Action
Mike Howard, private citizen
Andy Chen, private citizen
Renee Rizzo*, private citizen
Aleta Dupree*, Team Folds
Parker Singleton, private citizen

Robert Fouche, private citizen
Constance Lesold, Eastern Parkway Environmental Alliance
Michael Ring, Disabled in Action

Refer to the video recording of the meeting produced by the MTA and maintained in MTA records for the details.

2. CHAIR'S REMARKS

Chair Lieber thanked those participating in the meeting.

Chair Lieber reported that the MTA and the Long Island Rail Road (LIRR) reached a labor agreement that enabled the restoration of full LIRR service. He thanked Governor Hochul for leadership throughout the negotiations and recognized MTA staff, labor relations personnel, and employees across the agency who supported the negotiation process and implemented temporary transportation alternatives during the service disruption. He also acknowledged LIRR customers who experienced uncertainty and inconvenience during the labor disruption.

Chair Lieber discussed the recent electrical fire at Penn Station that temporarily affected rail operations and noted the importance of Grand Central Madison in maintaining service continuity during the incident.

Chair Lieber provided an update on federal funding matters, including the receipt of COVID-related reimbursements, progress on federal funding for the Second Avenue Subway Phase 2 project, and the release of previously delayed federal accessibility grant funding. He thanked federal partners, including Senator Gillibrand, for their support.

Chair Lieber highlighted recent accessibility milestones, including the opening of a new accessible ramp at Harlem–148 Street Station and the announcement of a public-private partnership with Columbia University to make the 125 Street–Columbia University station accessible.

Chair Lieber also discussed ongoing bus service improvements, including the expansion of Automated Camera Enforcement (ACE) technology and continued collaboration between the MTA and New York City Department of Transportation on initiatives to improve bus service and reliability throughout the city.

3. JOINT LONG ISLAND RAILROAD AND METRO-NORTH RAILROAD COMMITTEE

a. Long Island Rail Road

Long Island Rail Road President Rob Free thanked Governor Hochul, Chair Lieber, MTA leadership, labor representatives, and LIRR employees for their efforts to restore service following the recent work stoppage. He noted that service was restored in phases, with full

service resuming approximately 16 hours after employees returned to work. He also recognized employees who continued working throughout the stoppage to maintain the safety and readiness of the railroad.

Mr. Free provided an update on the May 14 electrical fire in an East River Tunnel that temporarily disrupted service into and out of Penn Station. He reported that service was diverted to Grand Central Madison and Atlantic Terminal, no trains were stranded, and the incident highlighted the operational flexibility and redundancy provided by Grand Central Madison.

Other topics Mr. Free discussed included monthly performance metrics, including ridership and on-time performance; expanded summer service to the East End; preparations for the U.S. Open at Shinnecock Hills; and ongoing station improvements through the Station Spruce Up Program, including recent work at Kew Gardens Station.

Chair Lieber then recognized Board Member Christopher M. Leathers for remarks.

Board Member Leathers recognized the professionalism, sacrifice, and commitment of SMART members and other railroad employees during the recent work stoppage. He stated that employees worked to support the resumption of service and emphasized the role union employees played in restoring railroad operations. Board Member Leathers further stated that many employees faced criticism and public scrutiny during the labor dispute despite not being responsible for it, while continuing to fulfill their professional responsibilities and uphold principles of labor solidarity.

Following the remarks, General Counsel Paige Graves confirmed that a quorum of Board members remained present. Chair Lieber then called upon Metro-North Railroad President Justin Vonashek to continue the agency presentations.

b. Metro-North Railroad

Metro-North President Justin Vonashek (“President Vonashek”) stated that April on-time-performance reached 98.1 percent, with year-to-date on-time-performance at 96.8 percent. Ridership for April totaled 6.4 million rides, 86.2 percent of April 2019 levels, a 3.6 percent increase from March, and a 6.2 percent increase over April of the previous year. Weekend discretionary ridership remained strong, 14% higher than March and 10% higher than April 2025, and on May 19 Metro-North achieved its highest single-day ridership since the pandemic at 260,000 riders.

President Vonashek reported that the rolling 12-month reportable customer injury rate improved to 1.41 per 1 million customers, down from 1.44 versus the previous month and 1.50 versus the previous 12-month rolling period. The rolling 12-month employee lost time injury rate was 1.95 per 200,000 working hours, down from 1.98.

President Vonashek reported that on May 1 he joined Connecticut Governor Ned Lamont, U.S. Senator Richard Blumenthal, U.S. Representative Rosa DeLauro, CT DOT Commissioner Garrett Eucalitto, and several local elected officials at the Derby-Shelton Station to announce the start of construction on four Waterbury Branch stations: Derby-Shelton, Ansonia, Beacon Falls, and Seymour. He noted that since 2019, ridership on the Waterbury Line has grown dramatically, with each station reaching nearly 150 percent of pre-pandemic levels and Derby-Shelton exceeding 200 percent. The upgrades will significantly transform the stations, including installation of new 350-foot platforms to allow full train boarding, along with covered canopies, enclosed wind screens, real-time arrival information, ticket vending machines, improved lighting, and clear wayfinding signage. All stations will be fully ADA accessible with enhanced pedestrian access and improved passenger flow. President Vonashek also reported that, to accommodate the construction work, Waterbury Branch train service will be replaced by bus service beginning July 20 and continuing for approximately ten months. Riders are advised to check the TrainTime app and mta.info for updated service information.

4. NEW YORK CITY TRANSIT COMMITTEE

Demetrius Crichlow, President, NYCT, delivered the President's Report.

President Crichlow commended the dedicated efforts of employees who worked behind the scenes to maintain service during the LIRR strike. He highlighted NYCT's analysis of operational data, which enabled teams to identify optimal connection points for riders and deploy shuttle buses in key Queens locations. He noted that extra staff and paratransit services helped ensure that a complex operation was successfully established in a short timeframe.

President Crichlow reported that Paratransit set a new monthly record in March, completing over one million trips. He noted that Paratransit achieved an all-time high of 40,000 average completed weekday trips in April. President Crichlow reported that in 2026, there were 12 days with 50,000 scheduled trips, including a new record of 51,610 scheduled trips on Tuesday, May 5th. He said that current ridership levels are nearly 50% above pre-COVID peaks, reflecting increased confidence and reliance by riders. He commended the work of the Paratransit team.

President Crichlow reminded New Yorkers that public transit remains the best way to reach the beach on Memorial Day Weekend, including using the Rockaway Shuttle, the Q35 to Jacob Riis, and Bx12 to Orchard Beach. He also noted ongoing upgrades at Beach 105th Station and discussed the extensive preparations required for seasonal service enhancements.

President Crichlow spoke about preparing for the challenges of summer. He stated that NYCT would be increasing the ability to fight flooding in tunnels by adding two new pump trains and continuing to rehab power Substations to ensure reliable power during high heat.

President Crichlow described the agency's efforts to keep bus riders cool and comfortable during hot weather, highlighting systemwide improvements to maintenance practices like an enhanced quality control policy. He noted that, in response to customer feedback, Staten Island received particular focus: teams conducted winter A/C unit inspections and, beginning in June 2025, implemented strengthened preventative maintenance measures, realigned the fleet, increased accountability and advanced targeted seasonal preparation initiatives.

President Crichlow spoke about the service enhancements introduced in January to improve reliability for the 1.2 million daily riders on the 2, 3, 4, and 5 lines. He noted that these improvements will deliver more consistent service for riders, aligning schedules more closely with ridership patterns, improving reliability and providing more even headways. He said that these adjustments reflect NYCT's ongoing use of detailed ridership and operational data to optimize service.

President Crichlow reported on subway performance metrics for April, highlighting gains in both weekday and weekend on-time performance and improvements in weekday customer journey time. He noted that overall performance had returned to levels last seen in the fourth quarter of 2025. He specifically highlighted the A line as one of the best performing and most improved lines, achieving 87.9 percentage points following the implementation of a more precise, data driven schedule last fall. He said that despite extensive weekend capital and construction work—which requires complex service changes—the system continues to deliver strong weekend on-time performance.

President Crichlow reported on Paratransit performance metrics, noting that April weekday 30 minute on-time pickup performance was 95.4%, up from 93.2% from last month, with weekend performance holding steady at 96.3%. He reminded riders that the Bus Time website has been updated to include features such as saved favorites and route customization options. President Crichlow talked about the Paratransit ridership trends and expressed pride in maintaining performance reliability as ridership continues to grow.

President Crichlow delivered the April ridership report, noting a modest year-over-year increase in paid ridership. He reported that average weekday subway ridership reached 4.16 million and that in May, the system achieved a post-pandemic milestone: for the first time, all three midday weeks surpassed 4.5 million riders. President Crichlow reported that weekend ridership also continued to show strong growth, reaching 2.9 million. He stated that on the bus system, weekday paid ridership totaled 1.33 million and Paratransit ridership likewise continued its post-pandemic climb.

i. **NYCT Procurement:**

Upon a motion duly made and seconded, the Board approved the following procurements:

- I. Expedited Change Order Procedure for the R268 Train Procurement The first procurement item requested Board authorization to use the expedited change order procedure developed pursuant to the All-Agency Contract Procurement Guidelines for all change orders under the R34268 Train Procurement with Kawasaki Rail Car, Inc.
- II. Clean Diesel Bus Procurement The second procurement item requested Board authorization of a contract award for the purchase of 92 over-the-road express clean diesel buses as well as related items such as spare parts, special tools and equipment, technical documentation and training, in the total estimated amount of \$120,821,133.

Refer to the staff summaries and documentation filed with the records of this meeting, and the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved items.

ii. **Safety and Security Report:**

Steven Mauriello, Deputy Chief, Transit, NYPD, delivered the Safety and Security Report.

Deputy Chief Mauriello reported that there were 176 crimes last month, representing a 2.9% increase compared to the previous April. He said the increase was attributed primarily to a rise in grand larcenies and to a lesser extent felony assaults. He reported that overall crime levels remain approximately even with last year, which were at a historic low. Deputy Chief Mauriello emphasized the Transit Bureau's ongoing commitment to the safety and security of the system and noted that crime-reduction strategies will continue to be adjusted as needed.

Deputy Chief Mauriello highlighted the work of the Transit Bureau's Six-Wire Teams. He stated that the Transit Bureau has dedicated personnel to monitor 311 calls and MTA cameras associated with the six wires in order to identify live incidents in the field and dispatch resources more efficiently. He said that prior to this initiative, such calls were received and triaged centrally, a process that often required significant time. Deputy Chief Mauriello reported that over the past year, this dedicated monitoring has resulted in faster officer response and improved outcomes, including an approximately eight-minute reduction in response times to quality-of-life incidents. He emphasized that this improvement benefits both employees and riders.

5. TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY COMMITTEE

Cathy Sheridan, President, TBTA, delivered the President's Report.

In 2025, the Hugh L. Carey Tunnel was designated as a Civil Engineering Landmark by the American Society of Civil Engineers (ASCE). In culmination of the 75th anniversary of the tunnel, officials from ASCE joined TBTA and MTA C&D recently for the official dedication of the landmark plaque at the Manhattan ventilation building.

Installed in 2017 as part of TBTA's long-term flood mitigation program, annual flood door testing at the Hugh L. Carey and Queens Midtown Tunnels started in April and continues through May during overnight low-volume traffic periods.

On May 7th at Grand Central Terminal's Vanderbilt Hall, TBTA leadership presented its annual Employee Recognition Awards for exemplary service. And in April, TBTA was one of 16 recipients nationwide of the Engineering Excellence Honor Award from the American Council of Engineering Companies for the Central Business District Tolling Program, which brings the total number of awards thus far to eight.

TBTA welcomed a new class of 40 Level One Maintainers who graduated on May 8th having completed a multi-disciplinary training regimen that includes safety protocols in roadway and electrical work; commercial vehicle driving; OSHA-30 hour training; forklift operations; firefighting, wrecker and aerial truck safety; incident command; and administrative duties.

TBTA recently marked the national observance of Police Week and Peace Officer Memorial Day by gathering at the Hugh L. Carey Tunnel to remember fallen officers and honor current Members of Service.

President Sheridan stated there are no procurements.

Responding to Commissioner Glucksman's question as to whether there was an increase in bridge traffic during the LIRR strike, President Sheridan stated that there was an insignificant increase at the Queens-Midtown Tunnel from the same time period of the prior week.

6. CAPITAL PROGRAM COMMITTEE

CPC Work Plan

There were no changes to the work plan.

President's Report

Jamie Torres-Springer, President, MTA Construction & Development (C&D) began by highlighting recent intensive construction activity on the Flushing Line in Queens, including a major weekend outage during which 30 crews and 13 work trains were deployed simultaneously. Mr. Torres-Springer emphasized that the work represents a coordinated effort to address long-standing infrastructure needs on one of the system's busiest lines. The project includes the reconstruction of six century-old, elevated stations suffering from significant structural deterioration while simultaneously advancing accessibility improvements at two additional stations. He noted that the MTA's coordinated approach allows multiple projects to be completed during the same service outage, avoiding the need for future disruptions that would have been required under previous project delivery practices. He also reported that New York City Transit forces took advantage of the outage to complete substantial track work in Manhattan.

Mr. Torres-Springer briefly referenced the recently announced accessibility improvements at the 148th Street station, noting that the project's ramp-based design would improve accessibility while avoiding the reliability issues associated with elevators. He stated that the approach generated approximately \$37 million in savings, which can now be redirected toward accessibility improvements at other stations. He further reported that the station platform is

currently in poor condition and that interim measures are being implemented to maintain safety while a broader platform rehabilitation project is advanced in conjunction with the accessibility work.

Turning to Mets-Willets Point, Mr. Torres-Springer advised the Board that a forthcoming action item would authorize funding for station improvement design work to be undertaken by Queens Future, the developer of the proposed gaming facility at the site. He reminded members that the developer has committed to making the Mets-Willets Point 7 Line station fully ADA accessible as part of its development proposal. In addition to accessibility improvements, the MTA is coordinating state-of-good-repair work at the station to ensure that future rehabilitation needs are addressed concurrently, thereby avoiding additional disruptions after accessibility work is completed. He explained that the design funding action represents the first step toward implementing those coordinated improvements.

Mr. Torres-Springer then highlighted recent investments benefiting LIRR riders. He noted that Grand Central Madison, which opened in 2023, has quickly become the destination for more than 40 percent of weekday Long Island Rail Road (LIRR) commuters. He observed that the facility proved particularly valuable during recent service disruptions affecting Penn Station, allowing riders to continue traveling into Manhattan despite the outage. He also cited the completion of the new 33rd Street Concourse at Penn Station, which doubled both the width and height of the passenger circulation space and established a model for delivering meaningful customer improvements while minimizing service disruptions. Additional accomplishments included completion of the LIRR Third Track project on time and on budget, enabling a 40 percent increase in service, as well as the completion of twelve ADA accessibility projects across the railroad since 2020. He also referenced ongoing investments to improve capacity through Jamaica Station and broader state-of-good-repair initiatives.

Mr. Torres-Springer reported that full reopening of the twelve-car platforms at Babylon Station had been achieved ahead of the summer travel season. The rehabilitation of the 62-year-old station was strategically phased to rebuild half of the platform during each winter construction season, allowing the work to be completed ahead of schedule and without significant impacts to peak summer ridership. Looking ahead, he noted that the 2025-2029 Capital Plan includes approximately \$6 billion in LIRR investments, including new railcars, bridge and viaduct rehabilitation projects, and additional state-of-good-repair initiatives. He also highlighted the Governor's commitment of \$50 million to support improvements at Jamaica Station, noting that outreach efforts have begun to gather customer feedback regarding station redesign concepts, including improvements to signage, wayfinding, vertical circulation, and connections among the LIRR, AirTrain, and subway services.

During Board discussion, Board Member Mihaltses sought clarification regarding the Mets-Willets Point station project and asked whether the action before the Board pertained only to the 7 Line station or also included the LIRR station. Mr. Torres-Springer confirmed that the current action addressed only the 7 Line station. In response to a follow-up question regarding accessibility improvements at the LIRR station, he stated that while the railroad maintains an ADA accessibility program, sufficient funding is not currently available to fully advance accessibility improvements at that location, although future partnership opportunities may emerge.

Board Member Zuckerman raised concerns regarding the condition of the pedestrian overpass, commonly known as the Passerelle, connecting the Mets-Willets Point station area to Flushing Meadows-Corona Park. Noting the large number of visitors who use the structure during events such as the Queens 10K, he asked if the ongoing station improvements would address the condition of the bridge. Chair Lieber clarified that the structure is not owned by the MTA. Mr. Torres-Springer explained that the Passerelle is owned and maintained by New York City and that discussions have begun with City Hall regarding its future reconstruction. He noted that the structure is functionally important because it connects Roosevelt Avenue, Citi Field, Flushing Meadows-Corona Park, and the LIRR station, and that it also contains MTA infrastructure, including critical utility cables. While acknowledging that funding constraints make it difficult to address every need simultaneously, he stated that the MTA is working closely with City Hall and remains open to pursuing coordinated improvements as opportunities arise.

Concluding the discussion, Chair Lieber referenced the recently completed Penn Station concourse improvements and noted that the facility's programmable lighting system has been used to support various civic and community initiatives. He noted that the concourse had recently been illuminated in orange and blue in support of the New York Knicks, joking that the team's success during that period might have benefited from some positive energy generated by the MTA's contribution.

Capital Procurement Actions

Evan Eisland, Executive Vice President and General Counsel, C&D, presented four procurement items and one action item to the Capital Program Committee. The procurement items are:

1. Award of a publicly advertised and competitively solicited contract with RCC/GCCOM A Joint Venture LLC (Contract No. 6532) for design-build services for the replacement of three bridges on Long Island Rail Road's Montauk Branch;

2. Ratification of a modification to a contract with In House Group, Inc. (Contract No 1000197600) for the replacement of additional sidewalk and the construction of additional retaining wall at Metro North's Hastings-on-Hudson station;
3. Ratification of a modification to a contract with Turner & Townsend, Inc. (Contract No. CS00017C) to continue to support the development of processes, policies, procedures and manuals for the delivery of the MTA's Capital Program through February 26, 2027; and,
4. Ratification of a modification to a contract with S&P Construction Management, Inc. (Contract No. RKC-2302) for various civil, mechanical and electrical work at the RFK Fleet Garage and to extend the Substantial Completion date by 12 months to April 22, 2027;

The action item is:

5. Approval to enter into a Design Agreement with Queens Future, LLC to provide for state of good repair inspection and design services at the Mets-Willets Point Station on the IRT Flushing Line.

Chair Lieber asked for clarification on the agreement with Queens Future and Mr. Eisland explained that Queens Future would be retaining the engineering firm STV to prepare a coordinated design that will include the ADA work and station improvements that Queens Future has agreed to perform as well as the additional state of good repair work that the MTA requires with each entity paying for its own part of the design. Mr. Torres-Springer then explained that the processes, policies, procedures and manuals addressed in the third procurement item will help C&D to better monitor and control budget, schedules, and risk.

Board Member Garodnick presented the Capital Program Procurement and Action items:

Board member Mihaltses recused herself from the third procurement item with Turner & Townsend, Inc. and from the action item.

Refer to the staff summaries and documentation filed with the records of this meeting for the details of these items, and refer to the video recording of the meeting, produced by the MTA and maintained in MTA records, for Board members' and C&D representatives' comments.

7. COMMITTEE ON FINANCE AND ANNUAL FMTAC MEETING

For details of the presentation given by Jai Patel, Chief Financial Officer, please refer to the video recording of the meeting produced by the MTA and maintained in MTA records available on the MTA website.

Ms. Patel presented the 2026 Annual Report for First Mutual Transportation Assurance Company (FMTAC), MTA's wholly owned pure captive insurance company.

Ms. Patel gave a brief overview of the preliminary April 2026 year-to-date financial performance. Ms. Patel reported that:

- MTA's operating results were very favorable to the adopted budget by approximately \$196 million.
- Operating revenue was modestly unfavorable by \$27 million.
- Operating expenses were essentially on budget through April, as it was slightly favorable by about \$26 million.
- Debt service expenses were favorable by \$11 million.
- Capital subsidies were favorable by \$111 million.

Ms. Patel presented two action items. The first was the annual investment report and investment guidelines. The second was the Long Island Railroad tariff change seeking Board approval to issue a prorated refund to Long Island Railroad May 2026 monthly customer ticket holders for each of the days that service was suspended due to the strike and temporarily wave the standard \$10 administrative fee.

Ms. Patel presented four information items, which were: the annual billings to local governments for station maintenance costs; the annual pension and retirement report; the financial statements for the fourth quarter of 2025; and information for New York City Transit on the R68 subway cars.

Chair Lieber commented on the refunds to the Long Island Railroad customers.

i. Procurement

Sergio Paneque, Chief Procurement Officer, presented one MTA Headquarters item: to award a competitively negotiated personal services contract to ABC Engineering of New York for independent engineering assessments of MTA railway highway grade crossings. Refer to the staff summary and documentation filed with the records of this meeting for the details of this item, and refer to the video recording of the meeting, produced by the MTA and maintained in MTA records.

ii. Real Estate Actions

David Florio, Chief Real Estate Transactions and Operations Officer, presented three Real Estate action items.

The first was an Administrative item regarding Eminent Domain Procedure Law Determinations and Findings for the acquisition of property interests for the New York City Transit's Nostrand Avenue ADA Project in Brooklyn, NY.

The two other items were transactional items. The first was for New York City Transit, which was a lease with Mohamed Almerdaie for retail space at 1498 Sheepshead Bay Road in Brooklyn, NY. The second was for Metro North, which was for the acquisition of property from New York State Department of Transportation along Bruckner Boulevard in the Bronx, NY in support of the Penn Station Access Project.

Refer to the staff summary and documentation filed with the records of this meeting for the details of these items, and refer to the video recording of the meeting, produced by the MTA and maintained in MTA records.

8. CORPORATE GOVERNANCE COMMITTEE

- i. Review and Approval of the MTA All-Agency General Contract Procurement Guidelines and All-Agency Service Contract Procurement Guidelines

Mr. Kearsé informed the Committee that there is one action item, Section 2879 of the Public Authorities Law requires the Board to annually review and approve the MTA All-Agency General Contract Procurement Guidelines and All-Agency Service Contract Procurement Guidelines. Mr. Kearsé informed the Board that there are no recommended changes at this time.

- ii. Review of the MTA All-Agency Code of Ethics and Board Member Code of Ethics

Mr. Kearsé advised the Committee Public Authorities Law also requires that the Board annually reviews the Code of Ethics for Employees and Board Members to ensure that the MTA maintains the highest ethical standards. The Board Member Code of Ethics is celebrating its 20th anniversary which has been serving the MTA well for all those years. Mr. Kearsé advised the Committee that there were no recommended changes at this time to the MTA All-Agency or Board Member Code of Ethics.

- iii. Review and Approve Mission Statement, Measures and Performance Indicators Report

Mr. Kearsé advised the Committee that each year this Committee must review the MTA Mission Statement, Measures and Performance Report. Mr. Kearsé advised the Committee that the report

was reviewed by the Finance Committee back on March 23, 2026, therefore it does not need to be voted on at this time.

iv. Review of the MTA Whistleblower Policy

Mr. Kears advised the Committee that each year this Committee must review the MTA Whistleblower Policy. Mr. Kears advised the Committee that there were no recommended changes at this time.

v. Review and Approve MTA Policies in Connection with Provisions of Public Authorities Law

Mr. Kears informed the Committee that Public Authorities Law Section 2824 requires that the Board adopt certain policies. The Committee was advised that there are no policies requiring Board approval at this time.

9. AUDIT COMMITTEE

To see a summary of the meeting and the actions taken by the Audit Committee, please refer to the video recording of the meeting, produced by the MTA and maintained in MTA records available on the MTA website.

Jim McGovern, MTA Deputy Chief from the Comptroller's Office, briefed the committee on management's review of the 2025 MTA consolidated financial statements. He began noting that the MTA is comprised of 10 reporting entities, eight of which undergo separate audits and therefore have their own distinct materiality thresholds. The MTA's Consolidated Financial Statements, are prepared in conformity with Generally Accepted Accounting Principles in the United States (referred to as GAAP) using accounting standards established by the Government Accounting Standards Board (referred to as GASB) and includes six sections: MD&A (Managements' Discussion & Analysis), the basic financial statements, the notes to the financial statements, required supplementary information, supplementary information and additional supplementary information. The Notes to the Financial Statements include an additional note this year for compensated absences. McGovern reviewed new GASB accounting standards effective in 2025 and beyond, including GASB Statement No. 102 (Certain Risk Disclosures), which enhances financial reporting through disclosures of risks related to concentrations (lack of diversity in resource inflows and outflows) and constraints affecting financial operations (limitations imposed by external parties or internal governance). He noted that, for the MTA, a primary concentration risk is its reliance on New York State subsidies to fund operating expenses. McGovern referenced a slide summarizing the Consolidated Statement of Net Position, noting it provides a higher-level view than the audited financial statements. For 2025, the MTA reported \$130 billion in total assets and deferred outflows, \$102 billion in liabilities and deferred inflows, and a net position of \$28 billion. Compared with the prior year, cash and investments increased by \$6.6 billion, primarily due to bond proceeds related to real estate transfer trust and payroll mobility tax bonds, federal preventive maintenance grants, the CRZ loan, and the one-time casino license fee. Capital assets

increased due to continued investment across asset classes, while deferred outflows changes are mainly from actuarial assumption changes, particularly higher interest rate assumptions. On the liability side, long-term debt increased primarily due to the issuance of real estate transfer tax revenue bonds, PMT bonds, and subordinated bond anticipation notes (BANs) in 2025. OPEB liabilities decreased mainly due to updated actuarial assumptions, including higher interest rate assumptions. Net pension liabilities also declined, driven by actuarial valuation changes and gains in plan asset fair values. Deferred inflows of resources increased primarily due to \$0.3 billion from leases and \$0.3 billion related to pensions and OPEB resulting from actuarial assumption changes. McGovern then referenced two informational slides with bar charts showing assets and liabilities by agency, as well as the percentage distribution of capital assets and liabilities. With respect to the MTA's Income Statement for 2025, there is a reported operating deficit of \$11.6 billion. Subsidies and tax revenues increased, driven primarily by higher payroll mobility tax revenues, the one-time casino license fee, and increased federal preventive maintenance grant reimbursements. McGovern referenced a slide listing all the footnotes accompanying the financial statements and highlighted new Footnote 16, related to GASB Statement No. 102, previously discussed. He concluded by thanking his department, including Lisa Tan, for their contributions to financial reporting, as well as Deloitte for their technical support and strong working relationship. MTA Chief Financial Officer Jia Patel reminded the Board/Committee that certain revenue increases, including PMT bonds and casino license fees, were already incorporated into the budget. The additional PMT revenues support the capital budget for the \$68 billion capital program, while casino license fees were included in the financial plan but were received in December 2025 rather than 2026.

Kostas Makrakis, Managing Director, Deloitte, briefed (remotely) the Committee on the results of their review of the 2025 MTA Consolidated Year End Financial Statements. In his opening remarks, he stated that they have prepared the following comments to assist the Audit Committee in fulfilling their obligation to oversee the financial reporting and disclosure process for which management of the MTA and each of the seven agencies are responsible. It is the responsibility of Deloitte to express an opinion on whether the MTA's and each of its agency's financial statements and the supplementary information are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the U.S. Deloitte is currently in the process of finalizing the audit of the MTA's consolidated financial statements, as well as the stand-alone financial statements of its seven agencies, 2025 and they expect to issue its audit opinions within the next couple of weeks. The audits are conducted in accordance with generally accepted auditing practices in the United States and in accordance with auditing standards issued by the Government Accountability Office. During the year, the MTA adopted GASB 102, which requires certain risk disclosures. In addition, the TBTA standalone financial statements included new disclosures related to the Congestion Relief Tolling Program, providing greater transparency into the program's financial position, performance, and operational implementation. This segment disclosure information was subject to audit procedures. With respect to significant accounting estimates, the MTA financial statements include pensions and other post-employment benefits, as well as estimated liabilities arising from personal injury claims. No errors, uncorrected misstatements, or disclosure items passed were identified during the audits at either the MTA group or agency level. There were no disagreements with management, and Deloitte had unrestricted access to MTA senior management throughout the audits. Consistent with prior years, Deloitte will include an emphasis-of-matter paragraph in the audit opinion. This does not constitute

a qualification, and a clean audit opinion will still be issued. The paragraph is intended to draw users' attention to MTA's continued reliance on significant subsidies and material transactions with the City of New York, the State of New York, the State of Connecticut, and economically sensitive tax revenues. As of this date, Deloitte has not identified any material weaknesses or significant deficiencies in internal control over financial reporting. Management Letter comments are expected to be issued within 30 days following issuance of the audit opinion. The Single Audit Report is expected to be issued during the second week of July, and the National Transit Database agreed-upon procedures report is expected by the end of June. Lastly, Makrakis expressed appreciation to the MTA management team for its exceptional cooperation, transparency, and understanding throughout the audit of the nation's largest transportation authority.

Kostas Makrakis, Managing Director, briefed the Committee on Deloitte's review of the MTA's compliance with investment guidelines. Deloitte reported that nothing came to its attention indicating noncompliance with the MTA's investment guidelines, the New York State Comptroller's investment guidelines, or the New York State Public Authorities Law. The report is intended solely for the use of the Authority's Board of Directors and management, and the Office of the New York State Comptroller.

Lamond Kears, MTA Chief Compliance Officer, briefed the Committee on the quarterly status of open and past-due audit recommendations previously accepted by the agencies. Kears noted that open recommendations are being continuously monitored and that the responsible agencies and departments have been contacted regarding outstanding items. He further stated that no critical issues have been identified at this time.

Rafail Portnoy, Chief Technology Officer, updated the Board/Committee on recent MTA IT activities and accomplishments. He highlighted the department's transformation to an operational model that aligns technology resources directly with business units and operating agencies, improving the speed, reliability, and efficiency of solution delivery while reducing reliance on external consultants. He also noted that the department reduced its vacancy rate from approximately 15–18% to 5–6%, strengthening operational stability and internal expertise. Portnoy highlighted several recent initiatives, including the in-house development of the fare evasion enforcement program (E-Citation) in partnership with NYC Transit and the MTA Police Department; successful implementation of recent railroad fare changes and new vending machine technology in coordination with both railroads; rollout of new onboard ticket validation devices at Metro-North Railroad; and continued development of the new MTA Transit app using in-house resources at a lower cost and with faster delivery timelines. Chair Janno Lieber commended the IT department's work, particularly the modernization of fare enforcement technology, noting its operational benefits and positive impact on efficiency and customer service.

Upon motion duly made and seconded, the Committee voted to convene an executive session to discuss proposed, pending, or current litigation in accordance with NYS Public Officers Law 105.1d. The MTA General Counsel along with select agency General Counsels attended the executive committee session.

Audit Committee Action Items

Upon motion duly made and seconded, the Board voted to approve the following:

- (i) MTA Consolidated Year-End 2025 Financial Statements
- (ii) Investment Compliance Report

Refer to the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved items.

10. EXECUTIVE SESSION

Upon motion duly made and seconded, the Board voted to convene an executive session in accordance with Section 105(1)(d) of the New York State Public Officers Law to discuss proposed, pending, or current litigation. Thereafter, upon motion duly made and seconded, the Board voted to resume proceedings in public session.

11. BOARD ACTIONS

a. JOINT RAILROAD COMMITTEE

Board Member Blanca Lopez reported that the Joint Railroad Committee did not have any items for Board approval.

b. NEW YORK CITY TRANSIT COMMITTEE

Board Member Haeda B. Mihaltses reported that the Transit Committee has two items requiring Board approval.

- Expedited Change Order Procedure for the R268 Train Procurement
- Clean Diesel Bus Procurement

Upon motion duly made and seconded, the Board approved these items.

Refer to the staff summaries and documentation filed with the records of this meeting, and the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved items.

c. TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY COMMITTEE

Board Member Sammy Chu reported that the Triborough Bridge and Tunnel Authority Committee did not have any items for Board approval.

d. **CAPITAL PROGRAM COMMITTEE**

Board Member Dan Garodnick reported that the Capital Program Committee has five items this month requiring Board approval.

1. Design-Build Services for Replacement of East End Bridges
2. Installation of Bike Racks at 14 Metro-North Stations and Sidewalk Reconstructions at Hastings-on-Hudson
3. Delivery Program & Project Controls Consultant
4. RFK Fleet Garage Exit Corridor Repairs on Randall's Island
5. Approval to Enter into a Design Agreement

Upon a motion duly made and seconded, the Board voted to approve all five items. Board Member Haeda Mihaltses recused herself and did not participate in the consideration or vote on item #3 - Delivery Program & Project Controls Consultant and item #5 - Approval to Enter into a Design Agreement.

Refer to the staff summaries and documentation filed with the records of this meeting, and the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved items.

e. **COMMITTEE ON FINANCE / FMTAC**

Board Member Neal Zuckerman reported the following items for Board approval:

- MTA-HQ Personal Service Contracts
- Engineering Assessment of MTA Railway-Highway Grade Crossings
- Real Estate Matters
- Lease Agreement
- Acquisition of Property Along Bruckner Boulevard in Support of the Penn Station Access Project
- 2025 Annual Investment Report
- FMTAC Cybersecurity Certification of Materials
- Refund Policy for LIRR Monthly Tickets During the LIRR Strike

Upon motion duly made and seconded, the Board approved these items.

Refer to the staff summaries and documentation filed with the records of this meeting, and the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved items.

f. **CORPORATE GOVERNANCE COMMITTEE**

Board Member Marc Herbst reported that the Corporate Governance Committee has one item for approval.

- All Agency General Contract Procurement Guidelines and All Agency Service Contract Procurement Guidelines

Upon motion duly made and seconded, the Board approved this item.

Refer to the staff summary and documentation filed with the records of this meeting, and the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved item.

g. **AUDIT COMMITTEE**

Board Member David Jones reported that the Audit Committee has two matters for Board approval.

- MTA Consolidated Year End 2025 Financial Statements
- Investment Compliance Report

Upon a motion duly made and seconded, the Board voted to approve both items.

Refer to the staff summaries and documentation filed with the records of this meeting, and the video recording of the meeting, produced by the MTA and maintained in MTA records for details on the approved items.

12. MINUTES

Upon motion duly made and seconded, the Board approved the minutes of the regular Board meeting held on April 29, 2026, and the minutes of the Committees held on April 27, 2026, as distributed.

13. ADJOURNMENT

Upon motion duly made and seconded, the Board voted to adjourn the meeting at approximately 12:49 P.M.

2026 AUDIT COMMITTEE WORK PLAN

I. RECURRING AGENDA ITEMS

Responsibility

Each Meeting:

Approval of Minutes
Audit Work Plan

Committee Chair & Members
Committee Chair & Members

As Appropriate:

Pre-Approval of Audit and Non-Auditing Services
Follow-Up Items
Status of Audit Activities

Committee Chair & Members

Auditor General
Auditor General/MTA IG/
CCO/CFO/
Controllers/External Auditor/
Committee Chair & Members

Executive Sessions

II. SPECIFIC AGENDA ITEMS

January 2026

Quarterly Financial Statements – 3rd Quarter 2025
Enterprise Risk Management Update
and Internal Control Guidelines
Compliance with the Internal Control Act
2025 Audit Plan Status Report
2026 Audit Plan
Open Audit Recommendations

External Auditor
Chief Compliance Officer

Chief Compliance Officer
Auditor General
Auditor General
Chief Compliance Officer

May 2026

2025 Audited Financial Statements
Management's Review of Consolidated
Financial Statements
Investment Compliance Report
Information Technology Report
Open Audit Recommendations
Contingent Liabilities/Third Party
Lawsuits (Executive Session)

External Auditor/CFO
Deputy Chief, Controller's Office

External Auditor
Chief Technology Officer
Chief Compliance Officer
General Counsels/External Auditor

July 2026

Quarterly Financial Statements – 1st Quarter 2026
Pension Audits (2025)
Management's Review of Pension Audits
Single Audit Report
Management Letter Reports
Review of MTA/IG's Office (FY 2025)
Enterprise Risk Management Update
Ethics and Compliance Program
Financial Interest Reports
MTAAS 2026 Audit Plan Status Report
Open Audit Recommendations

External Auditor
External Auditor/Deputy Chief, Controller
Deputy Chief, Controller's Office
External Auditor/CFOs
External Auditor/CFOs/Controllers
External Auditor
Chief Compliance Officer
Chief Compliance Officer
Chief Compliance Officer
Auditor General
Chief Compliance Officer

October 2026

Quarterly Financial Statements – 2nd Quarter 2026
Appointment of External Auditors
Audit Approach Plans/Coordination
Review of Audit Committee Charter
Security of Sensitive Data & Systems
(Executive Session)
Open Audit Recommendations
Annual Audit Committee Report

External Auditor
Committee Chair & Members
External Auditor
CCO and Committee Chair
Chief Technology Officer

Chief Compliance Officer
Committee Chair

2026 AUDIT COMMITTEE WORK PLAN

I. RECURRING AGENDA ITEMS

Each Meeting

Approval of Minutes

Approval of the official proceedings of the previous month's Committee meeting.

Audit Work Plan

A monthly update of any edits and/or changes in the work plan.

As Appropriate

Pre-Approval of Audit and Non-Auditing Services

As appropriate, all auditing services and non-audit services to be performed by external auditors will be presented to and pre-approved by the Committee.

Follow-Up Items

Communications to the Committee of the current status of selected open issues, concerns or matters previously brought to the Committee's attention or requested by the Committee.

Status of Audit Activities

As appropriate, representatives of MTA's public accounting firm or agency management will discuss with the Committee significant audit findings/issues, the status of on-going audits, and the actions taken by agency management to implement audit recommendations.

Executive Sessions

Executive Sessions will be scheduled to provide direct access to the Committee, as appropriate.

II. SPECIFIC AGENDA ITEMS

JANUARY 2026

Quarterly Financial Statements - 3rd Quarter 2025

Representatives of the MTA public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the third quarter of 2025.

Enterprise Risk Management Update and Internal Control Guidelines

These MTA-wide guidelines, which were adopted by the Board in 2011 pursuant to Public Authority Law Section 2931, are required to be reviewed by the Committee annually. The MTA Chief Compliance Officer will brief the Committee on the agency compliance with these guidelines and answer any questions and offer additional comments, as appropriate. The MTA Chief Compliance Officer will also brief the Committee on the status of agency compliance with the ERM guidelines and any new or emerging risk.

Compliance with the Internal Control Act

The Committee will be briefed by the MTA Chief Compliance Officer on the results of the All-Agency Internal Control Reports issued to the NYS Division of the Budget as required by the Government Accountability, Audit and Internal Control Act.

MTAAS 2025/2026 Audit Plans

i. 2025 Audit Plan Status

A briefing by Audit Services that will include a status of the work completed, a summary of the more significant audit findings, and a discussion of the other major activities performed by the department in 2025.

ii 2026 Audit Plan

A discussion by Audit Services of the areas scheduled to be reviewed in 2026 as well as the guidelines and policies that were used to assess audit risk and their application in the development of the audit work plan.

Open Audit Recommendations

The MTA Chief Compliance Officer will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

MAY 2026

2025 Financial Statements

The MTA public accounting firm will review the results and conclusions of their examination of the 2025 Financial Statements. The CFO/Deputy Chief, Controller's Office will be available to the Committee to answer any questions regarding the submission of their audit representation letters to the external audit firm.

Management's Review of MTA Consolidated Financial Statements

The Deputy Chief, Controller's Office will present a management's review of the 2025 MTA consolidated financial statements, including changes in capital, net assets, other assets and operating revenues and expenses.

Investment Compliance Report

Representatives of the MTA's public accounting firm will provide a review of MTA's compliance with the guidelines governing investment practices.

Open Audit Recommendations

The MTA Chief Compliance Officer will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

Information Technology Report

The MTA Chief Technology Officer will brief the Committee on the activities of the MTA IT for the past year, including its accomplishments, strategies and plans for the current year.

Contingent Liabilities and Status of Third-Party Lawsuits

The General Counsels from each agency, along with representatives from the independent accounting firm, will review in Executive Session the status of major litigation that may have a

material effect on the financial position of their agency, or for which a contingency has been or will be established and/or disclosed in a footnote to the financial statements. In addition, the Committee will be briefed on the status of third-party lawsuits for which there has been minimal or sporadic case activity.

JULY 2026

Quarterly Financial Statements – 1st Quarter 2026

Representatives of MTA's public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the first quarter of 2026.

Pension Audits

i Management's Review of MTA-Managed/Controlled Pension Plan Financial Statements

The Deputy Chief, Controller's Office will present a management's review of the 2025 MTA-managed and controlled Pension Plan financial statements, including changes in the plan's net position, the required supplementary information and any new GASB statements or statutory regulations affecting the financial statements.

ii Audit of the Pension Plans Financial Statements

Representatives of the MTA public accounting firm will provide the results of their audits of the pension plans that are managed and controlled by MTA HQ, Long Island Rail Road, Metro-North and NYC Transit.

Single Audit Report

Representatives of MTA's public accounting firm will provide the results of their Federal-and State-mandated single audits of MTA and NYC Transit.

Management Letter Reports

Reports will be made by the MTA's public accounting firm on the recommendations made in the auditors' Management Letter for improving the accounting and internal control systems of the MTA and its agencies. The report will also include management's response to each Management Letter comment. The response will describe the plan of action and timeframe to address each comment. In addition, the report will contain a follow-up of prior years' open recommendations conducted by the MTA's public accounting firm.

Review of the MTA Inspector General's Office

Representatives of MTA's public accounting firm will provide the results of their 2025 "agreed-upon" review procedures on the MTA/IG's operating expenses to ensure compliance with applicable policies and procedures.

Enterprise Risk Management Update

These MTA-wide guidelines, which were adopted by the Board in 2011 pursuant to Public Authority Law Section 2931, are required to be reviewed by the Committee annually. The MTA Chief Compliance Officer will brief the Committee on the agency compliance with these guidelines and answer any questions and offer additional comments, as appropriate. The MTA Chief Compliance Officer will also brief the Committee on the status of agency compliance with the ERM guidelines and any new or emerging risk.

Ethics and Compliance Program

The MTA Chief Compliance Officer will brief the Committee (i) on the status of agency compliance with the ERM guidelines and any new or emerging risk and (ii) selected aspects of the MTA Ethics and Compliance Program.

Financial Interest Reports

The MTA Chief Compliance Officer will brief the Committee on the agencies' compliance with the State Law regarding the filing of Financial Disclosure Statements, including any known conflicts of interest.

MTAAS 2026 Audit Plan Status Report

A briefing by Audit Services that will include a status of the work completed as compared to the audits planned for the year, a summary of the more significant audit findings, results of audit follow-up, and a discussion of the other major activities performed by the department.

Open Audit Recommendations

The MTA Chief Compliance Officer will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

OCTOBER 2026

Quarterly Financial Statements – 2nd Quarter 2026

Representatives of MTA's public accounting firm, in conjunction with appropriate agency management, will discuss the interim financial statement that was prepared for the second quarter of 2026.

Appointment of External Auditors

The Audit Committee will review the appointment of the independent auditor for MTA HQ and all the agencies. As part of this process, the Auditor General has reviewed and provided to the Committee, and will retain on file, the latest report of the firm's most recent internal quality control review.

Audit Approach Plans/Coordination

Representatives of MTA's public accounting firm will review their audit approach for their 2026 engagement. This review will describe the process used to assess inherent and internal control risks, the extent of the auditor's coverage, the timing and nature of the procedures to be performed, and the types of statements to be issued. In addition, the impact of new or proposed changes in accounting principles, regulations, or financial reporting practices will be discussed.

Review of Audit Committee Charter

The Committee Chair will report that the Committee has reviewed and assessed the adequacy of the Audit Committee Charter and, based on that review, will recommend any changes. The review will also show if the Committee's performance in 2026 adequately complied with the roles and responsibilities outlined in its Charter (i.e. monitoring and overseeing the conduct of MTA's financial reporting process; application of accounting principles; engagement of outside auditors; MTA's internal controls; and other matters relative to legal, regulatory and ethical compliance at the MTA).

Security of Sensitive Data & Systems

The MTA Chief Technology Officer will make a presentation to the Committee on the security of sensitive data and systems at the MTA.

Open Audit Recommendations

The MTA Chief Compliance Officer will report to the Committee on the status of audit recommendations previously accepted by their respective agency.

Annual Audit Committee Report

As a non-agenda information item, the Audit Committee will be provided with a draft report which outlines the Audit Committee's activities for the 12 months ended July 2026. This report is prepared in compliance with the Audit Committee's Charter. After Committee review and approval, the Committee Chair will present the report to the full MTA Board.

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**The Metropolitan Transportation Authority
Report to Management
Year Ended December 31, 2025**

July 22, 2026

The Audit Committee
Metropolitan Transportation Authority
New York, New York 10004

And

The Management of the Metropolitan
Transportation Authority
New York, New York 10004

Dear Members of the Audit Committee and Management:

In connection with our audits of the financial statements of the Metropolitan Transportation Authority (inclusive of Metropolitan Transportation Authority's Headquarters), First Mutual Transportation Assurance Company, Long Island Rail Road Company, Metro-North Commuter Railroad Company, MTA Bus Company, New York City Transit Authority, Staten Island Rapid Transit Operating Authority, and the Triborough Bridge and Tunnel Authority (collectively the "MTA") as of and for the year ended December 31, 2025 (on which we have issued our reports dated June 26, 2026), performed in accordance with auditing standards generally accepted in the United States of America (generally accepted auditing standards), we considered internal control over financial reporting in order to design audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MTA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MTA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, in connection with our audits, we have identified and included in the attached Appendix A, a certain matter involving MTA's internal control over financial reporting that we consider to be a significant deficiency under generally accepted auditing standards.

We have also identified and included in the attached Appendix A, other deficiencies involving MTA's internal control over financial reporting as of December 31, 2025, that we wish to bring to your attention.

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We also plan to issue our Uniform Guidance reports in accordance with *Government Auditing Standards* and the U.S. Office of Management and Budget (“OMB”) audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“OMB Uniform Guidance”) and compliance with the types of compliance requirements described in the *Part 43 of the New York State Codification of Rules and Regulations* which will include (1) Independent Auditor’s Report (2) Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with *Government Auditing Standards* (3) Independent Auditor’s Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, and (4) Independent Auditor’s Report on Compliance for Each Major State of New York Department of Transportation Assistance Program; and Report on Internal Controls over Compliance; and Report on Schedule of State of New York Department of Transportation Assistance expended Required by Part 43 of the New York State Codification of Rules and Regulations.

The definitions of a deficiency, a material weakness, and a significant deficiency are also set forth in the attached Appendix B.

Although we have included Management’s written response to our comments in the attached Appendix A, such responses have not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses, or the effectiveness of any corrective actions described therein.

This report is intended solely for the information and use of Management, the Audit Committee, Federal and State awarding agencies or pass-through entities, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

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APPENDIX A

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY

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STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY CURRENT YEAR COMMENTS – DEFICIENCY – 2025

We identified, and included below, a deficiency involving SIRTOA’s internal control over financial reporting for the year ended December 31, 2025, that have not been previously communicated in writing or orally, by others within SIRTOA, or by us that we wish to bring to your attention.

1. Review of Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position Reconciliation - DEFICIENCY

Criteria:

SIRTOA performs a monthly review of the statement of net position and statement of revenues, expenses, and changes in net position to ensure that the amounts are accurate and properly classified.

Condition:

During our audit procedures, Deloitte & Touche (“D&T”) identified a deficiency in SIRTOA’s review control through our substantive testing procedures related to the comparative prior year (“December 31, 2024”) amounts for accounts payable, other accrued expenses, operating expenses, operating revenues, and non-operating expenses – net financial statement line items (“FSLI”).

Cause:

D&T notes that there were certain 2024 general ledger accounts reported in the incorrect FSLI which was corrected in 2025 including:

1. General ledger accounts were being reported as accounts payable that should have been reported as other accrued expenses.
2. General ledger accounts were being reported as other fringe benefits that should have been reported as salaries and wages.
3. General ledger accounts were being reported as non-operating expenses-net that should have been reported as other operating revenue.

Effect:

As a result, there was a classification misstatement on the following comparative prior year FSLI’s:

1. Accounts payable was overstated and other accrued expense was understated by \$1.04M.
2. Other fringe benefits FSLI was overstated and salaries and wages was understated by \$207.26K.
3. Other non-operating expenses – net was overstated and other operating revenue was understated by \$244.44K.

Recommendation:

We recommend that SIRTOA Management enhance the review process of the statement of net position and statement of revenues, expenses and changes in net position reconciliation to ensure that the accounts are appropriately classified based on the underlying nature of the balances.

Financial Statement Impact:

The net impact of this deficiency resulted in a known misclassification between other accrued expenses and accounts payable amounting to \$1.04M, salaries and wages and other fringe benefits amounting to \$207K, and other operating revenues and other non-operating revenues amounting to \$244K. Management did not correct the error as it was deemed immaterial to the December 31, 2024 financial statements.

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Management Response:

Management agrees with the recommendation. In an effort to bring consistency in the reporting across all agencies, there were some accounts which were reported to different reporting lines versus 2024. These changes were made for the 2025 statements and deemed immaterial to adjust the prior year report. Management will be reviewing the reports to ensure consistency across all agencies in 2026 and the prior years

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METRO-NORTH COMMUTER RAILROAD COMPANY

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METRO NORTH COMMUTER RAILROAD COMPANY CURRENT YEAR COMMENTS – DEFICIENCIES – 2025

We identified, and included below, a deficiency involving MNCR's internal control over financial reporting for the year ended December 31, 2025, that have not been previously communicated in writing or orally, by others within MNCR, or by us that we wish to bring to your attention.

1. Supplemental Cash Flow Disclosures Review- DEFICIENCY

Criteria:

There was a design deficiency that was identified related to the disclosure of non-cash capital and related financing activity. Specifically, the design deficiency arose because the schedule utilized by management to determine the amounts to be disclosed was not set up correctly. Additionally, it was not properly designed to present the correct sign for the non-cash activity as an inflow of resources.

Condition:

During our audit procedures, D&T identified a design deficiency through our substantive testing procedures related to the comparative prior year amounts of non-cash capital and related financing activity disclosure.

Cause:

There was a design deficiency related to MNCR's non-cash capital and related financing activity schedule. An error was identified due to a combination of data extraction error and misapplication of the disclosure requirement. This caused an incorrect disclosure of the comparative prior year amounts related to non-cash capital and related financing activities.

Effect:

As a result, there was a misstatement of the following supplemental cash flow disclosures for the comparative prior year amounts:

1. Non-cash contributed capital assets were understated by \$53.4M
2. Capital assets and related liabilities were overstated by \$27.61M

Recommendation:

We recommend that MNCR Management properly implement the review of supplemental cash flow disclosures to ensure that all supplemental cash flow disclosures are complete and accurate.

Financial Statement Impact:

The net impact of this deficiency resulted in a disclosure misstatement on supplemental cash flow section for the comparative prior year amounts (understatement of non-cash contributed capital assets by \$53.4M and overstatement of capital assets and related liabilities by \$27.61M). Management did not correct the error as it was deemed immaterial to the December 31, 2024 financial statements.

Management Response:

Management agrees with the recommendation. Management will be providing training and review in the preparation of the cash flow statements for all agencies to ensure the cash flow reports are properly calculated and reported.

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LONG ISLAND RAIL ROAD

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LONG ISLAND RAIL ROAD CURRENT YEAR COMMENTS – DEFICIENCIES – 2025

We identified and included below significant deficiencies and deficiencies involving LIRR's internal control over financial reporting for the year ended December 31, 2025, that have not been previously communicated in writing or orally, by others within LIRR, or by us that we wish to bring to your attention.

1. Supplemental Cash Flow Disclosure Review– SIGNIFICANT DEFICIENCY

Criteria:

There was a significant design deficiency that was identified related to the disclosure of non-cash capital and related financing activity. Specifically, the significant design deficiency arose because the schedule utilized by management to determine the amounts to be disclosed was not set up correctly. Additionally, it was not properly designed to present the correct sign for the non-cash activity as an inflow of resources.

Condition:

During our audit procedures, D&T identified a significant design deficiency through our substantive testing procedures related to the comparative prior year amounts of non-cash capital and related financing activity disclosure.

Cause:

There was a significant design deficiency related to LIRR's non-cash capital and related financing activity schedule. An error was identified due to a combination of data extraction error and misapplication of the disclosure requirement. This caused an incorrect disclosure of the comparative prior year amounts related to non-cash capital and related financing activities.

Effect:

As a result, there was a misstatement of the following supplemental cash flow disclosures for the comparative prior year amounts:

1. Non-cash contributed capital assets were understated by \$1.3B
2. Capital assets and related liabilities were overstated by \$136.5M

Recommendation:

We recommend that LIRR Management to design a control for the review of supplemental cash flow disclosures to ensure that all supplemental cash flow disclosures are complete and accurate.

Financial Statement Impact:

The net impact of this significant deficiency resulted in a known disclosure misstatement on supplemental cash flow section for the comparative prior year amounts (understatement of non-cash contributed capital assets by \$1.3B and overstatement of capital assets and related liabilities by \$136.5M) which was corrected by Management prior to the December 31, 2025 financial statement issuance.

Management Response:

Management agrees with the recommendation. Management will be providing training and review in the preparation of the cash flow statements for all agencies to ensure the cash flow reports are properly calculated and reported.

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LONG ISLAND RAIL ROAD CURRENT YEAR COMMENTS – DEFICIENCIES – 2025 (continued)

2. Review of Statement of Net Position Reconciliation - DEFICIENCY

Criteria:

LIRR performs a monthly review of the statement of net position reconciliation to ensure that the amounts are accurate and properly classified.

Condition:

During our audit procedures, D&T identified a deficiency in LIRR's review control through our substantive testing procedures related to the comparative prior year amounts for accounts payable and other accrued expenses.

Cause:

Certain 2024 general ledger accounts were being reported as accounts payable that should have been reported as other accrued expenses which was corrected in 2025.

Effect:

The 2024 accounts payable balance was overstated and the other accrued expenses balance was understated by \$50.6M.

Recommendation:

We recommend that LIRR Management enhance the review process of the statement of net position reconciliation to ensure that general ledger accounts are appropriately classified based on the underlying nature of the balances.

Financial Statement Impact:

The net impact of this deficiency resulted in a known misclassification between other accrued expenses and accounts payable amounting to \$50.6M. Management did not correct the error as it was deemed immaterial to the December 31, 2024 financial statements.

Management Response:

Management agrees with the recommendation. In an effort to bring consistency in the reporting across all agencies, there were some accounts which were reported to different reporting lines versus 2024. These changes were made for the 2025 statements and deemed immaterial to adjust the prior year report. Management will be reviewing the reports to ensure consistency across all agencies in 2026 and the prior years

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LONG ISLAND RAIL ROAD CURRENT YEAR COMMENTS – DEFICIENCIES – 2025 (continued)

3. Control over Cycle Count Results – DEFICIENCY

Criteria:

LIRR performs cycle count procedures; however, management did not maintain a formal, timely schedule to track cycle count results.

Condition:

During our audit procedures, D&T identified a deficiency in LIRR's cycle count process through our control testing procedures on which there was no formal schedule for reporting the results of the cycle counts.

Cause:

There was not a schedule to track cycle count results.

Effect:

Inventory discrepancies may not be detected or corrected timely, increasing the risk of inaccurate inventory records, misstated financial reporting, and potential loss or misappropriation of inventory.

Recommendation:

We recommend that LIRR Management formally implement a control over tracking the cycle count results to provide timely identification, investigation, and resolution of inventory count variances.

Financial Statement Impact:

There was no known impact on the financial statements as of December 31, 2025.

Management Response:

Management agrees with the recommendation. To address these concerns, the LIRR Stores department will create a quarterly log to record the cycle count data and monitor performance, with corrective actions implemented and in place by the fourth quarter of 2026.

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LONG ISLAND RAIL ROAD

CURRENT YEAR COMMENTS – DEFICIENCIES – 2025 (continued)

4. Access Security – Corporate Asset Management System - Fleet Support (CAMS-FS) – DEFICIENCY

Criteria:

Access to develop changes into the application production environment is appropriately restricted and segregated.

Condition:

During our audit procedures, D&T noted that seven personnel have access to develop and promote changes to production resulting in improper segregation of duties.

Cause:

D&T noted that the developers who have access to application production environment are also responsible for the on-call support of the application production.

Effect:

Users have access privileges beyond those necessary to perform their assigned duties, which may create improper segregation of duties.

Recommendation:

Management should design and implement a control to assess and monitor application change management, resolve segregation of duties conflicts, and design and implement a control to perform a periodic review of changes where the segregation of duties cannot be mitigated.

Management Response:

Management agrees with the recommendation. Management will deploy a monitoring system which will send an email to both the management team and Sysadmin / Quality Assurance team whenever a production change is made to CAMS Fleet Support. This monitoring procedure will detect unauthorized changes since all changes have a change management record within ServiceNow.

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APPENDIX B

DEFINITION

The definition of a deficiency is as follows:

A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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APPENDIX C

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND INHERENT LIMITATIONS OF, INTERNAL CONTROL OVER FINANCIAL REPORTING

The following comments concerning Management's responsibility for internal control over financial reporting and the objectives and inherent limitations of internal control over financial reporting are included in generally accepted auditing standards.

Management's Responsibility

The MTA's Management is responsible for the overall accuracy of the financial statements and their conformity with accounting principles generally accepted in the United States of America. In this regard, the MTA's Management is also responsible for designing, implementing, and maintaining effective internal control over financial reporting.

Objectives of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, Management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of Management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Control over Financial Reporting

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

* * * * *

Metropolitan Transportation Authority

Employee Benefit Plans Presentation Financial Statements For The Year Ended December 31, 2025

7/27/2026



MTA Benefit Plans Financial Statements

December 31, 2025 and 2024

#	BENEFIT PLAN NAME	TYPE	EMPLOYEES COVERED	2025 TOTAL NET ASSETS	2024 TOTAL NET ASSETS	2025 TOTAL MEMBERSHIP	2024 TOTAL MEMBERSHIP
1	MTA DEFINED BENEFIT PENSION PLAN	Defined Benefit Pension Plan	Covers certain LIRR non-represented and represented employees hired after December 31, 1987, MNR non-represented and certain represented employees, MTA Police, SIRTAA non-represented and represented employees, certain employees of MTA Bus and certain employees of the former LI Bus hired prior to January 23, 1983.	\$7,840,003	\$7,181,669	34,712	33,537
2	MANHATTAN and BRONX SURFACE TRANSIT OPERATING AUTHORITY PENSION PLAN	Defined Benefit Pension Plan	MaBSTOA employees of the Transit Authority who are specifically excluded from NYCERS, and certain employees who moved to MTAHQ.	\$4,409,813	\$4,113,785	16,535	16,154
3	LONG ISLAND RAILROAD COMPANY PLAN FOR ADDITIONAL PENSIONS	Defined Benefit Pension Plan	Long Island Railroad employees hired effective July 1, 1971 and prior to January 1, 1988.	\$661,593	\$709,626	4,657	4,797
4	METRO NORTH COMMUTER RAILROAD COMPANY CASH BALANCE PLAN	Defined Benefit Pension Plan	Metro North Railroad employees hired prior to June, 1983.	\$220	\$249	25	25
5	MTA DEFERRED COMPENSATION PROGRAM	Defined Contribution Plans - (401K & 457)	All MTA non-represented employees and most represented employees.	\$11,911,423	\$10,685,266	401K = 73,145 457 = 56,215	401K = 69,991 457 = 53,323
6	MTA RETIREE WELFARE BENEFITS PLAN (OPEB PLAN)	Retiree Benefits Welfare Plan	The MTA Group's retired employees and their eligible spouses and dependents.	\$1,516,963	\$1,432,582	126,653	122,632

* Note: MTA employees are also participants in NYCERS (New York City Employees' Retirement System) with approximately 37,927 (2025) and 38,528 (2024) active members and NYSLERS (New York State and Local Retirement System) with approximately 2,269 (2025) and 1,845 (2024) active members.

Note: \$'s in thousands.

MTA Benefit Plan Financial Statements

The MTA's Benefit Plans Financial Statements are prepared in conformity with Generally Accepted Accounting Principles in the United States (GAAP) using accounting standards established by the Government Accounting Standards Board (GASB). They include 4 sections as follows:

1. Managements' Discussion & Analysis (MD&A)
2. The basic Financial Statements which include:
 - The Statement of Fiduciary Net Position
 - The Statement of Changes in Fiduciary Net Position
3. The Notes to the Financial Statements
4. Required Supplementary Information (RSI)

MTA Pension Plans

(including cost-sharing multi-employer)

and MTA OPEB Plan

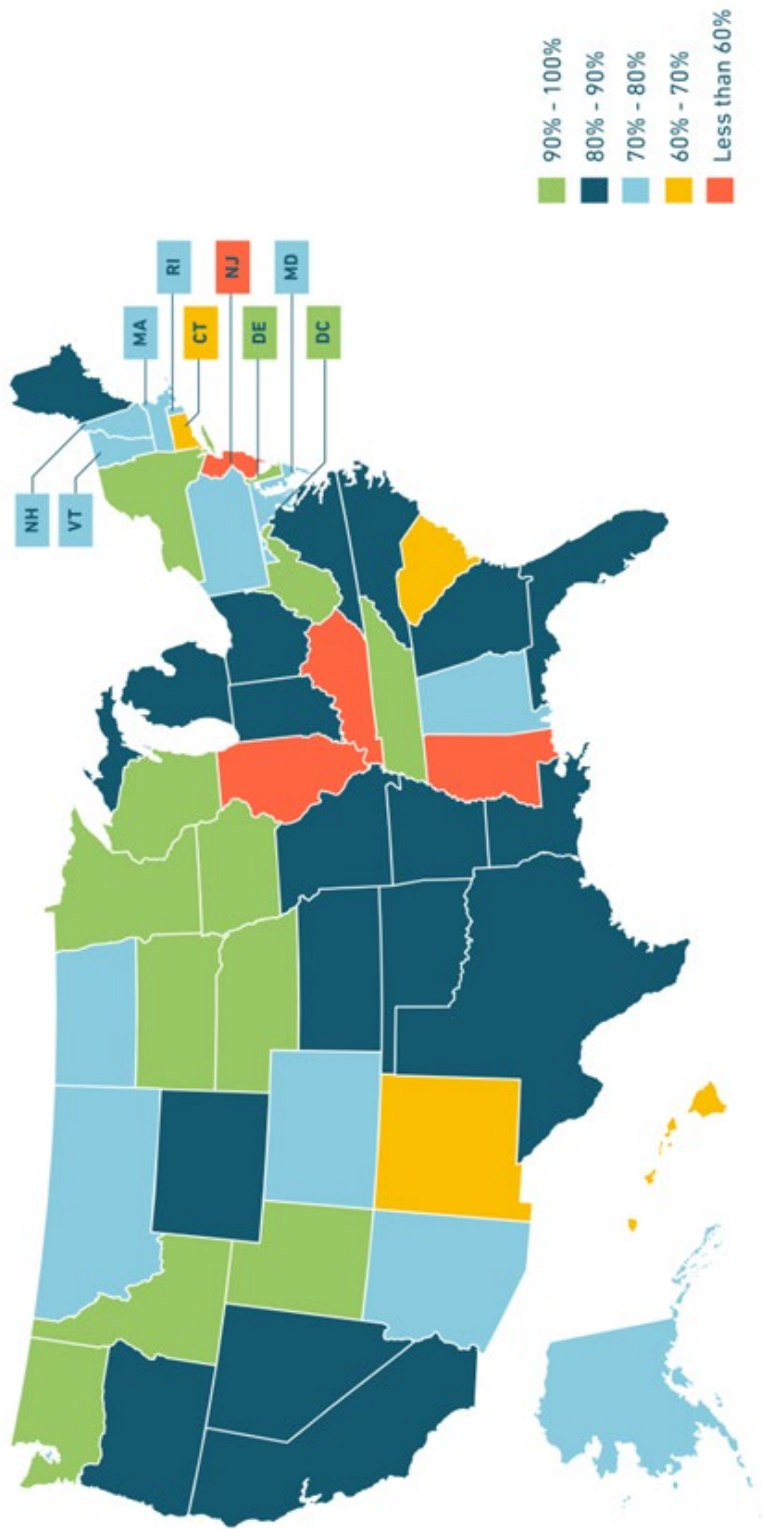
Balances as of December 31, 2025						
(\$'s in Thousands)						
PENSION PLAN	Pension Liability	Plan Net Assets	Net Pension Liability	Funded Ratio	FY25 Contributions	
<u>Single Employer</u>						
1 MTADB PLAN (MTA Group)	(9,423,657)	7,840,003	(1,583,654)	83.2%	96,328	
2 MABSTOA Plan	(5,120,988)	4,409,813	(711,175)	86.1%	18,277	
3 LIRR Additional Plan	(1,087,100)	661,593	(425,507)	60.9%	1,389	
4 MNCRR Cash Balance Plan	(242)	220	(22)	90.8%	17	
Total Single Employer Plans	\$ (15,631,987)	\$ 12,911,629	\$ (2,720,358)	82.6%	\$ 116,011	
<u>Cost-Sharing Multi-Employer Plans</u>						
5 NYSLERS - MTA % = 0.48%	(1,189,324)	1,106,965	(82,359)	93.1%	31,480	
6 NYCERS - MTA % = 22.75%	(24,490,560)	21,468,079	(3,022,481)	87.6%	899,500	
Total Multi-Employer Plans	\$ (25,679,884)	\$ 22,575,044	\$ (3,104,840)	87.9%	\$ 930,980	
TOTAL CONSOLIDATED PENSIONS	\$ (41,311,871)	\$ 35,486,673	\$ (5,825,198)	85.9%	\$ 1,046,991	
<u>OPEB PLAN</u>						
MTA Retiree Welfare Benefits Plan	(23,638,615)	1,516,963	(22,121,652)	6.4%	878,589	

MTA Pension Plans (including cost-sharing multi-employer) and MTA OPEB Plan

Balances as of December 31, 2024						
(\$'s in Thousands)						
PENSION PLAN	Pension Liability	Plan Net Assets	Net Pension Liability	Funded Ratio	FY24 Contributions	
<u>Single Employer</u>						
1 MTADB PLAN (MTA Group)	(8,756,739)	7,181,669	(1,575,070)	82.0%	355,279	
2 MABSTOA Plan	(4,890,418)	4,113,785	(776,633)	84.1%	189,884	
3 LIRR Additional Plan	(1,143,000)	709,626	(433,374)	62.1%	74,957	
4 MNCRR Cash Balance Plan	(252)	249	(3)	98.8%	22	
Total Single Employer Plans	\$ (14,790,409)	\$ 12,005,329	\$ (2,785,080)	81.2%	\$ 620,142	
<u>Cost-Sharing Multi-Employer Plans</u>						
5 NYSLERS - MTA % = 0.30%	(854,484)	802,213	(52,271)	93.9%	14,125	
6 NYCERS - MTA % = 21.98%	(22,955,194)	19,340,101	(3,615,093)	84.3%	832,914	
Total Multi-Employer Plans	\$ (23,809,678)	\$ 20,142,314	\$ (3,667,364)	84.6%	\$ 847,039	
TOTAL CONSOLIDATED PENSIONS	\$ (38,600,087)	\$ 32,147,643	\$ (6,452,444)	83.3%	\$ 1,467,181	
<u>OPEB PLAN</u>						
MTA Retiree Welfare Benefits Plan	(21,007,381)	1,432,582	(19,574,799)	6.8%	877,690	

STATE PENSION PLAN FUNDING RATIOS

2025 ESTIMATED FUNDED RATIOS BY STATE
BASED ON ESTIMATED ASSETS FOR STATE & LOCAL PENSION PLANS



Source: Equable.org/StateofPensions2025

Metropolitan Transportation Authority Deferred Compensation Program

(A Fiduciary Component Unit of the Metropolitan
Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024, and
Independent Auditor's Report

METROPOLITAN TRANSPORTATION AUTHORITY DEFERRED COMPENSATION PROGRAM

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INDEPENDENT AUDITOR'S REPORT

To the Committee of the
Metropolitan Transportation Authority Deferred Compensation Program

Opinion

We have audited each of the accompanying statements of fiduciary net position of the Metropolitan Transportation Authority Deferred Compensation Program, comprised of the Deferred Compensation Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "457 Plan") and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "401(k) Plan"), (collectively the "Plans") as of December 31, 2025 and 2024, and each of the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

July 27, 2026

METROPOLITAN TRANSPORTATION AUTHORITY DEFERRED COMPENSATION PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

The Deferred Compensation Program is comprised of the Deferred Compensation Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "457 Plan") and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "401(k) Plan"), collectively known as the "Plans" and the "Metropolitan Transportation Authority Deferred Compensation Plans". This management's discussion and analysis of the Plans' financial performance provides an overview of the Plans' financial activities for the years ended December 31, 2025 and 2024. It is meant to assist the reader in understanding the Plans' financial statements by providing an overall review of the financial activities during the year and the effects of significant changes. This discussion and analysis may contain opinions, assumptions, or conclusions by the MTA's management that should not be considered a replacement for, and is intended to be read in conjunction with the Plans' financial statements which begin on page 21.

Overview of Basic Financial Statements

The following discussion and analysis is intended to serve as an introduction to the financial statements. The basic financial statements are:

- **The Statements of Fiduciary Net Position**—present the financial position of the Plans at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at contract and net asset values ("NAV"). All other assets and liabilities are determined on an accrual basis.
- **The Statements of Changes in Fiduciary Net Position**—present the results of activities during the year. All changes affecting the assets and liabilities of the Plans are reflected on an accrual basis when the activity occurred regardless of the timing of the related cash flows. In that regard, changes in the contract and NAV of investments are included in the year's activity as net appreciation in contract and NAV values of investments.
- **The Notes to Financial Statements**—provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plans' accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

The financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Pronouncements.

Financial Highlights

As a result of various Deferred Compensation Program changes, expanding participant eligibility through collective bargaining, a strong educational program and greater participant satisfaction, the Deferred Compensation Program has continued to grow. The assets of the 457 Plan exceeded its liabilities by \$4.930 billion and the assets of the 401(k) Plan exceeded its liabilities by \$6.984 billion as of December 31, 2025. This net position restricted for benefits is held in trust for distribution to the Plans participants and/or beneficiaries. During 2025, the net positions held in trust for the 457 Plan and the 401(k) Plan increased by

\$484.4 million and \$741.7 million, respectively, due primarily to market outperformance and net increase in investment income to the plans.

The assets of the 457 Plan exceeded its liabilities by \$4.445 billion and the assets of the 401(k) Plan exceeded its liabilities by \$6.241 billion as of December 31, 2024. This net position restricted for benefits is held in trust for distribution to the Plans participants and/or beneficiaries. During 2024, the net positions held in trust for the 457 Plan and the 401(k) Plan increased by \$409.9 million and \$589.3 million, respectively, due primarily to market outperformance and net increase in investment income to the plans.

Deductions from the Plans' net position consist primarily of distributions to participant and transfers to other plans, and plan expenses in the amounts of \$392.241 million and \$331.172 million for the 457 Plan and \$548.568 million and \$499.919 million for the 401(k) Plan for the years ended December 31, 2025 and 2024.

Plans Fiduciary Net Position

As of December 31,
(\$ in thousand)

457 Plan	2025	2024	2023	Amount of Change		Percentage Change	
				(2025-2024)	(2024-2023)	(2025-2024)	(2024-2023)
ASSETS:							
Investments	\$ 4,824,654	\$ 4,345,579	\$ 3,949,255	\$ 479,075	\$ 396,324	11.0 %	10.0 %
Participant loans receivable	103,930	99,539	85,889	4,391	13,650	4.4	15.9
Other plan assets	<u>950</u>	<u>-</u>	<u>-</u>	<u>950</u>	<u>-</u>	<u>100.0</u>	<u>-</u>
Total assets	<u>4,929,534</u>	<u>4,445,118</u>	<u>4,035,144</u>	<u>484,416</u>	<u>409,974</u>	<u>10.9</u>	<u>10.2</u>
LIABILITIES- Administrative expense reimbursement							
	<u>579</u>	<u>603</u>	<u>524</u>	<u>(24)</u>	<u>79</u>	<u>(4.0)</u>	<u>15.1</u>
Total liabilities	<u>579</u>	<u>603</u>	<u>524</u>	<u>(24)</u>	<u>79</u>	<u>(4.0)</u>	<u>15.1</u>
TOTAL NET POSITION RESTRICTED FOR BENEFITS							
	<u>\$ 4,928,955</u>	<u>\$ 4,444,515</u>	<u>\$ 4,034,620</u>	<u>\$ 484,440</u>	<u>\$ 409,895</u>	<u>10.9 %</u>	<u>10.2 %</u>

401(k) Plan	2025	2024	2023	Amount of Change		Percentage Change	
				(2025-2024)	(2024-2023)	(2025-2024)	(2024-2023)
ASSETS:							
Investments	\$ 6,755,384	\$ 6,031,167	\$ 5,477,595	\$ 724,217	\$ 553,572	12.0 %	10.1 %
Participant loans receivable	226,399	211,252	175,336	15,147	35,916	7.2	20.5
Other plan assets	<u>2,160</u>	<u>-</u>	<u>-</u>	<u>2,160</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total assets	<u>6,983,943</u>	<u>6,242,419</u>	<u>5,652,931</u>	<u>741,524</u>	<u>589,488</u>	<u>11.9</u>	<u>10.4</u>
LIABILITIES- Administrative expense reimbursement							
	<u>1,475</u>	<u>1,668</u>	<u>1,492</u>	<u>(193)</u>	<u>176</u>	<u>(11.6)</u>	<u>11.8</u>
Total liabilities	<u>1,475</u>	<u>1,668</u>	<u>1,492</u>	<u>(193)</u>	<u>176</u>	<u>(11.6)</u>	<u>11.8</u>
TOTAL NET POSITION RESTRICTED FOR BENEFITS							
	<u>\$ 6,982,468</u>	<u>\$ 6,240,751</u>	<u>\$ 5,651,439</u>	<u>\$ 741,717</u>	<u>\$ 589,312</u>	<u>11.9 %</u>	<u>10.4 %</u>

Changes in Plans Fiduciary Net Position

For the Years Ended December 31,
(\$ in thousands)

457 Plan	2025	2024	2023	Amount of Change		Percentage Change	
				(2025-2024)	(2024-2023)	(2025-2024)	(2024-2023)
ADDITIONS:							
Investment income/(loss)	\$ 553,056	\$ 436,509	\$ 496,915	\$ 116,547	\$ (60,406)	26.7 %	(12.2)%
Contributions and additional deposits	316,389	298,321	251,518	18,068	46,803	6.1	18.6
Loan repayments— interest	7,236	6,237	4,556	999	1,681	16.0	36.9
Total additions	876,681	741,067	752,989	135,614	(11,922)	18.3	(1.6)
DEDUCTIONS:							
Distribution to participants	-	174,316	106,732	(174,316)	67,584	100.0	63.3
Distribution to participants and transfers to other plans	344,786	-	-	344,786	-	100.0	0.0
Transfers to other plans	-	155,359	146,839	(155,359)	8,520	(100.0)	5.8
New issued loans	45,093	-	-	45,093	-	100.0	0.0
Net participant loan activity	-	130	3,365	(130)	(3,235)	(100.0)	(96.1)
Other	2,362	1,367	1,674	995	(307)	72.8	(18.3)
Total deductions	392,241	331,172	258,610	61,069	72,562	18.4	28.1
Increase in net position	484,440	409,895	494,379	74,545	(84,484)	18.2	(17.1)
TOTAL NET POSITION RESTRICTED FOR BENEFITS							
Beginning of year	4,444,515	4,034,620	3,540,241	409,895	494,379	10.2	14.0
End of year	\$ 4,928,955	\$ 4,444,515	\$ 4,034,620	\$ 484,440	\$ 409,895	10.9 %	10.2 %
401(k) Plan	2025	2024	2023	Amount of Change		Percentage Change	
				(2025-2024)	(2024-2023)	(2025-2024)	(2024-2023)
ADDITIONS:							
Investment income/(loss)	\$ 782,011	\$ 608,188	\$ 704,020	\$ 173,823	\$ (95,832)	28.6 %	(13.6)%
Contributions and additional deposits	492,613	467,640	368,466	24,973	99,174	0.0	0.0
Loan repayments— interest	15,661	13,403	9,379	2,258	4,024	5.3	26.9
Total additions	1,290,285	1,089,231	1,081,865	201,054	7,366	16.8	42.9
DEDUCTIONS:							
Distribution to participants	-	211,060	155,924	(211,060)	55,136	18.5	0.7
Distribution to participants and transfers to other plans	444,130	-	-	444,130	-	100.0	35.4
Transfers to other plans	-	286,616	207,293	(286,616)	79,323	100.0	-
New issued loans	101,243	-	-	101,243	-	(100.0)	38.3
Net participant loan activity	-	120	5,365	(120)	(5,245)	100.0	-
Other	3,195	2,123	2,974	1,072	(851)	(100.0)	(97.8)
Total deductions	548,568	499,919	371,556	48,649	128,363	50.5	(28.6)
Increase in net position	741,717	589,312	710,309	152,405	(120,997)	9.7	34.5
TOTAL NET POSITION RESTRICTED FOR BENEFITS							
Beginning of year	6,240,751	5,651,439	4,941,130	589,312	710,309	25.9	(17.0)
End of year	\$ 6,982,468	\$ 6,240,751	\$ 5,651,439	\$ 741,717	\$ 589,312	10.4	14.4
						11.9 %	10.4 %

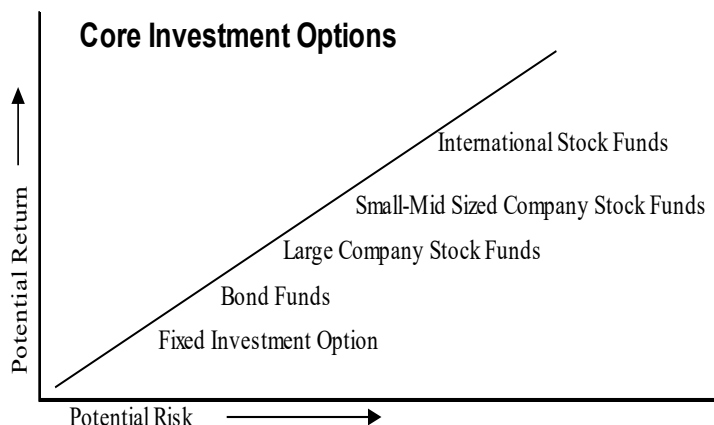
Investment Options

The MTA Plans offer eleven (11) Target-Year Lifecycle Funds, which provide a diversified mix of certain of the Plans' investment options and allow a participant to choose the fund closest to their anticipated withdrawal date. The Target-Year Lifecycle Funds are designed to provide an asset allocation strategy appropriate for an individual's risk and return preferences in a single fund through a diversified portfolio of the Plans' domestic stock funds, international stock funds and fixed income funds. Some components are not offered to participants outside of the Target-Year Lifecycle Funds. Allocations are automatically rebalanced to their targets on a quarterly basis.

Fund Name	Asset Class	Portfolio Allocations
MTA Target-Year Lifecycle 2020 Fund	Large Cap 18.50%	MTA Large Cap Equity Index Fund 18.50%
	Small - Mid Cap 2.80%	MTA Small-Mid Cap Equity Fund 2.80%
	Intl Equity 10.70%	MTA International Equity Fund 10.70%
	Fixed Income 15.60%	MTA Bond Fund 15.60%
	Real Asset 6.50%	MTA Real Asset Fund 6.50%
	Stable Value 45.90%	MTA Stable Value Fund 45.90%
MTA Target-Year Lifecycle 2025 Fund	Large Cap 22.90%	MTA Large Cap Equity Index Fund 22.90%
	Small - Mid Cap 3.40%	MTA Small-Mid Cap Equity Fund 3.40%
	Intl Equity 13.50%	MTA International Equity Fund 13.50%
	Fixed Income 15.30%	MTA Bond Fund 15.30%
	Real Asset 6.10%	MTA Real Asset Fund 6.10%
	Stable Value 38.80%	MTA Stable Value Fund 38.80%
MTA Target-Year Lifecycle 2030 Fund	Large Cap 29.50%	MTA Large Cap Equity Index Fund 29.50%
	Small - Mid Cap 4.40%	MTA Small-Mid Cap Equity Fund 4.40%
	Intl Equity 17.60%	MTA International Equity Fund 17.60%
	Fixed Income 15.10%	MTA Bond Fund 15.10%
	Real Asset 5.70%	MTA Real Asset Fund 5.70%
	Stable Value 27.70%	MTA Stable Value Fund 27.70%
MTA Target-Year Lifecycle 2035 Fund	Large Cap 36.10%	MTA Large Cap Equity Index Fund 36.10%
	Small - Mid Cap 5.40%	MTA Small-Mid Cap Equity Fund 5.40%
	Intl Equity 22.10%	MTA International Equity Fund 22.10%
	Fixed Income 14.40%	MTA Bond Fund 14.40%
	Real Asset 5.20%	MTA Real Asset Fund 5.20%
	Stable Value 16.80%	MTA Stable Value Fund 16.80%
MTA Target-Year Lifecycle 2040 Fund	Large Cap 41.70%	MTA Large Cap Equity Index Fund 41.70%
	Small - Mid Cap 6.20%	MTA Small-Mid Cap Equity Fund 6.20%
	Intl Equity 26.00%	MTA International Equity Fund 26.00%
	Fixed Income 13.90%	MTA Bond Fund 13.90%
	Real Asset 4.70%	MTA Real Asset Fund 4.70%
	Stable Value 7.50%	MTA Stable Value Fund 7.50%
MTA Target-Year Lifecycle 2045 Fund	Large Cap 45.40%	MTA Large Cap Equity Index Fund 45.40%
	Small - Mid Cap 6.70%	MTA Small-Mid Cap Equity Fund 6.70%
	Intl Equity 29.00%	MTA International Equity Fund 29.00%
	Fixed Income 12.80%	MTA Bond Fund 12.80%
	Real Asset 4.20%	MTA Real Asset Fund 4.20%
	Stable Value 1.90%	MTA Stable Value Fund 1.90%
MTA Target-Year Lifecycle 2050 Fund	Large Cap 48.00%	MTA Large Cap Equity Index Fund 48.00%
	Small - Mid Cap 7.10%	MTA Small-Mid Cap Equity Fund 7.10%
	Intl Equity 31.10%	MTA International Equity Fund 31.10%
	Fixed Income 10.10%	MTA Bond Fund 10.10%
	Real Asset 3.70%	MTA Real Asset Fund 3.70%
MTA Target-Year Lifecycle 2055 Fund	Large Cap 49.10%	MTA Large Cap Equity Index Fund 49.10%
	Small - Mid Cap 7.30%	MTA Small-Mid Cap Equity Fund 7.30%
	Intl Equity 32.60%	MTA International Equity Fund 32.60%
	Fixed Income 7.80%	MTA Bond Fund 7.80%
	Real Asset 3.20%	MTA Real Asset Fund 3.20%
MTA Target-Year Lifecycle 2060 Fund	Large Cap 49.40%	MTA Large Cap Equity Index Fund 49.40%
	Small - Mid Cap 7.30%	MTA Small-Mid Cap Equity Fund 7.30%
	Intl Equity 33.30%	MTA International Equity Fund 33.30%
	Fixed Income 7.00%	MTA Bond Fund 7.00%
	Real Asset 3.00%	MTA Real Asset Fund 3.00%
MTA Target-Year Lifecycle 2065 Fund	Large Cap 49.40%	MTA Large Cap Equity Index Fund 49.40%
	Small - Mid Cap 7.30%	MTA Small-Mid Cap Equity Fund 7.30%
	Intl Equity 33.30%	MTA International Equity Fund 33.30%
	Fixed Income 7.00%	MTA Bond Fund 7.00%

Fund Name	Asset Class	Portfolio Allocations
	Real Asset 3.00%	MTA Real Asset Fund 3.00%
MTA Income Fund	Large Cap 16.90%	MTA Large Cap Equity Index Fund 16.90%
	Small - Mid Cap 2.50%	MTA Small-Mid Cap Equity Fund 2.50%
	Intl Equity 9.60%	MTA International Equity Fund 9.60%
	Fixed Income 16.00%	MTA Bond Fund 16.00%
	Real Asset 7.00%	MTA Real Asset Fund 7.00%
	Stable Value 48.00%	MTA Stable Value Fund 48.00%

In addition to the eleven Target-Year lifecycle funds, the Plans offer a spectrum of investment options that include two international funds, four small-mid company stock funds, two large company stock funds, three bond funds, and the Stable Value Income Fund (“Fixed Investment Option”).



The investment objective for each of the funds is described below. Additional information on each investment option, including a Fund Fact Sheet is available on the Plans’ website at empower-retirement.com.

International Equity Funds

MTA International Equity Index Fund (Non-US Equity)—The fund invests wholly in State Street Global Advisors (“SSgA”) Global All Cap Equity ex U.S. Index Fund—Class K (the Collective Investment Trust C.I.T.). The C.I.T. Fund seeks to match as closely as possible, before expenses, the performance of the MSCI ACWI ex-USA IMI Index over the long term.

MTA International Equity Fund (International Stock-Blend)—The Portfolio is managed by two complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 50%/50% split. By employing two managers, this portfolio offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **William Blair International Growth Fund (International Stock-Growth)**—The fund seeks to provide long-term growth of capital. The fund invests in a diversified portfolio of equity securities, including common stocks and other forms of equity investments (e.g., securities convertible into common stocks), issued by companies of all sizes domiciled outside the U.S. that William Blair believes have above-average growth, profitability and quality characteristics. William Blair will vary sector and geographic diversification for the fund based upon its ongoing evaluation of economic, market and political trends throughout the world. The fund seeks to provide long-term growth of capital.
2. **Boston Partners International Value Equity (International Stock-Value)**—The Collective Investment Trust Fund is advised by Boston Partners. The objective of the portfolio is to provide long-term capital growth that utilizes bottom-up fundamental analysis in conjunction with a screening process across global equities to construct a portfolio of non-U.S. stocks.

Small-Mid Cap Equity Fund

MTA Small-Mid Cap Equity Index Fund (Mid Cap Stock-Blend)—The Fund invests wholly in the underlying collective investment trust SSgA Russell Small/Mid Cap Non-Lending Series- Class K (the “C.I.T.”). The underlying collective investment trust seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Russell Small Cap Completeness Index over the long term.

MTA Small-Mid Cap Equity Fund (Mid Cap Stock-Blend)—The Fund is managed by four complementary, but independent managers. By employing four managers, this fund offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **The William Blair Small-Mid Cap Growth Fund** (Small Growth)—is sub-advised by William Blair Investment Management, LLC. The strategy seeks capital appreciation to outperform its benchmark, the Russell 2500 Growth Index, and its peers over a full market cycle. The strategy is a diversified portfolio of 65-80 holdings, investing in common stocks of small and mid-cap quality companies that are expected to have solid growth in earnings.
2. **The DFA US Targeted Value I** (Small Value)—the fund is advised by Dimensional Fund Advisors LP. The investment seeks long-term capital appreciation. The fund, using a market capitalization weighted approach, purchases a broad and diverse group of the readily marketable securities of U.S. small and midcap companies that the Advisor determines to be value stocks. It may purchase or sell futures contracts and options on futures contracts for U.S. equity securities and indices, to adjust market exposure based on actual or expected cash inflows to or outflows from the fund. The fund does not intend to sell futures contracts to establish short positions in individual securities or to use derivatives for purposes of speculation or leveraging investment returns.
3. **AllianceBernstein US SMID Cap Value Equity Fund** (Small Value)—the fund is managed by AllianceBernstein. It seeks a deep-value service that invests in a portfolio of small and mid-capitalization stocks located primarily in the United States. Macroeconomic, industry or company-specific concerns often cause investors to react emotionally and overlook underlying company fundamentals, causing securities to become mispriced. The investment strategy seeks to capitalize these short-term market inefficiencies created by enduring patterns of human behavior. The investment team employs a highly disciplined stock selection process that marries in-depth fundamental research with quantitative analysis to identify companies that are undervalued relative to their long-term earnings power and offer compelling return potential.
4. **Westfield Small/Mid Cap Growth Equity** (Small Growth)—employs a growth at a reasonable price (GARP) investment style favoring investments in companies with underappreciated earnings growth trading at reasonable valuations based on the belief that stock prices ultimately follow earnings growth, and fundamental research best identifies inefficiencies and investment opportunities. MTA Deferred Compensation Committee is solely responsible for: (1) the selection of the Fund and its underlying funds (including the selection of the asset allocation percentages for each underlying fund); (2) decisions to allocate plan assets to the Fund; and (3) the selection, monitoring and replacement of the Fund and its underlying funds, and if applicable, the Fund's investment advisors.

Large-Cap Equity Funds

MTA Large Cap Equity Index Fund (Large Cap Stock-Blend)—The Fund invests wholly in the Vanguard Institutional Index Fund, Institutional Plus shares. The investment seeks to track the performance of a benchmark index that measures the investment return of large capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

MTA Large Cap Equity Fund (Large Cap Stock-Blend)—The portfolio is managed by two complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the

50%/50% split. By employing two managers, this portfolio offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **T. Rowe Price US Large Cap Value Equity Fund** (Large Cap Stock-Value)—The Fund is advised by T. Rowe Price Associates, Inc. and seeks to provide long-term capital appreciation by investing in common stocks believed to be undervalued. Income is a secondary objective.
2. **Jennison Large Cap Growth Fund** (Large Cap Stock-Growth)—The Fund is sub-advised by Jennison Associates LLC, following its Large Cap Growth Equity investment strategy. It seeks to outperform, over the long term, both the Russell 1000 Growth and S&P 500 Indexes and to be the best performing manager among its peers, with a consistent risk profile.

Bond Funds

MTA Bond Index Fund (Fixed Income-Domestic)—The Fund invests wholly in the SSgA US Bond Index Non-Lending—Class C (the Collective Investment Trust or C.I.T.). The Fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the Bloomberg Barclays U.S. Aggregate Bond Index over the long term.

MTA Bond Fund (Fixed Income-Domestic)—The portfolio is managed by three complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 34%/33%/33% split. By employing three managers, this fund offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **TCW Core Plus Fund** (Fixed Income-Domestic)—This separate account is sub-advised by Metropolitan West Asset Management, LLC. The Fund seeks to outperform the broad bond market by applying specialized management expertise to and allocating capital among US government, corporate, high yield and mortgage-backed sectors. In addition, exposure to international and emerging markets fixed income assets are opportunistically incorporated into portfolio positioning. The strategy seeks to outperform the Bloomberg Barclays Aggregate Bond Index.
2. **Loomis Sayles Core Plus Fixed Income Trust** (Fixed Income)—The Trust seeks high total investment return through a combination of current income and capital appreciation and to outperform its benchmark, the Bloomberg Barclays US Aggregate Bond Index denominated in US dollars. This index is used for comparative purposes only and is not intended to parallel the risk or investment style of the fund.
3. **WTC CIF II World Bond Portfolio** (Fixed Income)—The Collective Investment Trust Fund is sub-advised by Wellington Management Company, LLP. The portfolio seeks to generate consistent total returns over a full market cycle. The investment process is designed to allocate capital to high quality sovereign countries while simultaneously identifying opportunistic investment ideas across a wide range of diversified fixed income strategies, and to transparently manage portfolio risk.

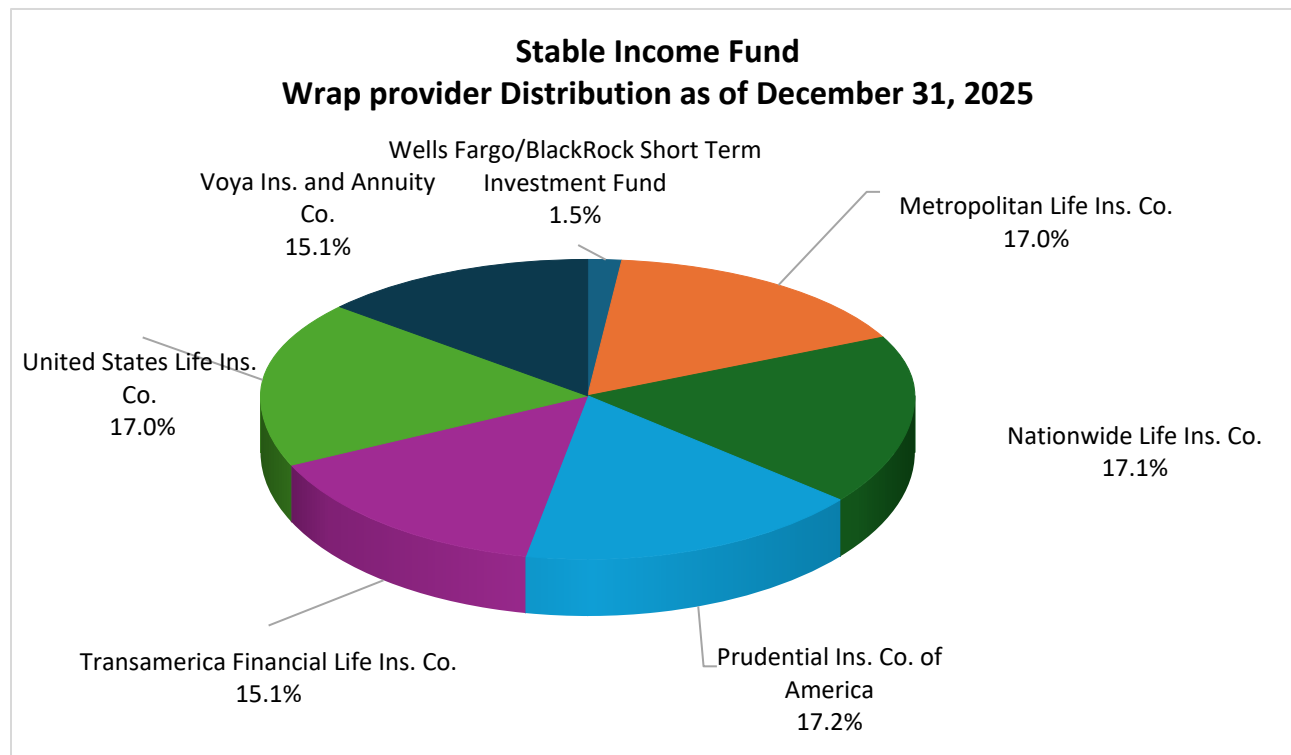
Stable Value Option

MTA Stable Value Fund (Stable Value)—The fund seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. The fund is managed by Galliard Capital Management and is primarily comprised of investment contracts issued by financial institutions and other eligible stable value investments. All contract issuers and securities utilized in the portfolio are rated investment grade by one of the Nationally Recognized Statistical Rating Organizations at time of purchase. The types of investment contracts in which the Fund may invest include Separate Account Guaranteed Investment Contracts (“GICs”) and Security Backed Investment Contracts. These types of investment contracts seek to provide participants with safety of principal and accrued interest as well as a stable crediting rate.

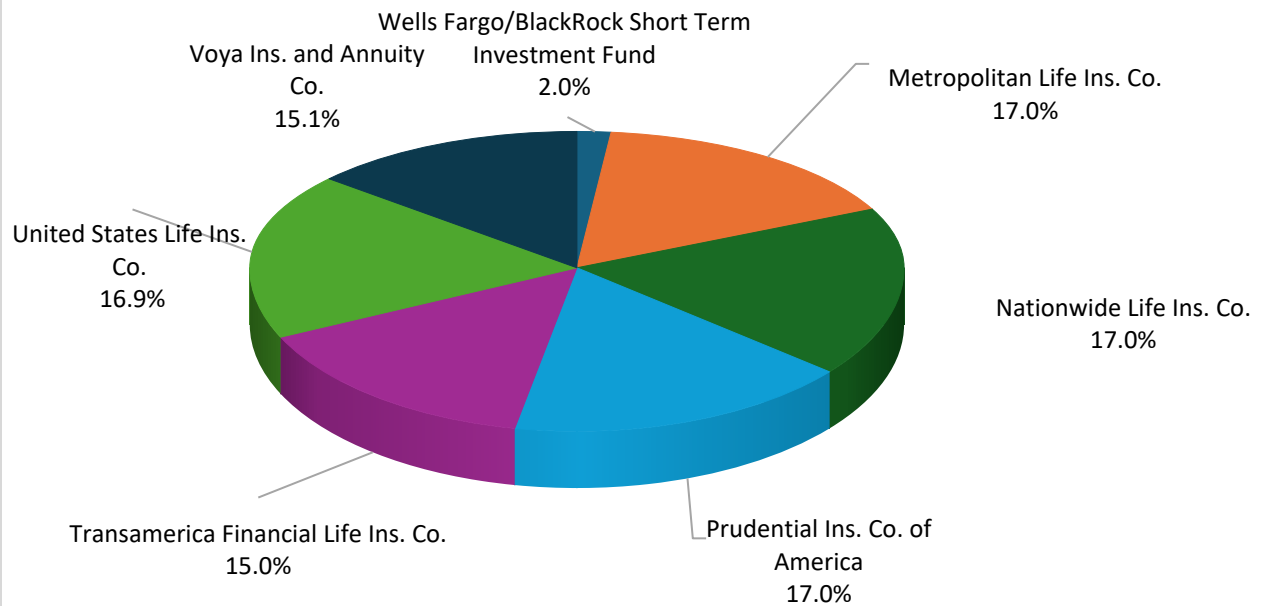
Separate Account GICs are GICs issued by and insurance company and are maintained within a separate account. Separate Account GICs are typically backed by segregated portfolios of fixed income securities.

Security Backed Investment Contracts are comprised of two components: 1) investment contracts issued by a financial institution and 2) underlying portfolios of fixed income securities (i.e., bonds) whose market prices fluctuate. The investment contract is designed to allow participants to transact at book value (principal plus accrued interest) without reference to the price fluctuations of the underlying fixed income securities.

The following chart shows the underlying investments of the MTA Stable Value Fund as of December 31, 2025 and 2024.



Stable Income Fund
Wrap provider Distribution as of December 31, 2024



*The Wells Fargo Stable Return Fund W and Wells Fargo/BlackRock STIF are not a part of the wrapped portfolio.

The MTA Plans' investment options performance is outlined in the following tables. The Plans, with the assistance of its independent investment consultant, continuously monitors the investment options in conformance with the investment policy for the Plans. Below each Fund listed below is the benchmark used to compare the investment results.

Performance Summary

Year Ended December 31, 2025

	3 Months	1 Year	3 Years	5 Years	7 Years
Stable Value:					
MTA Stable Value	0.9 %	3.5 %	3.2 %	2.6 %	2.6 %
Galliard 3YrCMT+50bps	1.0	4.3	4.6	3.7	3.1
Fixed Income:					
State Street U.S. Bond Index Fund	1.0	7.2	4.7	(0.4)	2.0
Blmbg. U.S. Aggregate Index	1.1	7.3	4.7	(0.4)	2.0
Loomis Sayles Core Plus Bond Fund	1.0	8.5	5.3	0.2	3.0
Blmbg. U.S. Aggregate Index	1.1	7.3	4.7	(0.4)	2.0
TCW MetWest Core Plus Fixed Income	1.2	8.1	4.9	(0.4)	2.3
Blmbg. U.S. Aggregate Index	1.1	7.3	4.7	(0.4)	2.0
Wellington World Bond Fund	0.1	5.3	4.7	1.9	2.3
FTSE World Government Bond Index	0.1	7.5	3.2	(3.5)	(0.4)
Domestic Equity:					
Vanguard Institutional 500 Index Trust	2.6	17.9	23.0	14.4	17.3
S&P500 Index	2.7	17.9	23.0	14.4	17.3
T. Rowe Price Large Cap Value Fund (Empower Separate Account)	4.2	12.0	11.2	10.6	11.8
Russell 1000 Value Index	3.8	15.9	13.9	11.3	12.1
Jennison Large Cap Growth (Empower Separate Account)	1.3	15.7	32.5	10.5	19.5
Russell 1000 Growth Index	1.1	18.6	31.2	15.3	21.3
State Street Small/Mid Cap Index Fund	0.4	12.7	18.0	6.7	13.0
Russell Small Cap Completeness Index	0.4	12.7	18.1	6.7	13.0
AB US SMID Cap Value Equity (Separate Account)	0.9	3.1	10.0	8.9	9.8
Russell 2500 Value Index	3.1	12.7	13.2	10.0	11.1
DFA US Targeted Value Fund (MTA)	2.9	9.5	12.6	13.6	13.2
Russell 2500 Value Index	3.1	12.7	13.2	10.0	11.1
William Blair SMID Growth (Separate Account)	1.9	1.0	10.2	2.5	10.3
Russell 2500 Growth Index	0.3	10.3	14.3	3.0	11.6
International Equity:					
State Street MSCI ACWI ex-U.S. IMI Index Fund	4.8	32.7	17.3	8.0	10.3
MSCI AC Wld ex USIMI (Net)	4.8	32.0	17.1	7.8	10.1
William Blair Institutional International Growth All Cap (Separate Account)	2.1	19.3	12.7	2.8	10.1
MSCI AC Wld Index ex USA IMI Growth (Net)	2.4	25.7	14.5	4.0	9.6
Boston Partners International Value	5.1	40.6	NA	NA	NA
MSCI AC Wld ex USA Value (Net)	7.6	39.5	20.2	11.9	10.5
Diversified Inflation:					
State Street Real Asset Fund	3.5	19.8	8.1	9.5	9.2
State Street Custom Real Asset Index	3.5	19.8	8.1	9.6	9.1
Lifecycle:					
MTA Income	1.6	10.4	7.9	5.1	6.3
MTAIncome Composite Index	1.9	10.9	9.0	5.9	6.5
MTA2020	1.7	10.9	8.5	5.2	7.2
MTA2020 Composite Index	1.9	11.4	9.5	5.9	7.2
MTA2025	1.8	12.4	10.2	5.9	8.3
MTA2025 Composite Index	2.1	12.9	11.0	6.5	8.2
MTA2030	2.1	14.5	12.3	6.7	9.5
MTA2030 Composite Index	2.4	15.1	12.9	7.3	9.4
MTA2035	2.3	16.4	14.2	7.6	10.7
MTA2035 Composite Index	2.7	17.2	14.7	8.2	10.6
MTA2040	2.5	18.0	15.5	8.0	11.3
MTA2040 Composite Index	2.9	18.9	16.0	8.8	11.2
MTA2045	2.6	19.0	16.2	8.3	11.7
MTA2045 Composite Index	3.1	20.0	16.7	9.2	11.6
MTA2050	2.7	19.5	16.7	8.6	11.9
MTA2050 Composite Index	3.2	20.7	17.3	9.6	12.0
MTA2055	2.8	19.8	17.0	8.7	12.0
MTA2055 Composite Index	3.3	21.0	17.6	9.7	12.1
MTA2060	2.8	19.9	17.0	8.7	12.0
MTA2060 Composite Index	3.3	21.2	17.6	9.7	12.1
MTA2065	2.8	19.9	17.0	8.7	12.0
MTA2065 Composite Index	3.3	21.2	17.6	9.7	12.1

Performance Summary

Year Ended December 31, 2024

	3 Months	1 Year	3 Years	5 Years	7 Years
Stable Value:					
MTA Stable Value	0.9 %	3.3 %	2.6 %	2.4 %	2.4 %
Galliard 3YrCMT+50bps	1.0	4.8	4.4	3.0	2.9
Fixed Income:					
SSgA U.S. Bond Index Fund	(3.0)	1.3	(2.4)	(0.3)	1.0
Blmbg. U.S. Aggregate	(3.1)	1.3	(2.4)	(0.3)	1.0
Loomis Sayles Core Plus Bond Fund	(3.5)	1.2	(2.1)	0.7	1.7
Blmbg. U.S. Aggregate	(3.1)	1.3	(2.4)	(0.3)	1.0
TCW MetWest Core Plus Fixed Income	(3.7)	0.9	(2.9)	0.0	1.3
Blmbg. U.S. Aggregate	(3.1)	1.3	(2.4)	(0.3)	1.0
Wellington World Bond Fund	(0.5)	4.1	1.7	1.2	1.9
FTSE World Government Bond	(5.4)	(2.9)	(5.8)	(3.1)	(1.5)
Domestic Equity:					
Vanguard Institutional 500 Index Trust	2.4	25.0	8.9	14.5	13.8
S&P 500	2.4	25.0	8.9	14.5	13.8
T. Rowe Price Large Cap Value Fund (Empower Separate Account)	(3.3)	11.6	5.4	8.9	8.5
Russell 1000 Value Index	(2.0)	14.4	5.6	8.7	8.4
Jennison Large Cap Growth (Empower Separate Account)	6.5	31.4	7.2	17.7	16.8
Russell 1000 Growth Index	7.1	33.4	10.5	19.0	18.1
SSgA Small/Mid Cap Index Fund	4.2	17.1	2.9	10.2	9.5
Russell Small Cap Completeness Index	4.3	17.1	2.9	10.3	9.6
AB US SMID Cap Value Equity (Separate Account)	(0.3)	10.2	3.0	9.1	6.8
Russell 2500 Value Index	(0.3)	11.0	3.8	8.4	7.2
DFA US Targeted Value Fund (MTA)	1.0	9.3	7.6	12.4	9.0
Russell 2500 Value Index	(0.3)	11.0	3.8	8.4	7.2
William Blair SMID Growth (Separate Account)	1.2	12.0	0.9	8.4	9.9
Russell 2500 Growth Index	2.4	13.9	0.0	8.1	8.8
International Equity:					
SSgA MSCI ACWI ex-U.S. IMI Index Fund	(7.7)	5.0	0.6	4.2	3.6
MSCI AC Wld ex US IMI (Net)	(7.6)	5.2	0.5	4.1	3.5
William Blair Institutional International Growth All Cap (Separate Account)	(6.4)	3.4	(5.1)	4.6	4.5
MSCI AC Wld Index ex USA IMI Growth (Net)	(7.8)	4.8	(2.9)	3.5	3.6
Boston Partners International Value	(11.4)	NA	NA	NA	NA
MSCI AC Wld ex USA Value (Net)	(7.3)	6.0	4.4	4.5	3.1
Diversified Inflation:					
SSgA Real Asset Fund	(4.3)	4.4	2.8	6.3	5.3
State Street Custom Real Asset Index	(4.3)	4.4	2.9	6.2	5.2
Lifecycle:					
MTA Income	(1.0)	5.7	2.7	4.7	4.5
MTA Income Composite Index	(0.6)	7.3	4.0	5.0	4.7
MTA 2020	(1.1)	6.0	2.3	5.2	5.0
MTA 2020 Composite Index	(0.7)	7.7	3.4	5.2	5.0
MTA 2025	(1.4)	7.1	2.4	5.9	5.7
MTA 2025 Composite Index	(1.0)	8.7	3.3	5.7	5.5
MTA 2030	(1.7)	8.4	2.4	6.6	6.4
MTA 2030 Composite Index	(1.3)	9.9	3.3	6.5	6.2
MTA 2035	(2.1)	9.6	2.6	7.4	7.0
MTA 2035 Composite Index	(1.6)	11.2	3.4	7.2	6.8
MTA 2040	(2.3)	10.3	2.6	7.8	7.3
MTA 2040 Composite Index	(1.9)	12.1	3.5	7.6	7.1
MTA 2045	(2.5)	10.6	2.6	8.0	7.4
MTA 2045 Composite Index	(2.0)	12.5	3.7	7.9	7.2
MTA 2050	(2.5)	10.9	2.7	8.2	7.6
MTA 2050 Composite Index	(2.0)	12.9	3.9	8.2	7.4
MTA 2055	(2.5)	11.1	2.8	8.2	7.6
MTA 2055 Composite Index	(2.0)	13.2	4.0	8.2	7.5
MTA 2060	(2.5)	11.0	2.8	8.2	7.6
MTA 2060 Composite Index	(1.9)	13.2	4.0	8.2	7.5
MTA 2065	(2.5)	11.0	2.8	8.2	7.6
MTA 2065 Composite Index	(1.9)	13.2	4.0	8.2	7.5

At December 31, 2025, the investment option holding the largest portion of participants' funds in both the 457 and 401(k) Plans was the Target Year Lifecycle Funds with 36.53% and 40.56% of invested funds, respectively. This was followed by the large-Cap Equity Funds with 28.30% and 27.21% of invested 457 and 401(k) funds, respectively.

The table below summarizes the Plans' investments by category at December 31, 2025 and 2024:

2025

FUND INVESTMENT SUMMARY

Investment at Fair, Contract and NAV Values	457		401(k)	
	Allocation (\$)	Percentage (%)	Allocation (\$)	Percentage (%)
Target-Year Lifecycle Funds	\$ 1,762,897,540	36.54 %	\$ 2,740,674,436	40.57 %
International Equity Funds	167,824,811	3.48	212,821,819	3.15
Small-Mid Cap Equity Funds	435,642,290	9.03	554,495,554	8.21
Large-Cap Equity Funds	1,365,576,303	28.30	1,838,418,765	27.21
Bond Funds	87,263,908	1.81	130,207,992	1.93
Stable Income Fund	992,639,237	20.57	1,261,897,133	18.68
Real Asset Fund	2,827,845	0.06	2,837,251	0.04
Self-Directed Investment Option	9,982,141	0.21	14,031,083	0.21
Total Investments	<u>\$ 4,824,654,075</u>	<u>100.00 %</u>	<u>\$ 6,755,384,033</u>	<u>100.00 %</u>

At December 31, 2024, the investment option holding the largest portion of participants' funds in both the 457 and 401(k) Plans was the Target Year Lifecycle Funds with 34.16% and 38.21% of invested funds, respectively. This was followed by the large-Cap Equity Funds with 27.74% and 26.95% of invested 457 and 401(k) funds, respectively.

The table below summarizes the Plans' investments by category at December 31, 2024 and 2023:

2024

FUND INVESTMENT SUMMARY

Investment at Fair, Contract and NAV Values	457		401(k)	
	Allocation (\$)	Percentage (%)	Allocation (\$)	Percentage (%)
Target-Year Lifecycle Funds	\$ 1,484,320,457	34.16 %	\$ 2,304,245,590	38.21 %
International Equity Funds	124,570,016	2.87	158,229,489	2.62
Small-Mid Cap Equity Funds	426,944,002	9.82	540,176,998	8.96
Large-Cap Equity Funds	1,205,362,139	27.74	1,625,647,652	26.95
Bond Funds	82,407,265	1.90	120,376,466	2.00
Stable Income Fund	1,014,108,429	23.34	1,271,065,870	21.07
Self-Directed Investment Option	7,866,844	0.18	11,425,184	0.19
Total Investments	<u>\$ 4,345,579,152</u>	<u>100.00 %</u>	<u>\$ 6,031,167,249</u>	<u>100.00 %</u>

Economic Factors

Market Overview 2025

In 2025, global markets navigated elevated volatility and evolving policy expectations. Geopolitical tensions and tariff disruptions periodically challenged investor sentiment. However, a shift toward monetary easing,

complemented by supportive fiscal measures, such as the “Big Beautiful Bill”, reinforced risk appetite. Against this backdrop global equities delivered solid returns, international markets outperformed the United States, and precious metals emerged as standout performers.

United States (“U.S.”) equities started the year strong but experienced a sharp drawdown following the April 2 tariff announcement, dubbed “Liberation Day”. Markets later recovered as negotiations and temporary pauses reduced fears of prolonged trade tensions. The U.S. dollar weakened over the year, reflecting an extended Federal Reserve easing cycle and narrowing interest-rate differentials relative to other developed economies. This weaker dollar supported international equities and commodities, while periods of geopolitical stress provided only brief upward support for the dollar.

European equity markets outperformed most developed market peers, with several indices posting their best annual returns since the early 2000s. Attractive valuations, foreign inflows, currency effects, and relatively stable economic conditions underpinned performance. Across Asia and emerging markets, results were mixed. Policy stimulus in China and semiconductor-driven earnings growth in Taiwan supported returns, while trade uncertainty and uneven global growth created regional dispersion.

U.S. fixed income benefited from multiple Federal Reserve rate cuts aimed at stabilizing inflation and sustaining growth. Broader bond indices delivered positive returns as interest-rate volatility dampened and yields remained attractive. Yield curves steepened as markets anticipated additional easing. European central banks also had an easing policy, supporting rallies in sovereign debt and investment-grade credit. Emerging market debt performed well in both hard and local currencies.

Commodity performance was mixed. Gold and silver posted notable gains as safe-haven assets amid geopolitical uncertainty. Industrial metals rallied early in the year before moderating, while energy prices remained volatile as supply concerns competed with softer demand expectations.

U.S. Fiscal policy provided meaningful support to the markets through targeted measures, including infrastructure spending, tax incentives, and industrial policy initiatives. These measures acted as a late-cycle tailwind, supporting corporate investment, reinforcing labor market stability, and boosting business sentiment during periods of market stress.

Key Macro Themes of 2025

- A renewed global monetary easing cycle supporting risk assets
- Tariff volatility and trade policy uncertainty driving market stress
- Fiscal stimulus supporting corporate investment and economic activity
- U.S. dollar weakness reshaping global capital flows
- Strong performance in precious metals amid geopolitical risk
- Continued long-term optimism surrounding AI and structural growth trends

United States

U.S. economic growth slowed but remained resilient. Real Gross Domestic Product rose 2.4% in 2025, down from 2.8% in 2024. Fourth-quarter growth fell short of expectations, partly due to an extended government shutdown. Unemployment increased modestly to 4.4% from 4.1% but remained historically low. Inflation continued to ease, with Consumer Price Index ending the year at 2.7% versus 2.9% in 2024, while core inflation declined to 2.6% in 2025 from 3.2% in 2024.

U.S. equities delivered broad gains. Large-cap indices posted double-digit returns (S&P 500: 17.9%, Russell 1000: 17.4%), while mid-caps (S&P 400: 7.5%) and small-caps (Russell 2000: 12.8%) lagged. Growth stocks (Russell 1000 Growth: 18.6%) outperformed value stocks (Russell 1000 Value: 15.9%), and market concentration remained elevated, with the “Magnificent 7” continuing to drive a substantial share of index performance.

Treasury yields were volatile but trended lower as the Federal Reserve implemented three 25 basis point rate cuts. Diversified fixed income (Bloomberg U.S. Aggregate: 7.3%) delivered solid returns, led by convertibles

(Bloomberg U.S. Convertibles Index: 16.9%), mortgage-backed securities (Bloomberg MBS Index: 8.6%), high yield bonds (Bloomberg High Yield Index: 8.6%), and Treasury Inflation-Protected Securities (Bloomberg TIPS Index: 7.0%).

International Developed Markets

U.S. dollar weakness provided meaningful support to international equities. International developed markets (MSCI EAFE: 31.2%) significantly outperformed U.S. large caps. Europe (MSCI Europe: 35.4%) and the United Kingdom (MSCI United Kingdom: 35.1%) led performance, while Japan (MSCI Japan: 24.6%) also delivered strong gains. International developed small caps (MSCI EAFE Small Cap: 31.8%) posted similarly robust returns.

Emerging Markets

Emerging market equities also benefited from the U.S. dollar weakness and capital inflows. The broad emerging markets index (MSCI EM: 33.6%) outperformed U.S. equities and matched developed international equity returns, while emerging market small caps (MSCI EM Small Cap: 18.6%) lagged relative to other international indices.

Emerging Markets fixed income performed well. Hard-currency bonds, which are denominated in U.S. dollars, (JPMorgan EMBI Global Diversified: 14.3%) delivered solid returns but trailed the returns of bonds denominated in local-currencies (JPMorgan GBI-EM Global Diversified: 19.3%).

Commodities

Overall commodity returns (Bloomberg Commodity Index: 15.8%) were strong. However, when broken down by sectors, there was mixed performance. Gold (Gold Spot: 64.7%) and silver (Silver Spot: 148.0%), posted very strong gains as safe-haven assets. Energy markets were weaker, with oil (WTI Spot Crude Oil: -20.8%) declining as demand concerns offset supply risks.

Market Outlook—2026

The first quarter of 2026 saw equity markets trend modestly lower, with losses generally contained to single digits, marking a shift from the broadly positive returns across most asset classes in 2025. Value equities continued to outperform growth, extending the rotation that developed late last year as higher interest rates and more tempered earnings expectations weighed on growth-oriented sectors. Market volatility increased compared to last year, driven by slowing economic momentum, policy uncertainty, and geopolitical risks.

Fixed income markets generated modest positive returns amid continued uncertainty around the path of future interest rates. Mixed economic data and persistent inflation have pushed expectations for rate cuts toward later in the year. International equities remained a relatively bright spot, building on the strong performance in 2025, supported by accommodative policy in Europe and improving conditions in emerging markets.

A key development in 2026 has been the escalation of geopolitical risk, most notably the outbreak of conflict involving the U.S. and Iran in late February. This has contributed to increased market volatility, upward pressure on energy prices, and added uncertainty to the global growth and inflation outlook. Overall, compared to the resilient and optimistic backdrop of 2025, markets in 2026 are exhibiting greater uncertainty and less directional clarity.

Contact Information

This financial report is designed to provide a general overview of the Metropolitan Transportation Authority Deferred Compensation Program's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Deferred Compensation Department, Metropolitan Transportation Authority, 2 Broadway 10th Floor, New York, NY 10004.

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METROPOLITAN TRANSPORTATION AUTHORITY DEFERRED COMPENSATION PROGRAM

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (\$ in thousands)

	2025		2024	
	457	401(k)	457	401(k)
ASSETS:				
Investments measured at fair value level	\$ 100,643	\$ 148,085	\$ 116,939	\$ 171,827
Investments at contract value	1,306,226	1,741,561	1,280,537	1,676,630
Investments at fair value— net asset value	<u>3,417,785</u>	<u>4,865,738</u>	<u>2,948,103</u>	<u>4,182,710</u>
Total investments	<u>4,824,654</u>	<u>6,755,384</u>	<u>4,345,579</u>	<u>6,031,167</u>
OTHER PLAN ASSETS:				
Participant loans receivable	103,930	226,399	99,539	211,252
Other assets	<u>950</u>	<u>2,160</u>	<u>-</u>	<u>-</u>
Total other plan assets	<u>104,880</u>	<u>228,559</u>	<u>99,539</u>	<u>211,252</u>
Total assets	<u>4,929,534</u>	<u>6,983,943</u>	<u>4,445,118</u>	<u>6,242,419</u>
LIABILITIES— Administrative expense reimbursement	<u>579</u>	<u>1,475</u>	<u>603</u>	<u>1,668</u>
Total liabilities	<u>579</u>	<u>1,475</u>	<u>603</u>	<u>1,668</u>
TOTAL NET POSITION RESTRICTED FOR BENEFITS	<u>\$ 4,928,955</u>	<u>\$ 6,982,468</u>	<u>\$ 4,444,515</u>	<u>\$ 6,240,751</u>

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY DEFERRED COMPENSATION PROGRAM

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (\$ in thousands)

	2025		2024	
	457	401(k)	457	401(k)
ADDITIONS:				
Investment income— net appreciation in fair value of investments	\$ 553,056	\$ 782,011	\$ 436,509	\$ 608,188
Total investment income	553,056	782,011	436,509	608,188
Contributions:				
Employee contributions— net	261,723	366,482	244,169	345,388
Participant rollovers	9,375	24,186	12,988	27,628
Employer contributions	-	3,825	-	3,861
Loan repayments	45,291	98,120	38,975	87,713
Distributed loans	-	-	2,189	3,050
Total contributions	316,389	492,613	298,321	467,640
Other additions— loan repayments— interest	7,236	15,661	6,237	13,403
Total additions	876,681	1,290,285	741,067	1,089,231
DEDUCTIONS:				
Distribution to participants	-	-	174,316	211,060
Distribution to participants and transfers to other plans	344,786	444,130	-	-
Transfers to other plans	-	-	155,359	286,616
New loans issued	45,093	101,243	-	-
Net loan initiations/repayments	-	-	-	(54)
Loan defaults/offsets	-	-	110	130
Loan principal transfers out	-	-	-	-
Loan fees transfers to other plans	-	-	20	44
Other deductions	1,783	1,720	764	455
Administrative expense	579	1,475	603	1,668
Total deductions	392,241	548,568	331,172	499,919
Net increase in net position	484,440	741,717	409,895	589,312
TOTAL NET POSITION RESTRICTED FOR BENEFITS				
Beginning of year	4,444,515	6,240,751	4,034,620	5,651,439
End of year	\$ 4,928,955	\$ 6,982,468	\$ 4,444,515	\$ 6,240,751

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY DEFERRED COMPENSATION PROGRAM

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

(\$ in Thousands)

1. PLANS BACKGROUND AND DESCRIPTION

Description—The Deferred Compensation Program consists of two defined contribution plans that provide benefits based solely on the amounts contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan For Employees of the Metropolitan Transportation Authority ("MTA"), its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan For Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, cover the costs of administering the Deferred Compensation Program.

In 1984, the MTA established the 457 Plan to provide benefits competitive with private industry. Only managerial employees were permitted to participate in the Plan and investment options were limited to five funds: a Guaranteed Interest Fund, a Common Stock Fund, a Money Market Fund, a Managed Fund, and a Stock Index Fund. Pursuant to Internal Revenue Code ("Code") Section 457, the MTA has established a trust or custodial account to hold plan assets for the exclusive benefit of the participants and their beneficiaries. Participation in the 457 Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 457 Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 457 Plan is not reflected on the MTA's consolidated statements of net position.

In 1985, the MTA Board adopted the 401(k) Plan, a tax-qualified plan under section 401(k) of the Code. The 401(k) Plan remained dormant until 1988 when an IRS ruling "grandfathered" the plan under the Tax Reform Act of 1986. Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the MTA consolidated statements of net position. The 401(k) Plan received a favorable determination letter from the Internal Revenue Service dated October 27, 2016.

As the Deferred Compensation Program's asset base and contribution flow increased, participants' investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were re-structured to set up a four-tier strategy:

- **Tier 1**—The MTA Asset Allocation Program provides the MTA Target Year Funds for those participants who would like to make retirement investing easy. Investments are diversified among a range of investment options based on the target year, which is the year the money is intended to be needed for retirement income. The mix of investments becomes more conservative as the target

year approaches by lessening stock exposure and increasing exposure in fixed-income type investments.

- **Tier 2**—The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Barclays Capital U.S. Aggregate (bond) index. The typical objective of an index fund is to achieve approximately the same return as that specific market index. Index funds provide investors with lower-cost investments because they are less expensive to administer than actively managed funds.
- **Tier 3**—The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform selected indices. The funds provide a diversified array of distinct asset classes, with a single option in each class. They combine the value and growth disciplines to create a 'core' portfolio for the mid-cap and international categories.
- **Tier 4**—Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

The two Plans offer the same array of investment options. Eligible participants in the Deferred Compensation Program include employees (and in the case of Metropolitan Suburban Bus Authority, former employees) of:

- MTA
- The Long Island Rail Road Company ("MTA Long Island Rail Road")
- Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels")
- Metropolitan Suburban Bus Authority ("MTA Long Island Bus")
- Metro-North Commuter Railroad Company ("MTA Metro-North Railroad")
- New York City Transit Authority ("MTA New York City Transit")
- Staten Island Rapid Transit Operating Authority ("MTA Staten Island Rapid Transit")
- MTA Construction and Development ("MTA Construction and Development")
- MTA Bus Company ("MTA Bus")

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Deferred Compensation Program's ("Program") financial statements are prepared on the accrual basis of accounting under which deductions are recorded when the liability is incurred and revenues are recognized in the accounting period in which they are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Contributions from members are recorded when the employer makes payroll deductions from plans' members. Additions to the Plans consist of contributions (member and employer) and net investment income. Investment purchases and sales are recorded as of trade date.

For financial reporting purposes, The MTA adheres to accounting principles generally accepted in the United States of America. The MTA Deferred Compensation Program applies all applicable pronouncements of the Governmental Accounting Standards Board ("GASB").

New Accounting Standards—The Program adopted the following GASB Statements in 2025:

GASB Statement No 102, *Certain Risk Disclosures* ("GASB 102"), aims to enhance financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance). This statement addresses the need for transparency regarding risks that could substantially affect the level of services provided by governments.

The adoption of this Statement has no material impact on the net position of The Program.

Accounting Standards Issued but Not Yet Adopted

GASB Statement No.	GASB Accounting Standard	MTA DC Program Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Use of Management Estimates—The preparation of the Program’s financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by Government Accounting Standards Board (“GASB”). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates which include fair value of investments.

Investment Valuation and Income Recognition—Investments are stated at fair, contract and NAV values as reported by Empower (the “Trustee”). Net asset value is determined to be a practical expedient for measuring fair value. All investments are registered, with securities held by the Plans’ Trustee, in the name of the Plans. The values of the Plans’ investments are adjusted to fair, contract and NAV values as of the last business day of the Plans’ year. Gains and losses on investments that were sold during the year are included in net appreciation/(depreciation) in fair, contract and NAV values of investments.

3. INVESTMENTS

Investment Objective—The primary investment objective of the Program is to offer a set of investment options such that:

- Sufficient options are offered to allow participants to build portfolios consistent with their investment risk/return preferences.
- Each option is adequately diversified.
- Each option has a risk profile consistent with its position in the overall structure.
- Each option is managed so as to implement the desired risk profile of the asset class it represents.

Investment Guidelines—The Deferred Compensation Committee selects and executes agreements with qualified investment managers and/or funds which fulfill the criteria of the identified investment option. The Program is participant-directed and participants select from among the available investment options.

The investment options used to fund the various asset classes may be separately managed portfolios, commingled funds, or mutual funds. The Committee may from time to time modify the number and characteristics of the investment vehicles to be made available to participants within each investment option.

The specific investment vehicles chosen by the Committee must have appropriate investment characteristics and be managed by organizations which, by their record and experience, have demonstrated their investment expertise.

Such investment vehicles also should:

- Have sufficient assets under management so that the MTA account is not more than 10% of total strategy assets; strategy is defined as assets in all vehicles (separate accounts, collective trusts and mutual funds),
- Be well diversified,
- Have a minimum of three years of verifiable investment performance information,
- Have acceptable volatility in line with investment philosophy and process,
- Have the liquidity and/or marketability to pay benefit amounts to participants due under the terms of the Program, and
- Have a reasonable expense ratio.

Concentration of Credit Risk—Individual investments held by the Plans that represent 5.0% or more of the fiduciary net position available for benefits at December 31, 2025 and 2024 is as follows:

	457 Value	401(k) Value
Investment at NAV— December 31, 2025		
Vanguard Institutional Index Fund	\$ 1,435,623,692	\$ 2,021,781,775
Jennison Large Cap Growth Fund	278,349,856	398,136,891
T. Rowe Price Large Cap Value Fund	286,139,813	409,279,233
William Blair Institutional International Growth Fund	247,568,252	377,139,541
Boston Partners International Value Equity Fund	255,926,261	389,871,932
	457 Value	401(k) Value
Investment at NAV— December 31, 2024		
Vanguard Institutional Index Fund	\$ 1,096,694,732	\$ 1,530,164,702
Jennison Large Cap Growth Fund	265,959,942	378,025,692
T. Rowe Price Large Cap Value Fund	265,959,942	378,025,692
William Blair Institutional International Growth Fund	231,953,366	354,027,037
Boston Partners International Value Equity Fund	231,953,366	354,027,037

The following table shows the fair, contract and NAV values of investment in the various investment options at December 31, 2025 and 2024.

Investments at Contract, Fair Value and NAV at December 31, 2025

	457 Value	401(k) Value
Target-Year Lifecycle Funds:		
MTA Target-Year Lifecycle 2020 Fund	\$ 66,945,334	\$ 100,826,037
MTA Target-Year Lifecycle 2025 Fund	228,255,556	346,296,250
MTA Target-Year Lifecycle 2030 Fund	255,853,626	406,342,704
MTA Target-Year Lifecycle 2035 Fund	335,599,352	540,899,898
MTA Target-Year Lifecycle 2040 Fund	216,906,853	342,686,371
MTA Target-Year Lifecycle 2045 Fund	201,623,621	333,216,575
MTA Target-Year Lifecycle 2050 Fund	162,664,181	245,793,612
MTA Target-Year Lifecycle 2055 Fund	102,684,951	163,006,395
MTA Target-Year Lifecycle 2060 Fund	51,184,261	71,721,531
MTA Target-Year Lifecycle 2065 Fund	24,648,290	27,954,862
MTA Income Fund	116,531,517	161,930,201
International Equity Funds:		
MTA International Portfolio	104,907,222	144,882,638
MTA International Index Fund	62,917,589	67,939,181
Small- Mid Cap Equity Funds:		
MTA Small-Mid Cap Portfolio	230,133,672	330,190,591
MTA Small-Mid Cap Index	205,508,617	224,304,963
Large-Cap Equity Funds:		
MTA Large Cap Portfolio	564,490,025	807,416,124
MTA Large Cap Core Index Fund	801,086,277	1,031,002,641
Bond Funds:		
MTA Bond Core Plus Portfolio	52,987,462	82,889,783
MTA Bond Aggregate Index Fund	34,276,446	47,318,209
Fixed Investment Option—		
MTA Stable Value Fund	992,639,237	1,261,897,133
Inflation Sensitive—		
MTA Real Asset Fund	2,827,845	2,837,251
Self-Directed Investment Account	9,982,141	14,031,083
	<u> </u>	<u> </u>
Total	<u><u>\$ 4,824,654,075</u></u>	<u><u>\$ 6,755,384,033</u></u>

Investments at Contract, Fair Value and NAV at December 31, 2024

	457 Value	401(k) Value
Target-Year Lifecycle Funds:		
MTA Target-Year Lifecycle 2020 Fund	\$ 67,931,887	\$ 100,936,101
MTA Target-Year Lifecycle 2025 Fund	223,119,133	327,727,081
MTA Target-Year Lifecycle 2030 Fund	217,298,236	349,783,684
MTA Target-Year Lifecycle 2035 Fund	283,361,628	455,624,069
MTA Target-Year Lifecycle 2040 Fund	173,634,338	272,924,872
MTA Target-Year Lifecycle 2045 Fund	158,736,957	264,487,365
MTA Target-Year Lifecycle 2050 Fund	124,843,289	188,291,288
MTA Target-Year Lifecycle 2055 Fund	77,270,444	123,615,300
MTA Target-Year Lifecycle 2060 Fund	38,066,715	53,517,662
MTA Target-Year Lifecycle 2065 Fund	17,756,939	18,422,085
MTA Income Fund	102,300,893	148,916,082
International Equity Funds:		
MTA International Portfolio	83,942,349	115,066,198
MTA International Index Fund	40,627,666	43,163,292
Small- Mid Cap Equity Funds:		
MTA Small-Mid Cap Portfolio	236,827,334	335,113,673
MTA Small-Mid Cap Index	190,116,667	205,063,325
Large-Cap Equity Funds:		
MTA Large Cap Portfolio	531,919,885	756,051,384
MTA Large Cap Core Index Fund	673,442,254	869,596,268
Bond Funds:		
MTA Bond Core Plus Portfolio	51,550,547	77,139,788
MTA Bond Aggregate Index Fund	30,856,718	43,236,678
Fixed Investment Option—		
MTA Stable Value Fund	1,014,108,429	1,271,065,870
Self-Directed Investment Account	7,866,844	11,425,184
Total	<u>\$ 4,345,579,152</u>	<u>\$ 6,031,167,249</u>

The following tables show the interest and/or dividends earned on investments and net appreciation/(depreciation) for the years ended December 31, 2025 and 2024.

457 Investments at December 31, 2025

	Earnings	In Fair Value— Net
Target-Year Lifecycle Funds:		
MTA Target-Year Lifecycle 2020 Fund	\$ -	\$ 6,869,452
MTA Target-Year Lifecycle 2025 Fund	-	26,089,797
MTA Target-Year Lifecycle 2030 Fund	-	31,769,398
MTA Target-Year Lifecycle 2035 Fund	-	46,678,162
MTA Target-Year Lifecycle 2040 Fund	-	32,126,908
MTA Target-Year Lifecycle 2045 Fund	-	31,069,081
MTA Target-Year Lifecycle 2050 Fund	-	25,614,843
MTA Target-Year Lifecycle 2055 Fund	-	16,096,754
MTA Target-Year Lifecycle 2060 Fund	-	8,139,558
MTA Target-Year Lifecycle 2065 Fund	-	3,887,551
MTA Income Fund	-	10,718,116
International Equity Funds:		
MTA International Portfolio	-	24,138,939
MTA International Index Fund	-	13,828,493
Small-Mid-Cap Equity Funds:		
MTA Small-Mid Cap Portfolio	-	14,453,836
MTA Small-Mid Cap Index Fund	-	23,164,470
Large-Cap Equity Funds:		
MTA Large Cap Portfolio	-	73,846,627
MTA Large Cap Index Fund	-	122,278,398
Bond Funds:		
MTA Bond Portfolio	-	3,701,575
MTA Bond Index Fund	-	2,304,014
Stable Value Option—		
MTA Stable Value Fund	-	34,772,885
Inflation Sensitive— MTA Real Asset Fund	-	112,858
Self-Directed Investment Account	<u>540,128</u>	<u>854,521</u>
Total	<u>\$ 540,128</u>	<u>\$ 552,516,236</u>

457 Investments at December 31, 2024

	Cash and Dividend Earnings	Appreciation/(Depreciation) In Fair Value– Net
Target-Year Lifecycle Funds:		
MTA Target-Year Lifecycle 2020 Fund	\$ -	\$ 4,154,255
MTA Target-Year Lifecycle 2025 Fund	-	15,754,831
MTA Target-Year Lifecycle 2030 Fund	-	16,437,989
MTA Target-Year Lifecycle 2035 Fund	-	24,411,822
MTA Target-Year Lifecycle 2040 Fund	-	15,787,335
MTA Target-Year Lifecycle 2045 Fund	-	14,848,363
MTA Target-Year Lifecycle 2050 Fund	-	11,682,959
MTA Target-Year Lifecycle 2055 Fund	-	7,103,944
MTA Target-Year Lifecycle 2060 Fund	-	3,469,860
MTA Target-Year Lifecycle 2065 Fund	-	1,386,717
MTA Income Fund	-	5,561,729
International Equity Funds:		
MTA International Portfolio	-	760,658
MTA International Index Fund	-	1,894,068
Small-Mid-Cap Equity Funds:		
MTA Small-Mid Cap Portfolio	-	26,040,978
MTA Small-Mid Cap Index Fund	-	26,804,705
Large-Cap Equity Funds:		
MTA Large Cap Portfolio	-	94,493,038
MTA Large Cap Index Fund	-	130,172,618
Bond Funds:		
MTA Bond Portfolio	-	1,029,873
MTA Bond Index Fund	-	404,216
Stable Value Option–		
MTA Stable Value Fund	-	33,400,319
Self-Directed Investment Account	315,884	593,218
Total	<u>\$ 315,884</u>	<u>\$ 436,193,495</u>

401(k) Investments at December 31, 2025

	Cash and Dividend Earnings	Appreciation/(Depreciation) In Fair Value— Net
Target-Year Lifecycle Funds		
MTA Target-Year Lifecycle 2020 Fund	\$ -	\$ 10,388,213
MTA Target-Year Lifecycle 2025 Fund	-	39,169,845
MTA Target-Year Lifecycle 2030 Fund	-	50,709,705
MTA Target-Year Lifecycle 2035 Fund	-	75,385,082
MTA Target-Year Lifecycle 2040 Fund	-	50,593,124
MTA Target-Year Lifecycle 2045 Fund	-	51,658,822
MTA Target-Year Lifecycle 2050 Fund	-	38,803,615
MTA Target-Year Lifecycle 2055 Fund	-	25,908,060
MTA Target-Year Lifecycle 2060 Fund	-	11,349,293
MTA Target-Year Lifecycle 2065 Fund	-	4,200,644
MTA Income Fund	-	15,197,322
International Equity Funds		
MTA International Portfolio	-	33,189,616
MTA International Index Fund	-	14,864,605
Small-Mid-Cap Equity Funds		
MTA Small-Mid Cap Portfolio	-	20,212,582
MTA Small-Mid Cap Index Fund	-	25,438,836
Large-Cap Equity Funds		
MTA Large Cap Portfolio	-	104,625,615
MTA Large Cap Index Fund	-	155,592,375
Bond Funds		
MTA Bond Portfolio	-	5,584,712
MTA Bond Index Fund	-	3,089,236
Stable Value Option—		
MTA Stable Value Fund	-	43,842,101
Inflation Sensitive—		
MTA Real Asset Fund	-	124,370
Self-Directed Investment Account	<u>629,025</u>	<u>1,454,632</u>
Total	<u>\$ 629,025</u>	<u>\$ 781,382,405</u>

401(k) Investments at December 31, 2024

	Cash and Dividend Earnings	Appreciation/(Depreciation) In Fair Value— Net
Target-Year Lifecycle Funds:		
MTA Target-Year Lifecycle 2020 Fund	\$ -	\$ 6,184,747
MTA Target-Year Lifecycle 2025 Fund	-	22,662,016
MTA Target-Year Lifecycle 2030 Fund	-	26,426,264
MTA Target-Year Lifecycle 2035 Fund	-	38,962,724
MTA Target-Year Lifecycle 2040 Fund	-	24,674,546
MTA Target-Year Lifecycle 2045 Fund	-	24,446,701
MTA Target-Year Lifecycle 2050 Fund	-	17,568,051
MTA Target-Year Lifecycle 2055 Fund	-	11,204,324
MTA Target-Year Lifecycle 2060 Fund	-	4,908,507
MTA Target-Year Lifecycle 2065 Fund	-	1,505,895
MTA Income Fund	-	8,043,209
International Equity Funds:		
MTA International Portfolio	-	1,054,265
MTA International Index Fund	-	2,117,537
Small-Mid-Cap Equity Funds:		
MTA Small-Mid Cap Portfolio	-	36,352,885
MTA Small-Mid Cap Index Fund	-	29,799,666
Large-Cap Equity Funds:		
MTA Large Cap Portfolio	-	135,034,023
MTA Large Cap Index Fund	-	172,337,978
Bond Funds:		
MTA Bond Portfolio	-	1,510,809
MTA Bond Index Fund	-	549,836
Stable Value Option—		
MTA Stable Value Fund	-	41,593,791
Self-Directed Investment Account	444,696	805,637
Total	<u>\$ 444,696</u>	<u>\$ 607,743,412</u>

Credit Risk—The investment alternatives offered under the Program are not guaranteed by any governmental body, including the MTA, and are not risk-free. The credit risk of the investment strategy in the various investment accounts is based upon the performance of the securities in the underlying portfolios. Investments in these investment strategies can be expected to increase or decrease in value depending upon market conditions. The Deferred Compensation Committee (the “Committee”), with the assistance of its independent investment consultant continuously monitors the program investment strategies pursuant to the investment policy and objectives. When the investment strategies are determined to not meet the criteria, the strategy is terminated as outlined by the investment policy statement.

At December 31, 2025, the following credit quality rating has been assigned by a nationally recognized statistical rating organization (“NRSRO”) to the portion of Fixed Income Portfolio of the Plans which are held in Separate Manager Accounts (“SMAs”):

Quality Rating	457	457 Percentage of Fixed Income Portfolio	401(k)	401(k) Percentage of Fixed Income Portfolio
AAA	\$ 321,072,662	18.67 %	\$ 428,105,285	18.00 %
AA	305,245,389	17.75	414,260,074	17.42
A	177,164,035	10.30	237,719,173	9.99
BBB	195,025,663	11.34	262,415,876	11.03
BB	3,548,145	0.21	5,278,034	0.22
Below BB	<u>1,851,821</u>	<u>0.11</u>	<u>2,820,942</u>	<u>0.12</u>
Credit risk debt securities	1,003,907,715	58.37	1,350,599,384	56.78
U.S. Government Bonds	<u>400,802,146</u>	<u>23.31</u>	<u>545,159,368</u>	<u>22.92</u>
Total fixed income securities in SMAs	1,404,709,860	81.68	1,895,758,752	79.70
Other fixed income investments	<u>315,059,909</u>	<u>18.32</u>	<u>482,838,433</u>	<u>20.30</u>
Total fixed income investments	1,719,769,770	<u>100.00 %</u>	2,378,597,186	<u>100.00 %</u>
Other securities not rated— equity, international funds and corporate bonds	<u>3,104,884,305</u>		<u>4,376,786,847</u>	
Total investments	<u>\$4,824,654,075</u>		<u>\$6,755,384,033</u>	

At December 31, 2024, the following credit quality rating has been assigned by a nationally recognized statistical rating organization (“NRSRO”) to the portion of Fixed Income Portfolio of the Plans which are held in Separate Manager Accounts (“SMAs”):

Quality Rating	457	457 Percentage of Fixed Income Portfolio	401(k)	401(k) Percentage of Fixed Income Portfolio
AAA	\$ 368,136,640	22.48 %	\$ 487,710,485	21.91 %
AA	44,269,904	2.70	58,851,147	2.64
A	157,760,680	9.63	208,037,505	9.35
BBB	181,226,401	11.07	239,604,933	10.77
BB	2,611,250	0.16	3,968,689	0.18
Below BB	<u>2,278,700</u>	<u>0.14</u>	<u>3,396,343</u>	<u>0.15</u>
Credit risk debt securities	756,283,576	46.18	1,001,569,101	45.00
U.S. Government Bonds	<u>610,092,499</u>	<u>37.25</u>	<u>809,360,282</u>	<u>36.37</u>
Total fixed income securities in SMAs	1,366,376,074	83.43	1,810,929,383	81.37
Other fixed income investments	<u>271,359,467</u>	<u>16.57</u>	<u>414,710,792</u>	<u>18.63</u>
Total fixed income investments	1,637,735,541	<u>100.00 %</u>	2,225,640,174	<u>100.00 %</u>
Other securities not rated— equity, international funds and corporate bonds	<u>2,707,843,611</u>		<u>3,805,526,977</u>	
Total investments	<u>\$ 4,345,579,152</u>		<u>\$ 6,031,167,151</u>	

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the contract and NAV values of the investment. Duration is a measure of sensitivity to interest rate risk. The greater the duration of a portfolio, the greater its principal value will fluctuate in response to a change in interest rate risk and vice versa. Modified duration is an indicator of bond price’s sensitivity and is the percentage change in a bond principal value given a 100-basis point parallel change in interest rates.

2025 Investment Type	457	401(k)	Total	Duration
Galliard Stable Value Fund	\$ 1,307,175,475	\$ 1,743,720,723	\$ 3,050,896,198	2.95 *
TCW Core Plus Bond Fund	<u>97,534,386</u>	<u>152,038,030</u>	<u>249,572,416</u>	6.00
Total fixed income assets in SMAs	1,404,709,861	1,895,758,753	3,300,468,614	3.18
Total other fixed income assets	<u>315,059,909</u>	<u>482,838,433</u>	<u>797,898,342</u>	3.52
Total fixed income portfolio modified duration	1,719,769,770	2,378,597,186	4,098,366,956	3.35
Investment with no duration reported	<u>3,104,884,305</u>	<u>4,376,786,847</u>	<u>7,481,671,152</u>	
Total investments	<u>\$ 4,824,654,075</u>	<u>\$ 6,755,384,033</u>	<u>\$ 11,580,038,108</u>	

* Portfolio Duration— the price sensitivity to yield and the rate of change of price with respect to yield due to the passage of time.

2024 Investment Type	457	401(k)	Total	Duration	
Galliard Stable Value Fund	\$ 1,281,048,512	\$ 1,679,305,185	\$ 2,960,353,697	2.96	*
TCW Core Plus Bond Fund	<u>85,327,562</u>	<u>131,624,198</u>	<u>216,951,760</u>	7.06	
Total fixed income assets in SMAs	1,366,376,074	1,810,929,383	3,177,305,457	3.24	
Total other fixed income assets	<u>271,359,467</u>	<u>414,710,792</u>	<u>686,070,258</u>	4.89	
Total fixed income portfolio modified duration	1,637,735,541	2,225,640,174	3,863,375,715	3.53	
Investment with no duration reported	<u>2,707,843,611</u>	<u>3,805,526,977</u>	<u>6,513,370,588</u>		
Total investments	<u>\$ 4,345,579,152</u>	<u>\$ 6,031,167,151</u>	<u>\$ 10,376,746,303</u>		

* Portfolio Duration— the price sensitivity to yield and the rate of change of price with respect to yield due to the passage of time.

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the contract and NAV values of an investment or deposit. The Program has an exposure to foreign currency fluctuations for the Plans' SMAs investments are as follows:

2025 Currency	457 Holdings in U.S. Dollars	401(k) Holdings in U.S. Dollars	Total Holdings in U.S. Dollars
Australian Dollar	\$ 2,335,056	\$ 3,557,449	\$ 5,892,505
Brazil Cruzeiro Real	1,881,519	2,866,261	4,747,780
Canada Dollar	8,615,375	13,124,456	21,739,831
Chilean Peso	594,164	905,135	1,499,299
China Renminbi	3,243,144	4,940,528	8,183,672
Czech Krone	272,325	414,854	687,179
Danish Krone	3,267,901	4,978,242	8,246,143
Euro	68,362,930	104,143,657	172,506,587
Hong Kong Dollar	17,329,778	26,399,768	43,729,546
Hungarian Forint	940,759	1,433,130	2,373,889
Indian Rupee	10,719,705	16,330,142	27,049,847
Indonesian Rupiah	594,164	905,135	1,499,299
Japanese Yen	29,163,540	44,427,038	73,590,578
Mexican Peso	544,650	829,707	1,374,357
Norwegian Krone	1,064,544	1,621,700	2,686,244
Phillipines Peso	816,975	1,244,561	2,061,536
Polish Zloty	272,325	414,854	687,179
Saudi Arabian Riyal	272,325	414,854	687,179
Singapore Dollar	816,975	1,244,560	2,061,535
South African Rand	3,020,333	4,601,102	7,621,435
South Korean Won	12,526,954	19,083,261	31,610,215
Swedish Krona	3,763,037	5,732,521	9,495,558
Swiss Franc	9,184,782	13,991,877	23,176,659
New Taiwan Dollar	9,011,484	13,727,879	22,739,363
Turkish Lira	445,623	678,851	1,124,474
United Arab Emirates Dirham	1,732,978	2,639,977	4,372,955
United Kingdom British Pound	<u>26,218,621</u>	<u>39,940,859</u>	<u>66,159,480</u>
Total	<u>\$ 217,011,966</u>	<u>\$ 330,592,358</u>	<u>\$ 547,604,324</u>

2024	457	401(k)	Total
Currency	Holdings in U.S. Dollars	Holdings in U.S. Dollars	Holdings in U.S. Dollars
Australian Dollar	\$ 5,776,230	\$ 8,816,176	\$ 14,592,406
Canada Dollar	11,265,425	17,194,254	28,459,679
Danish Krone	5,017,481	7,658,108	12,675,589
Euro	47,575,032	72,613,493	120,188,525
Hong Kong Dollar	3,025,658	4,618,017	7,643,675
Japanese Yen	30,129,237	45,985,815	76,115,052
New Zealand Dollar	113,049	172,546	285,595
Norwegian Krone	475,569	725,855	1,201,424
Singapore Dollar	1,896,094	2,893,980	4,790,074
Swedish Krona	6,031,196	9,205,326	15,236,522
Swiss Franc	13,797,477	21,058,888	34,856,365
United Kingdom British Pound	29,857,726	45,571,412	75,429,138
Total	<u>\$ 154,960,174</u>	<u>\$ 236,513,870</u>	<u>\$ 391,474,044</u>

In year 2015, the MTA Deferred Compensation Program adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

Investments measured at readily determined fair value (FV)
(\$ In thousands)

	2025			
	December 31, 2025	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
457 Plan				
Equity securities— small-mid cap equity mutual fund	<u>\$ 100,643</u>	<u>\$ 100,643</u>	<u>\$ -</u>	<u>\$ -</u>
Total equity investments	<u>\$ 100,643</u>	<u>\$ 100,643</u>	<u>\$ -</u>	<u>\$ -</u>

Investments measured at readily determined fair value (FV)
(\$ In thousands)

	2025			
	December 31, 2025	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
401 (k) Plan				
Equity securities— small-mid cap equity mutual fund	<u>\$ 148,085</u>	<u>\$ 148,085</u>	<u>\$ -</u>	<u>\$ -</u>
Total equity investments	<u>\$ 148,085</u>	<u>\$ 148,085</u>	<u>\$ -</u>	<u>\$ -</u>

Investments measured at readily determined fair value (FV)
(\$ In thousands)

(\$In thousands)		2024			
		December 31, 2024	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
457 Plan					
Equity securities— small-mid cap equity mutual fund		\$ 116,939	\$ 116,939	\$ -	\$ -
Total equity investments		\$ 116,939	\$ 116,939	\$ -	\$ -

Investments measured at readily determined fair value (FV)
(\$ In thousands)

		2024		
	December 31, 2024	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
401 (k) Plan				
Equity securities— small-mid cap equity mutual fund	\$ 171,827	\$ 171,827	\$ -	\$ -
Total equity investments	\$ 171,827	\$ 171,827	\$ -	\$ -

**Investments measured at Fair, Contract and NAV values
(\$ In thousands)**

457 Plan	2025			
	December 31, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity securities:				
Commingled large-cap equity funds	\$ 1,435,624	\$ -	Daily	None
Separate Manager Account: Large Cap equity funds	564,489	-		
Commingled Small-Mid cap equity funds	205,509	-	Daily	None
Separate Manager Account: Small-Mid cap equity funds	223,175	-	Daily	None
Commingled international equity fund	318,844	-	Daily	None
Separate Manager Account: International equity funds	247,568	-	Daily	None
Total equity securities	2,995,209	-		
Debt securities:				
Commingled debt funds	222,432	-	Daily	None
Separate Manager Account: debt funds	97,534	-	Daily	None
Total debt securities	319,966	-		
Real assets:				
Commingled real asset equity fund	92,628	-	Daily	None
Total real assets	92,628	-		
Other:				
Self direct investment option	9,982	-	Daily	None
Total other	9,982	-		
Total investments measured at the NAV	3,417,785	-		
Investment measured at fair value	100,643	-		
Investments measured at contract value	1,306,226	-		
Total investments	\$ 4,824,654	\$ -		

**Investments measured at Fair, Contract and NAV values
(\$ In thousands)**

401(k) Plan	2025			
	December 31, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity securities:				
Commingled large-cap equity funds	\$ 2,021,782	\$ -	Daily	None
Separate Manager Account: Large Cap equity funds	807,416	-		
Commingled Small-Mid cap equity funds	224,305	-	Daily	None
Separate Manager Account: Small-Mid cap equity funds	328,378	-	Daily	None
Commingled international equity fund	457,811	-	Daily	None
Separate Manager Account: International equity funds	377,139	-	Daily	None
Total equity securities	4,216,831	-		
Debt securities:				
Commingled debt funds	340,617	-	Daily	None
Separate Manager Account: debt funds	152,038	-	Daily	None
Total debt securities	492,655	-		
Real assets:				
Commingled real asset equity fund	142,221	-	Daily	None
Total real assets	142,221	-		
Other:				
Self direct investment option	14,031	-	Daily	None
Total other	14,031	-		
Total investments measured at the NAV	4,865,738	-		
Investment measured at fair value	148,085	-		
Investments measured at contract value	1,741,561	-		
Total investments	\$ 6,755,384	\$ -		

**Investments measured at Fair, Contract and NAV values
(\$ In thousands)**

	2024			
	December 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
457 Plan				
Equity securities:				
Commingled large-cap equity funds	\$ 1,628,615	\$ -	Daily	None
Commingled Small-Mid cap equity funds	190,117	-	Daily	None
Separate Manager Account: Small-Mid cap equity funds	260,284	-	Daily	None
Commingled international equity fund	272,581	-	Daily	None
Separate Manager Account: International equity funds	231,953	-	Daily	None
	<u>2,583,550</u>	<u>-</u>		
Total equity securities				
	<u>2,583,550</u>	<u>-</u>		
Debt securities:				
Commingled debt funds	196,492	-	Daily	None
Separate Manager Account: debt funds	85,327	-	Daily	None
	<u>281,819</u>	<u>-</u>		
Total debt securities				
	<u>281,819</u>	<u>-</u>		
Real assets:				
Commingled real asset equity fund	74,867	-	Daily	None
	<u>74,867</u>	<u>-</u>		
Total real assets				
	<u>74,867</u>	<u>-</u>		
Other:				
Self direct investment option	7,867	-	Daily	None
	<u>7,867</u>	<u>-</u>		
Total other				
	<u>7,867</u>	<u>-</u>		
Total investments measured at the NAV	2,948,103	-		
Investment measured at fair value	116,939	-		
Investments measured at contract value	1,280,537	-		
	<u>1,280,537</u>	<u>-</u>		
Total investments	<u>\$ 4,345,579</u>	<u>\$ -</u>		

**Investments measured at Fair, Contract and NAV values
(\$ In thousands)**

401(k) Plan	2024			
	December 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity securities:				
Commingled large-cap equity funds	\$ 2,286,216	\$ -	Daily	None
Commingled Small-Mid cap equity funds	205,063	-	Daily	None
Separate Manager Account: Small-Mid cap equity funds	382,454	-	Daily	None
Commingled international equity fund	397,190	-	Daily	None
Separate Manager Account: International equity funds	354,027	-	Daily	None
Total equity securities	3,624,950	-		
Debt securities:				
Commingled debt funds	298,743	-	Daily	None
Separate Manager Account: debt funds	131,624	-	Daily	None
Total debt securities	430,367	-		
Real assets:				
Commingled real asset equity fund	115,968	-	Daily	None
Total real assets	115,968	-		
Other:				
Self direct investment option	11,425	-	Daily	None
Total other	11,425	-		
Total investments measured at the NAV	4,182,710	-		
Investment measured at fair value	171,827	-		
Investments measured at contract value	1,676,630	-		
Total investments	\$ 6,031,167	\$ -		

Investments Measured at Contract Value

Stable Value Funds—Stable value funds typically have three components. The first component is primarily comprised of Investment Contracts issued by banks and insurance companies. The Investment Contracts help to assure that participants can transact at book value (principal plus accrued interest) as well as maintain a relatively stable return profile for the portfolio. Generally, contract issuers are rated “investment grade” by at least one of the Nationally Recognized Statistical Rating Organizations at time of purchase that are able to do business in New York State. The second component consists of an underlying portfolio of fixed income securities which are subject to the Investment Contracts and are often referred to as “underlying securities”. Finally, the portfolio may also hold cash or cash equivalents. The Stable Value fund return is expected to be higher than that of a 3-year Constant Maturity Treasury + 0.5% with similar volatility over the long-term.

Investments Measured at NAV

Commingled Funds—The fair values of the investments of this type have been determined using the NAV per share of the investments. The commingled equity funds are comprised of large cap, small and mid-cap funds and international funds that invest in core indices across all industries, growth and value respectively. The commingled debt funds are comprised of corporate, treasuries and international fixed income securities.

Separate Manager Account (SMAs)—This investment vehicle follows a single-style strategy, with funds comprised of fixed income, large cap, small and mid-cap equities and international equities. These SMAs allow the MTA to impose reasonable stock and bonds sector preferences and restrictions on the securities in the accounts. Two equity SMAs are co-invested with external managers through Empower Investments. The fair values of the investments in this vehicle are determined using the NAV per share of the investments by the external manager. Empower Investments whom the MTA holds a contractual agreement with and whom controls the investments, revalues the NAV per share after certain expense deductions and provides the MTA with its percentage allocation on an annual basis.

Small-Mid Cap Funds—This investment option has four institutional investments funds - two growth and two value investment strategies with the objective of matching the return and risk characteristics of the Russell Small Cap Completeness Index or a similar index which measures the broad U.S. small and mid-capitalization equity market. The option's investment profile is long term capital growth through a combination of capital appreciation and to a lesser extent reinvested dividend income. The investment option is expected to have high volatility over a market cycle. The fair values of the investments in these types have been determined using the NAV per share of the investments.

Real Assets—The fund represents an optimal solution for an inflation hedging strategy and incorporates a diversified multi asset class approach. The fund strategic weights which are rebalanced monthly are as follows: 25% Bloomberg Roll Select Commodity Index; 25% Standard and Poor's (r) Global Larger Mid Cap Commodity & Resources Index; 10% Standard and Poor's Global Infrastructure Equity Index; 15% Dow Jones US Select REIT Index and 25% Barclays US TIPS Index. The fair values of the investments of this type have been determined using the NAV per share of the investments.

Self-Direct Brokerage Accounts—The Deferred Compensation program allows participants the option to invest up to twenty (20) percent of their account in over 500 mutual fund families comprising of more than 15,000 individual mutual funds. All investments under this option are in mutual funds and are measured at the respective fund NAVs.

4. CONTRIBUTIONS

Employer Contributions—The rate for the employer contribution varies by agency and are described as follows:

MTA Bus—Effective 2019, employer contributions were discontinued. Prior to 2019, certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, received a matching contribution equal to 50% of member's before-tax contributions up to 3% of the member's base pay. MTA Bus also made a basic contribution equal to 2% of the member's compensation. These contributions vested as follows:

Years of Service	Vested Percentage
Less than 2	- %
2	20
3	40
4	60
5	80
6 or more	100

MTA Metro-North Railroad—MNR employees represented by certain unions and who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of the member's compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible MNR member's continuous employment, MTA Metro-North Railroad

contributes an amount equal to 7% of the member's compensation. Eligible MNR members vest in these employer contributions as set forth below:

Years of Service	Vested Percentage
Less than 5	- %
5 or more	100

MTA Headquarters—Police—For each plan year, the MTA shall make contributions to the Account of each eligible MTA Police Benevolent Association member in the amounts required by the collective bargaining agreement (“CBA”) and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

MTA Headquarters—Commanding Officers—For each plan year, the MTA shall make contributions to the Account of each eligible MTA Police Department Commanding Officers Association Benevolent Association member in the amounts required by the collective bargaining agreement (“CBA”) and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

MTA Headquarters—Business Services Center—Effective January 1, 2011, all newly hired MTA Business Services Center employees represented by the Transportation Communications Union are eligible to receive a matching contribution, up to a maximum of 3% of the participant's compensation. A participant's right to the balance in his or her matching contributions shall upon the first of the following to occur:

1. Completing 5 years of service,
2. Attaining the Normal Retirement Age of 62 while in continuous employment, or
3. Death while in continuous employment.

Additional Deposits (Incoming Rollover or Transfers)—Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans.

Status—As of December 31, 2025 and 2024, 55.33% and 51.73% of the eligible employees were enrolled in the 457 Plan and 73.81% and 70.29% of the eligible employees were enrolled in the 401(k) Plan, respectively. There were 40,870 and 38,301 active participants in the 457 Plan and 54,776 and 52,283 active participants in the 401(k) Plan as of December 31, 2025 and 2024, respectively. The average account balance in the 457 Plan was \$85,826 and \$81,496 and in the 401(k) Plan was \$92,093 and \$86,011 in 2025 and 2024, respectively.

5. DISTRIBUTIONS

In-Service Withdrawals—A 457 Plan participant who experiences an unforeseeable emergency (as defined by the Code) may apply for a withdrawal. A 401(k) Plan participant who experiences an immediate and heavy financial need (as defined by the Code) may apply for a withdrawal by filing a hardship application. Distributions are subject to applicable taxes and penalties. In addition, up to four times a year, 401(k) Plan participants may withdraw their elective deferral balance from the Plan if they are over age 59½. These withdrawals can be cash distributions or rollovers to another eligible retirement plan. 457 Plan participants may request an in-service withdrawal only after attainment of age 70½, or at any age if their account balance is less than \$5,000 and there has been no activity in their account for at least two years.

Direct Transfer for Purchasing Permissive Service Credit—Participants in the 457 or 401(k) Plans are eligible to use their Plan assets as a source of funding for the purchase of certain permissive service credits (as defined by the Code) in certain defined benefit plan or pension systems, via a direct transfer.

Distribution of Benefits—Upon a participant's severance from the MTA, the participant is entitled to receive an amount equal to the value of his or her vested account, to be paid in accordance with one of the methods described below. Participants can choose to remain in the Plans and are not required to withdraw, roll over or transfer their account upon severance.

Commencement Date—Subject to required minimum distribution rules, a participant may elect any commencement date after severance. A participant has the option to cancel or change their distribution schedule at any time upon proper notice to the Plans Record-keeper. Individuals who attained age 70 ½ before January 1, 2020 were required to begin receiving minimum distributions from their accounts by April 1st of the calendar year following the later of (1) attainment of age 70 ½ or (2) the calendar year in which they separate from service with the MTA. Individuals who attain age 70 ½ after January 1, 2020 are required to begin receiving minimum distributions from their accounts by April 1st of the calendar year following the later of (1) attainment of age 72 or (2) the calendar year in which they separate from service with the MTA.

Method of Distribution for Direct Payment—If a participant chooses; the following methods of distribution are available under the Plans:

- Full lump sum payment; or
- Substantially equivalent monthly, quarterly, semi-annual or annual installment payments; or
- Any other amount of payment, subject to the required minimum distribution rules.

Election of Length of Distribution—If a participant elects installment payments, he or she may specify either:

- the total number of installment payments, or
- the dollar amount of each payment.

In either case, distributions cannot be paid over a period of time which exceeds the life expectancy of the participant or, in certain circumstances, the joint life expectancy of the participant and a "designated beneficiary" (as defined by the Code). Installment payments will be recalculated annually and will be paid only until the account is exhausted.

Rollovers or Transfers Out of the Plans—If a participant chooses to transfer or roll over his or her Deferred Compensation account, or a portion thereof, it must be to an eligible retirement plan (401(a), 457, 401(k), 403(b) or rollover IRA). 457 Plan and 401(k) Plan participants are eligible to roll over or transfer their account balance(s) upon severance from service.

6. LOANS

The MTA Deferred Compensation Program offers participants the opportunity to borrow from either one or both Plans simultaneously. The MTA Plans permit one loan from the 457 Plan and up to two loans from the 401(k) Plan. However, participants are limited to a total of two loans. Thus, as a participant of both the 401(k) and the 457 Plans, a participant can have either two 401(k) loans or the combination of a 401(k) loan and a 457 loan. The MTA offers two types of loans: the first is a "General Purpose Loan", which is a five-year loan and can be for any purpose. The second is a "Residential Loan", which is a loan for a primary residence and is a 20-year loan. For the Residential Loan, a signed contract to purchase the residence is necessary. Loan re-payment is made through payroll deduction. If a participant with an outstanding loan leaves the employment of the MTA, the participant may request to make coupon payments.

The minimum loan amount is \$1,000. The maximum amount of an approved loan may not exceed the lesser of: (i) 50 percent of the participant's 457 or 401(k) Plan account balance; or (ii) \$50,000 less the combined balance of all outstanding loans that a participant may have under the Program. All loans are subject to interest at prime rate plus 1 percent. A loan origination fee of \$75.00 is deducted from the approved loan amount. Active MTA employee participants may not borrow from amounts attributable to

Metro-North contributions, MTA Police contributions, MTA Police Commanding Officers' Association contributions, MTA Business Service Center Matching Contributions and Roth Elective Deferrals. The 457 Plan's net loans outstanding is \$103.9 million and \$99.5 million at December 31, 2025 and 2024, respectively, and the 401(k) Plan's was \$226.4 million and \$211.2 million at December 31, 2025 and 2024, respectively.

7. ADDITIONAL PLAN INFORMATION

Participation—Eligible employees are allowed to participate in the 401(k) Plan and/or the 457 Plan upon employment with the MTA and its affiliates or subsidiaries. The record-keeper/trustee maintains a website, along with a telephone voice response system, or participants may use paper enrollment forms, for Program activities. Participants may make or suspend deferrals; may increase or decrease, in multiples of 1 percent, the percentage of wages to be deferred or any whole dollar amount; may change the investment option of future deferrals or initiate account transfers between investment options in multiples of 1 percent or any dollar amount. There is no restriction on the number of times a participant may change the amount of future deferrals. An employee participating in both the 457 Plan and 401(k) Plan who wishes to make any changes must do so independently for each Plan. Participants may also choose to schedule automated, annual increases in their deferral elections. An employee who has severed service from the MTA may rejoin the 457 Plan, the 401(k) Plan, or both and become an active participant after returning to service to the MTA by following the procedures set forth above.

Excessive Trading Policy—MTA has an Excessive Trading policy in place for the Plans. This policy monitors trading activity in investment options, utilizing criteria such as frequency of trades, dollar amount of the trades, and number of buys and sells performed by the participant. Activity exceeding established thresholds can be deemed excessive trading. The Excessive Trading policy defines excessive trading as one or more trades into and out of the same investment option within a rolling 30-day period when each trade is over \$25,000. Automatic or system-driven transactions are not considered excessive trading. This includes contributions or loan repayments by payroll deductions, re-mapping transactions, hardship withdrawals, regularly scheduled or periodic distributions or periodic rebalancing through a systematic rebalancing program that is not initiated by the Program.

Maximum Deferrals—A participant in the 457 Plan or the 401(k) Plan under age 50 in 2025 could have deferred up to \$23,500, up to \$31,000 if age 50-59 or over age 63, or \$34,750 if age 60-63 at any time during the calendar year. A participant in the 457 Plan or the 401(k) Plan could have deferred up to \$23,000 plus an additional \$7,500 if age 50 and over in calendar year 2024. Alternatively, for the 457 Plan, under certain circumstances, a participant may double the annual maximum contribution during each of the last three years prior to reaching his or her designated "Normal Retirement Age" ("Retirement Catch-Up Amount") if less than the maximum was deferred during earlier years. Participants may not make both the Retirement Catch-Up and the Age Based Catch-Up to the 457 Plan in the same year.

Membership—As of December 31, 2025 and 2024, the Plans' membership with balances consisted of:

	2025		2024	
	457	401(k)	457	401(k)
Active employees	40,870	54,776	38,301	52,283
Terminated/Inactive employees	15,345	18,549	15,022	17,838
Total active and inactive members	<u>56,215</u>	<u>73,325</u>	<u>53,323</u>	<u>70,121</u>
Vested employees	<u>56,215</u>	<u>73,145</u>	<u>53,323</u>	<u>69,991</u>

Maintenance of Accounts—For both the 457 Plan and the 401(k) Plan, the record keeper establishes an account for each participant to which any amounts deferred, transferred or distributed under the Plans are credited or charged, including, as specified in the Participation Agreement or any amendment thereto, any increase or decrease in the value of the investment options. The Plans are not responsible for any decrease in the value of a participant's account.

Plans' Funding and Expense Payment—The MTA Deferred Compensation Program charges participants' quarterly administrative fees. These fees cover participant directed activities, communications, and administrative expenses. They also cover the cost of the Program's third-party administrator, the investment advisor, outside legal counsel, in-house legal counsel and a portion of staff salaries and benefits.

8. TRUSTEE AND OTHER PROFESSIONAL SERVICES

The Trustee for the MTA is Empower Trust Company, LLC ("Empower"). Recordkeeping, Administrative, and investment management services are provided by Empower Annuity Company ("EAC"). With regards to other providers of investment management services; separate accounts are managed by Alliance Bernstein, TCW, William Blair and Galliard (which in turn has executed agreements with IR + M, Dodge & Cox, Loomis Sayles, TCW); commingled trusts are managed by SSgA, Loomis Sayles, Wellington, Vanguard and Boston Partners; a mutual fund is managed by Dimensional Fund Advisors. The Financial Advisor is Mercer Investments LLC which reviews the investment policies adopted by the Investment Committee, the Plans' portfolio and the Investment Managers' performance.

9. SUBSEQUENT EVENTS

The Plan has evaluated all subsequent events through July 27, 2026, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2025. As of July 27, 2026, there were no subsequent events that required recognition or disclosure.

* * * * *

Metro-North Commuter Railroad Company Cash Balance Plan

(A Fiduciary Component Unit of
the Metropolitan Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
Supplemental Schedules, and
Independent Auditor's Report

METRO-NORTH COMMUTER RAILROAD COMPANY CASH BALANCE PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of Pensions of the
Metro-North Commuter Railroad Company Cash Balance Plan

Opinion

We have audited the accompanying statements of fiduciary net position of the Metro-North Commuter Railroad Company Cash Balance Plan (the "Plan") as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Schedule I, Schedule of Employer Contributions - Schedule II, and Schedule of Investment Returns - Schedule III be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

July 27, 2026

METRO-NORTH COMMUTER RAILROAD COMPANY

CASH BALANCE PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

This narrative discussion and analysis of the Metro-North Commuter Railroad Company Cash Balance Plan (the "Plan") financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2025 and 2024. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the past two years and the effects of significant changes, as well as a comparison with the prior year's activity and results. This discussion and analysis are intended to be read in conjunction with the Plan's financial statements which begin on page 7.

Overview of Basic Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements. The basic financial statements are:

- **The Statements of Fiduciary Net Position** present the financial position of the Plan at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.
- **The Statements of Changes in Fiduciary Net Position** present the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.
- **The Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.
- **Required Supplementary Information** as required by the Government Accounting Standards Board ("GASB") includes the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns.

Financial Highlights

The Plan is a single employer, defined benefit pension plan. The Plan covers non-collectively bargained employees, formerly employed by Conrail, who joined Metro-North Commuter Railroad Company ("MNCR") as management employees between January 1 and June 30, 1983 and were still employed as of December 31, 1988. Effective January 1, 1989, these employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the "Management Plan") and the Plan was closed to new participants. The assets of the Management Plan have been merged with the Metropolitan Transportation Authority Defined Benefit Plan for Non-Represented Employees as of the asset transfer date of July 14, 1995.

Financial Analysis

Fiduciary Net Position

December 31, 2025, 2024, and 2023

(Dollars in thousands)

	2025	2024	2023	Increase/(Decrease)	
				2025-2024	2024-2023
Investments, at fair value	\$ 228	\$ 266	\$ 265	\$ (38)	\$ 1
Accrued interest	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total assets	<u>228</u>	<u>266</u>	<u>266</u>	<u>(38)</u>	<u>-</u>
Benefits Payable	\$ -	17	13	(17)	4
Expenses Payable	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>
Total liabilities	<u>8</u>	<u>17</u>	<u>13</u>	<u>(9)</u>	<u>4</u>
Net position - restricted for pensions	<u>\$ 220</u>	<u>\$ 249</u>	<u>\$ 253</u>	<u>\$ (29)</u>	<u>\$ (4)</u>

December 31, 2025 versus 2024

Investments at December 31, 2025 were \$228 thousand, a decrease of \$38 thousand from 2024. The decrease is the result of lower plan contributions net of benefit payments and expenses.

Net position restricted for pensions at December 31, 2025 was \$220 thousand, a decrease of \$29 thousand from 2024 as a result of the changes noted above.

December 31, 2024 versus 2023

Investments at December 31, 2024 were \$266 thousand, an increase of \$1 thousand from 2023. The increase is the result of investment activity and plan contributions net of benefit payments and expenses.

Total liabilities at December 31, 2024 were \$17 thousand, an increase of \$4 thousand from 2023. The increase is due to accrued plan benefits payable in 2024.

Net position restricted for pensions at December 31, 2024 was \$249 thousand, a decrease of \$4 thousand from 2023 as a result of the changes noted above.

Changes in Fiduciary Net Position
For the Years Ended December 31, 2025, 2024 and 2023
(Dollars in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Increase/(Decrease)</u>	
				<u>2025-2024</u>	<u>2024-2023</u>
Additions:					
Net investment income/(loss)	\$ 10	\$ 8	\$ 2	\$ 2	\$ 6
Employer contributions	<u>17</u>	<u>22</u>	<u>13</u>	<u>(5)</u>	<u>9</u>
Total additions / (subtractions)	<u>27</u>	<u>30</u>	<u>15</u>	<u>(3)</u>	<u>15</u>
Deductions:					
Benefits paid to participants	32	34	41	(2)	(7)
Administrative Expenses	<u>23</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>-</u>
Total deductions	<u>56</u>	<u>34</u>	<u>41</u>	<u>22</u>	<u>(7)</u>
Net decrease in net position	<u>(29)</u>	<u>(4)</u>	<u>(26)</u>	<u>(25)</u>	<u>22</u>
Net position-restricted for pensions:					
Beginning of year	<u>249</u>	<u>253</u>	<u>279</u>	<u>(4)</u>	<u>(26)</u>
End of year	<u>\$ 220</u>	<u>\$ 249</u>	<u>\$ 253</u>	<u>\$ (29)</u>	<u>\$ (4)</u>

Changes in FIDUCIARY Net Position

The Plan is a closed Plan and does not have active members as of January 1, 2025. Investments are primarily in a Money Market Mutual fund as at December 2025. As of November 2023, the Plan held investments in bonds and asset backed securities to minimize exposure to market fluctuations. In December 2023, the Plan liquidated the portfolio's bond investments for a Money Market Mutual fund. The net position is held in trust for the payment of future benefits to members and beneficiaries.

December 31, 2025 versus 2024

Net investment income increased by \$2 thousand in 2025 from net investment gains of \$10 thousand in 2025 versus net investment gain of \$8 thousand in 2024.

The Actuarially Determined Contributions ("ADC") of \$17 thousand for 2025 and \$22 thousand for 2024 were paid in 2025 and 2024, respectively.

Benefit payments decreased by \$2 thousand in 2025 when compared with the increase of \$7 in 2024, primarily due to retroactive payments to a beneficiary in 2024.

There were no securities disbursed in-kind in 2025.

December 31, 2024 versus 2023

Net investment income increased by \$6 thousand in 2024 from net investment gains of \$8 thousand in 2024 versus net investment gain of \$2 thousand in 2023.

The Actuarially Determined Contributions ("ADC") of \$22 thousand for 2024 and \$13 thousand for 2023 were paid in 2024 and 2023, respectively.

Benefit payments decreased by \$7 thousand in 2024 when compared with the increase of \$8 in 2023, primarily due to retroactive payments to a beneficiary in 2023.

There were no securities disbursed in-kind in 2024.

Investments

The table below summarizes the Plan's investment allocations and investment returns.

Investment Summary (Dollars in thousands)

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Allocation</u>	<u>Current Year Return</u>
December 31, 2025			
Short-term investments	<u>\$ 228</u>	<u>100.0 %</u>	<u>4.2 %</u>
Total	<u>\$ 228</u>	<u>100.0 %</u>	<u>4.2 %</u>
December 31, 2024			
Short-term investments	<u>\$ 266</u>	<u>100.0 %</u>	<u>3.1 %</u>
Total	<u>\$ 266</u>	<u>100.0 %</u>	<u>3.1 %</u>
December 31, 2023			
Short-term investments	<u>\$ 265</u>	<u>100.0 %</u>	<u>5.0 %</u>
Total	<u>\$ 265</u>	<u>100.0 %</u>	<u>5.0 %</u>

Contact Information

This financial report is designed to provide a general overview of the Metro-North Commuter Railroad Company Cash Balance Plan's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Deputy Chief, Controller's Office, Metropolitan Transportation Authority, 2 Broadway, 15th Floor, New York, NY 10004.

METRO-NORTH COMMUTER RAILROAD COMPANY CASH BALANCE PLAN

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS:		
Investments— at fair value— short-term investments	<u>\$ 227,801</u>	<u>\$ 265,643</u>
Total investments	<u>227,801</u>	<u>265,643</u>
Accrued interest	<u>705</u>	<u>494</u>
Total assets	<u>228,506</u>	<u>266,137</u>
LIABILITIES:		
Benefits payable	-	17,413
Expenses payable	<u>8,371</u>	<u>-</u>
Total liabilities	<u>8,371</u>	<u>17,413</u>
NET POSITION— Restricted for pensions	<u><u>\$ 220,135</u></u>	<u><u>\$ 248,724</u></u>

See notes to financial statements.

METRO-NORTH COMMUTER RAILROAD COMPANY

CASH BALANCE PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
ADDITIONS:		
Investment income— interest	\$ 9,618	\$ 7,576
Total investment income	9,618	7,576
Contributions— employer	17,322	22,354
Total additions	26,940	29,930
DEDUCTIONS:		
Administrative expenses	(23,071)	-
Benefits paid to participants	(32,458)	(34,191)
Total deductions	(55,529)	(34,191)
NET DECREASE IN NET POSITION	(28,589)	(4,261)
NET POSITION— Restricted for pensions:		
Beginning of year	248,724	252,985
End of year	\$ 220,135	\$ 248,724

See notes to financial statements.

METRO-NORTH COMMUTER RAILROAD COMPANY CASH BALANCE PLAN

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. PLAN DESCRIPTION

The following description of the Metro-North Commuter Railroad Company Cash Balance Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General—The Plan is a single employer, defined benefit pension plan administered by Metro-North Commuter Railroad ("MNCR"). The Plan covers non-collectively bargained employees, formerly employed by Conrail, who joined MNCR as management employees between January 1 and June 30, 1983 and were still employed as of December 31, 1988. Effective January 1, 1989, these employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the "Management Plan") and the Plan was closed to new participants. The assets of the Management Plan have been merged with the Metropolitan Transportation Authority Defined Benefit Plan for Non-Represented Employees as of the asset transfer date of July 14, 1995. The Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the Plan is tax-exempt and is not subject to the provisions of the Employee Retirement Income Security Act ("ERISA") of 1974.

Plan Administration—The MTA Board of Trustees shall appoint a Board of Managers of Pensions consisting of five individuals who may, but need not, be officers or employees of the company. The members of the Board of Managers shall hold office at discretion of the MTA Board, each to serve until his successor is appointed. The Board of Managers shall be the agent for the service of legal process with respect to the Plan. No bond or other security is required in any jurisdiction of the Board of Managers or any member thereof except as required by law.

The Board of Managers shall control and manage the operation and administration of the Plan. It shall have all the powers that within its judgment may be necessary or appropriate for that purpose, including, but not by way of limitation, power to adopt any rules consistent with the provisions of the Plan deemed necessary to effectuate the Plan, to conduct the affairs of the Board of Managers, to administer the Plan, to interpret the Plan, to determine the eligibility, status and rights of all persons under the Plan and, in general, to decide any dispute.

Benefits Provided

Pension Benefits—Participants of the Plan obtain a nonforfeitable right to their accrued benefit upon the earlier of (a) the completion of five years of service with the MTA Metro-North Railroad or (b) the attainment of age sixty-two. Vested participants are entitled to receive pension benefits commencing at age sixty-five. Vested participants may elect to receive early retirement benefits upon the attainment of age fifty-five through age sixty-four.

Participants may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect to receive their benefits as a life annuity payable monthly from retirement. Participants may also elect to receive their pension benefits in the form of a joint and survivor annuity.

Prior to a participant's annuity commencement date, each Participant's account balance shall be increased each month by a factor, which when compounded monthly for 12 months, would produce the benefit escalator for the applicable plan year.

The benefit escalator is defined as the Pension Benefit Guaranty Corporation immediate annuity rate in effect for December of the year preceding the year for which the determination is being made.

Death Benefits—Benefits are paid to vested participants' beneficiaries in the event of a participants' death. The amount of benefits payable is the participant's account balance at the date of his or her death.

Membership—Membership of the Plan consisted of the following as of January 1, 2025 and 2024, the dates of the latest actuarial valuation:

	2025	2024
Active plan members	-	-
Retirees and beneficiaries receiving benefits	20	20
Vested formerly active members not yet receiving benefits	<u>5</u>	<u>5</u>
Total	<u>25</u>	<u>25</u>

Contributions—Funding for the Plan is provided by MNCR which is a public benefit corporation that receives funding for its operations and capital needs from the Metropolitan Transportation Authority ("MTA") and the Connecticut Department of Transportation ("CDOT"). Certain funding by MTA is made to MNCR on a discretionary basis. The continuance of funding for the Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

MNCR's funding policy with respect to the Plan was to contribute the full amount of the pension benefit obligation ("PBO") of approximately \$2.977 million to the trust fund in 1989. As participants retire, distributions from the Plan have been made by the Trustee. MNCR anticipated that no further contributions would be made to the Plan. However, due to changes in actuarial assumptions and market performance, additional unfunded pension liabilities were paid to the Plan in several subsequent years. Per the January 1, 2025 valuation, the unfunded accrued liability was \$16,656 and the actuarially determined contribution was \$17,322. Per the January 1, 2024 valuation, the unfunded accrued liability was \$21,2494 and the actuarially determined contribution was \$22,354 The ADC reflects a one-year amortization of the unfunded accrued liability in accordance with the funding policy adopted by the MTA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Plan's financial statements are prepared on the accrual basis of accounting.

Use of Management Estimates—The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include the determination of the fair value of investments, the actuarial determined contribution and the total pension liability.

Investment Valuation and Income Recognition—Fair value for the publicly traded government bonds and notes, corporate bonds and mortgage/asset backed securities represents the quoted market prices of a national securities exchange. Gains and losses on investments that were sold during the year are included in net appreciation or depreciation in fair value of investments. Interest income on the government and corporate bonds is recorded when earned. The Plan's investments are held in trust by Principal Bank (the "Trustee"), in the name of the Plan.

Benefits—Benefits are recognized when paid.

Administrative Expenses—In 2025 the Plan had administrative expenses of \$23 thousand. In 2024, MNCR paid all of the Plan's administrative expenses.

Federal Income Tax Status—The Internal Revenue Service (“IRS”) has determined and informed the MNCR by a letter dated January 10, 1997, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter. The MNCR believes that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan’s financial statements.

New Accounting Standards Adopted—The Plan adopted the following GASB Statements in 2025:

GASB Statement No. 102, Certain Risk Disclosures (“GASB 102”), aims to enhance financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance). This statement addresses the need for transparency regarding risks that could substantially affect the level of services provided by governments.

The adoption of this Statement has no material impact on the financial net position of the Metro-North Cash Balance Plan.

Accounting Standards Issued but Not Yet Adopted

GASB Statement No.	GASB Accounting Standard	Metro-North Commuter Railroad Company Cash Balance Plan Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

3. INVESTMENTS

A professional investment management firm manages the Plan. The Plan utilizes various investment securities including U.S. government securities and corporate debt instruments. The investment guideline is included within the investment management agreement agreed to by the MTA Board of Trustees. The guideline grants the investment manager full discretion to buy, sell, invest and reinvest the Plan’s assets in domestic fixed income investments. The investment objective is to achieve consistent, positive real returns and to maximize long-term total return within prudent levels of risk through a combination of income and capital appreciation. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

The investment management firm is required to maintain a diversified portfolio. All investment managers are expected to perform their fiduciary duties as prudent people would and to conform to all state and federal statutes governing the investment of retirement funds. Securities managers must be registered advisors under the Investment Advisors Act of 1940. The investment managers must comply with the risk management guidelines per the Investment Management Agreement.

Investment managers may not purchase inverse floating rate bonds, structured notes, commodities, securities on margin, sell short, lend securities, invest in private placements, commingled funds (except Short-Term Investment Funds), real estate investments, and oil, gas & mineral exploration investments without the written consent of the Plan. The Plan did not hold any fixed-income securities in 2024.

GASB 72 Disclosure—In fiscal year 2015, the Plan adopted GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting

issues related to fair value measurements. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan has the following recurring fair value measurements as of December 31, 2025 and 2024:

**Metro-North Commuter Railroad Company Cash Balance Plan
Investments Measured at NAV**

	2025			
	December 31, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-term investments measured at the NAV	<u>227,801</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total investments measured at the NAV	<u>227,801</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**Metro-North Commuter Railroad Company Cash Balance Plan
Investments Measured at NAV**

	2024			
	December 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-term investments measured at the NAV	<u>265,643</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total investments measured at the NAV	<u>265,643</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Money-Weighted Rate of Return—For the years ended December 31, 2025 and 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the Plan were 4.20% and 3.14%, respectively.

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Credit Risk—The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at December 31, 2025 and 2024 respectively, are as follows:

December 31, 2025 Quality Rating	Fair Value	Percentage of Portfolio
NR	<u>\$ 227,801</u>	<u>100.00 %</u>
Total credit risk debt securities	<u>227,801</u>	<u>100.00 %</u>
Total investment portfolio	<u>\$ 227,801</u>	<u>100.00 %</u>

December 31, 2024 Quality Rating	Fair Value	Percentage of Portfolio
NR	<u>\$ 265,643</u>	<u>100.00 %</u>
Total credit risk debt securities	<u>265,643</u>	<u>100.00 %</u>
Total investment portfolio	<u><u>\$ 265,643</u></u>	<u><u>100.00 %</u></u>

Custodial Credit Risk—The Plan does not have a general policy addressing custodial risk, but it is the practice of the Plan that all investments are registered or held by the Plan or its agent in the Plan's name. Deposits are to be registered or collateralized with securities held at fiscal agents in the Plan's name.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Duration is an indicator of bond price's sensitivity to 100 basis point change in interest rates.

December 31, 2025 Investment Type	Fair Value	Percentage of Portfolio	Duration (Years)
Short-term investments	<u>\$ 227,801</u>	<u>100.00 %</u>	-
Total investment	<u><u>\$ 227,801</u></u>	<u><u>100.00 %</u></u>	-
Portfolio average duration			-

December 31, 2024 Investment Type	Fair Value	Percentage of Portfolio	Duration (Years)
Short-term investments	<u>\$ 265,643</u>	<u>100.00 %</u>	-
Total investment	<u><u>\$ 265,643</u></u>	<u><u>100.00 %</u></u>	-
Portfolio average duration			-

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan assets are invested in domestic fixed-income securities denominated in U.S. dollars and accounted for at fair value. The Plan has no exposure to foreign currency fluctuation.

4. NET PENSION LIABILITY (ASSET)

The components of the net pension liability of the employer at December 31, 2025 and 2024, for the Plan were as follows:

	2025	2024
Total pension liability	\$ 242,450	\$ 251,849
Plan's fiduciary net position	<u>220,135</u>	<u>248,724</u>
Employer's net pension liability	<u>\$ 22,315</u>	<u>\$ 3,125</u>
Plan's fiduciary net position as a percentage of the total pension liability	<u>90.80 %</u>	<u>98.76 %</u>

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end.

Discount Rate—The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

	2025	2024
Discount rate	4.00 %	4.00 %
Long-term expected rate of return net of investment expense	4.00 %	4.00 %
Municipal bond rate	N/A	N/A

Other Key Actuarial Methods and Assumptions for the years ended December 31, 2025 and 2024 were as follows:

The actuarial assumptions that determined the total pension liability as of December 31, 2025 and December 31, 2024 was based on an experience study for the period January 1, 2018–December 31, 2023.

	2025	2024
Valuation date	January 1, 2025	January 1, 2024
Measurement date	December 31, 2025	December 31, 2024
Actuarial cost method	Unit Credit	Unit Credit
Actuarial assumptions:		
Asset valuation method	Market Value of Plan Asset	Market Value of Plan Asset
Projected salary increases	N/A	N/A
COLAs	N/A	N/A
Inflation	2.25%	2.37%
Benefit escalator	2.25% per annum, compounded annually	2.25% per annum, compounded annually
Provision for expenses	None assumed from Plan assets	None assumed from Plan assets

Age and Benefit Profile of Participants in Pay Status as of January 1, 2025:

Retired Participants and Beneficiaries:

Attained Age	Number	Annual Pension
<50	-	\$ -
50-54	-	-
55-59	-	-
60-64	-	-
65-69	2	708
70-74	4	3,122
75-79	4	3,678
80-84	5	8,170
85-89	2	5,729
>90	3	12,849
Total	<u>20</u>	<u>\$34,256</u>

Average age=80.5

Average Annual Pension=\$1,713

Mortality:

Pre-Commencement—Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for males and 100% for females, projected on a generational basis using Scale MP-2021.

Post-Commencement—Pri-2012 Retiree mortality table with the blue-collar adjustments multiplied by 97% for males and 100% for females, projected on a generational basis using Scale MP-2021. As generational tables, they reflect mortality improvements both before and after the measurement date.

The mortality assumption is based on a 2022 experience study for all the MTA plans combined.

Form of Payment for Cash Balance Account—For terminated vested participants, lump sum on the valuation date. This is based on the majority of participants electing a lump sum upon retirement.

Benefits Not Valued—The Additional Benefit was not valued as the potential liability for this benefit is de minimus.

Provision for Expenses—None assumed payable from plan assets, in accordance with anticipated plan sponsor practice.

Changes in Actuarial Assumptions Since Prior Valuation—None.

Long-Term Expected Rate of Return—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting

expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2025 and 2024.

Asset Class	Index	Target Allocation	2025 Long-Term Expected Real Rate of Return *	2024 Long-Term Expected Real Rate of Return *
Core Fixed Income	Bloomberg Barclays Aggregate	100.00 %	2.20 %	2.47 %
Assumed Inflation— mean			2.28	2.37
Assumed Inflation— standard Deviation			1.47	1.46
Portfolio nominal mean return			4.58	4.84
Portfolio standard deviation			4.41	4.44
Long-term expected rate of return selected by MTA			4.00	4.00

* Reflects 10-year time horizon

Sensitivity Analysis—The following presents the net pension liability of the Metro-North Commuter Railroad Company Cash Balance Plan as of December 31, 2025 and 2024, respectively, calculated using the current discount rate, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	December 31, 2025			December 31, 2024		
	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
Net Pension Liability	<u>\$ 35,323</u>	<u>\$ 22,315</u>	<u>\$ 10,709</u>	<u>\$ 17,295</u>	<u>\$ 3,125</u>	<u>\$ (9,479)</u>

5. SUBSEQUENT EVENTS

The Plan has evaluated all subsequent events through July 27, 2026, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2025. As of July 27, 2026, there were no subsequent events that required recognition or disclosure.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

METRO-NORTH COMMUTER RAILROAD COMPANY

CASH BALANCE PLAN

SCHEDULE I

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

(\$ in thousands)

	2025	2024	2023	2022	2021
Total pension liability:					
Interest	\$ 9	\$ 10	\$ 12	\$ 10	\$ 11
Changes of economic/demographic (gains) or losses	14	14	(19)	(6)	(11)
Changes of assumptions	-	-	-	(16)	15
Benefit payments	(32)	(34)	(41)	(33)	(38)
Net change in total pension liability	(9)	(10)	(48)	(45)	(23)
Total pension liability— beginning	252	262	310	355	378
Total pension liability— ending(a)	<u>\$ 242</u>	<u>\$ 252</u>	<u>\$ 262</u>	<u>\$ 310</u>	<u>\$ 355</u>
Fiduciary Net Position:					
Employer contributions	\$ 17	\$ 22	\$ 13	\$ 4	\$ -
Net investment income/(expense)	10	8	2	(43)	(5)
Benefit payments	(32)	(34)	(41)	(33)	(38)
Administrative expenses	(23)	-	-	-	-
Net change in plan fiduciary net position	(29)	(4)	(26)	(72)	(43)
Fiduciary net position— beginning	249	253	279	351	394
Fiduciary net position— ending(b)	<u>220</u>	<u>249</u>	<u>253</u>	<u>279</u>	<u>351</u>
Net pension liability— ending(a)-(b)	<u>\$ 22</u>	<u>\$ 3</u>	<u>\$ 9</u>	<u>\$ 31</u>	<u>\$ 4</u>
Fiduciary net position as a percentage of the total pension liability	<u>90.80 %</u>	<u>98.76 %</u>	<u>96.48 %</u>	<u>90.09 %</u>	<u>98.91 %</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net pension liability as a percentage of covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

This Schedule is presented to illustrate the requirement to show information for 10 years.

(Continued)

METRO-NORTH COMMUTER RAILROAD COMPANY

CASH BALANCE PLAN

SCHEDULE I

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

(\$ in thousands)

	2020	2019	2018	2017	2016
Total pension liability:					
Interest	\$ 14	\$ 18	\$ 20	\$ 21	\$ 24
Changes of economic/demographic (gains) or losses	10	4	(11)	12	(15)
Changes of assumptions	11	-	-	-	-
Benefit payments	(105)	(53)	(58)	(71)	(77)
	<u>(70)</u>	<u>(31)</u>	<u>(49)</u>	<u>(38)</u>	<u>(68)</u>
Net change in total pension liability	(70)	(31)	(49)	(38)	(68)
Total pension liability— beginning	<u>448</u>	<u>479</u>	<u>528</u>	<u>566</u>	<u>634</u>
Total pension liability— ending(a)	<u>\$ 378</u>	<u>\$ 448</u>	<u>\$ 479</u>	<u>\$ 528</u>	<u>\$ 566</u>
Fiduciary net position:					
Employer contributions	\$ 9	\$ -	\$ 5	\$ -	\$ 23
Net investment income	32	40	1	20	16
Benefit payments	(105)	(53)	(58)	(71)	(77)
Administrative expenses	3	(3)	-	-	-
	<u>(61)</u>	<u>(16)</u>	<u>(52)</u>	<u>(51)</u>	<u>(38)</u>
Net change in plan fiduciary net position	(61)	(16)	(52)	(51)	(38)
Fiduciary net position— beginning	<u>455</u>	<u>471</u>	<u>523</u>	<u>574</u>	<u>612</u>
Fiduciary net position— ending(b)	<u>394</u>	<u>455</u>	<u>471</u>	<u>523</u>	<u>574</u>
Net pension liability— ending(a)-(b)	<u>\$ 16</u>	<u>\$ (6)</u>	<u>\$ 8</u>	<u>\$ 5</u>	<u>\$ (8)</u>
Fiduciary net position as a percentage of the total pension liability	<u>104.20 %</u>	<u>101.45 %</u>	<u>98.28 %</u>	<u>99.01 %</u>	<u>101.39 %</u>
Covered payroll	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ 275</u>	<u>\$ 268</u>	<u>\$ 649</u>
Net pension liability as a percentage of covered payroll	<u>N/A</u>	<u>(2.35)%</u>	<u>3.00 %</u>	<u>1.95 %</u>	<u>(1.22)%</u>

This Schedule is presented to illustrate the requirement to show information for 10 years.

(Concluded)

**METRO-NORTH COMMUTER RAILROAD COMPANY
CASH BALANCE PLAN**

SCHEDULE II

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2016	22,721	22,721	-	648,524	3.50 %
2017	-	-	-	268,488	0.00 %
2018	5,444	5,444	-	274,921	1.98 %
2019	8,582	8,582	-	276,569	3.10 %
2020	-	-	-	-	N/A
2021	-	-	-	-	N/A
2022	4,463	4,463	-	-	N/A
2023	12,589	12,589	-	-	N/A
2024	22,354	22,354	-	-	N/A
2025	17,322	17,322	-	-	N/A

This Schedule is presented to illustrate the requirement to show information for 10 years.

The actual employer contribution for 2019 is the April 15, 2020 contribution that was recognized by the Plan as a receivable contribution for the 2019 plan year.

**METRO-NORTH COMMUTER RAILROAD COMPANY
CASH BALANCE PLAN**

SCHEDULE II

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Actuarial Methods and Assumptions

The methods and assumptions used to determine the actuarially determined contributions are as follows:

Valuation Date	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021
Measurement Date	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Valuation Timing	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.
Actuarial Cost Method	Unit Credit	Unit Credit	Unit Credit	Unit Credit	Entry age normal
Amortization Method	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method	Actuarial value equals market value	Actuarial value equals market value	Actuarial value equals market value	Actuarial value equals market value	Actuarial value equals market value
Inflation	2.25%	2.37%	2.32%	2.40%	2.25%
Salary Increases	N/A	N/A	N/A	N/A	N/A
Investment Rate of Return	4.00%, net of investment expenses	4.00%, net of investment expenses	4.00%, net of investment expenses	4.00%, net of investment expenses	3.00%, net of investment expenses
Mortality	Based on experience of all MTA-sponsored pension plan members from Jan. 1, 2015-Dec. 31, 2020 reflecting mortality improvement on a generational basis using scale MP-2021	Based on experience of all MTA-sponsored pension plan members from Jan. 1, 2015-Dec. 31, 2020 reflecting mortality improvement on a generational basis using scale MP-2021	Based on experience of all MTA-sponsored pension plan members from Jan. 1, 2015-Dec. 31, 2020 reflecting mortality improvement on a generational basis using scale MP-2021	Based on experience of all MTA-sponsored pension plan members from Jan. 1, 2015-Dec. 31, 2020 reflecting mortality improvement on a generational basis using scale MP-2021	Based on experience of all MTA-sponsored pension plan members from Jan. 1, 2015-Dec. 31, 2020 reflecting mortality improvement on a generational basis using scale MP-2021

(Continued)

**METRO-NORTH COMMUTER RAILROAD COMPANY
CASH BALANCE PLAN**

SCHEDULE II

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Actuarial Methods and Assumptions

The methods and assumptions used to determine the actuarially determined contributions are as follows:

Valuation Date	January 1, 2020	January 1, 2019	January 1, 2019	January 1, 2018	January 1, 2017
Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Valuation Timing	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.
Inflation	2.25%	2.5%	2.25%	2.5%	2.3%
Salary Increases	N/A	N/A	N/A	N/A	N/A
Investment Rate of Return	3.00%, net of investment expenses	3.50%, net of investment expenses	3.50%, net of investment expenses	4.00%, net of investment expenses	4.00%, net of investment expenses
Mortality	Based on experience of all MTAmembers reflecting mortality improvement on a generational basis using scale AA	Based on experience of all MTAmembers reflecting mortality improvement on a generational basis using scale AA	Based on experience of all MTAmembers reflecting mortality improvement on a generational basis using scale AA	Based on experience of all MTAmembers reflecting mortality improvement on a generational basis using scale AA	Based on experience of all MTAmembers reflecting mortality improvement on a generational basis using scale AA

(Concluded)

**METRO-NORTH COMMUTER RAILROAD COMPANY
CASH BALANCE PLAN**

SCHEDULE III

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS**

The following table displays annual money-weighted rate of return, net of investment expense.

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2016	2.75 %
2017	3.67
2018	0.06
2019	9.01
2020	7.79
2021	(1.21)
2022	(12.95)
2023	0.75
2024	3.14
2025	4.31

This Schedule is presented to illustrate the requirement to show information for 10 years.

**Metropolitan Transportation
Authority Retiree Welfare
Benefits Plan (“Other
Postemployment
Benefits Plan” or “OPEB Plan”)**

(A Fiduciary Component Unit of
the Metropolitan Transportation Authority)

Financial Statements as of and for the Years Ended
December 31, 2025 and 2024, Supplemental Schedules, and
Independent Auditor’s Report

METROPOLITAN TRANSPORTATION AUTHORITY OTHER POSTEMPLOYMENT BENEFITS PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of
the Metropolitan Transportation Authority Retiree Welfare Benefits Plan

Opinion

We have audited the accompanying statements of fiduciary net position of the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (the "Plan") as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Employers' Net OPEB Liability and Related Ratios—Schedule I, Schedule of Employer Contributions—Schedule II, and Schedule of Investment Returns—Schedule III be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

July 27, 2026

METROPOLITAN TRANSPORTATION AUTHORITY OTHER POSTEMPLOYMENT BENEFITS PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (UNAUDITED)

The purpose of the Metropolitan Transportation Authority ("MTA") Retiree Welfare Benefits Plan ("Other Postemployment Benefits Plan" or "OPEB Plan" or the "Plan") and the related Trust Fund is to provide a vehicle for the MTA organization to set aside funds to assist it in providing health and other welfare benefits to eligible retirees and their beneficiaries. The Plan and the Trust Agreement are exempt from federal income taxation under Section 115(1) of the Code. The MTA is not required by law or contractual agreement to provide funding for the Plan, other than the "pay-as-you-go" cost of providing current benefits to current eligible retirees, spouses and dependents ("Pay-Go").

This management's discussion and analysis of the Plan's financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2025 and 2024. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the year and the effects of significant changes. This discussion and analysis may contain opinions, assumptions, or conclusions by the MTA's management that should not be considered a replacement for, and is intended to be read in conjunction with, the Plan's financial statements which begin on page 9.

Overview of Basic Financial Statements

The following discussion and analysis is intended to serve as an introduction to the financial statements. The basic financial statements are:

- **The Statements of Fiduciary Net Position**—present the financial position of the Plan at year end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.
- **The Statements of Changes in Fiduciary Net Position**—present the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net realized and unrealized gains in fair value of investments.
- **The Notes to Financial Statements**—provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.
- **Required Supplementary Information**—as required by the Governmental Accounting Standards Board ("GASB") is presented after the management discussion and analysis, the statement of fiduciary net position, the statement of changes in fiduciary net position and the notes to the combined financial statements.

The accompanying financial statements of the Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Financial Highlights

Fiduciary Net Position
December 31, 2025, 2024 and 2023
(Dollars in thousands)

	Amount of Change					Percentage Change	
	2025	2024	2023	(2025-2024)	(2024-2023)	(2025-2024)	(2024-2023)
ASSETS:							
Investments	\$ 1,494,659	\$ 1,420,535	\$ 1,362,791	\$ 74,124	\$ 57,744	5.2 %	4.2 %
Receivables and other assets	<u>22,552</u>	<u>12,262</u>	<u>11,708</u>	<u>10,290</u>	<u>554</u>	<u>83.9</u>	<u>4.7</u>
Total assets	<u>1,517,211</u>	<u>1,432,797</u>	<u>1,374,499</u>	<u>84,414</u>	<u>58,298</u>	<u>5.9</u>	<u>4.2</u>
LIABILITIES— Benefits payable and accrued expenses	<u>248</u>	<u>215</u>	<u>594</u>	<u>33</u>	<u>(379)</u>	<u>15.3</u>	<u>(63.8)</u>
Total liabilities	<u>248</u>	<u>215</u>	<u>594</u>	<u>33</u>	<u>(379)</u>	<u>15.3</u>	<u>(63.8)</u>
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	<u>\$ 1,516,963</u>	<u>\$ 1,432,582</u>	<u>\$ 1,373,905</u>	<u>\$ 84,381</u>	<u>\$ 58,677</u>	<u>5.9 %</u>	<u>4.3 %</u>

Plan net position is held in trust for the payment of future benefits to members and beneficiaries. The assets of the Plan exceeded its liabilities by \$1,517.0 million and \$1,432.6 million as of December 31, 2025 and 2024. The net increase in Plan value in 2025 of \$84.4 million was due to higher investment appreciation and accrued income compared to 2024.

Changes in Fiduciary Net Position
For the Years Ended December 31, 2025, 2024, and 2023
(Dollars in thousands)

	Amount of Change					Percentage Change	
	2025	2024	2023	(2025-2024)	(2024-2023)	(2025-2024)	(2024-2023)
ADDITIONS- Total							
investment income	\$ 85,439	\$ 59,659	\$ 43,596	\$ 25,780	\$ 16,063	43.2 %	36.8 %
Less: Investment expenses	<u>886</u>	<u>837</u>	<u>565</u>	<u>49</u>	<u>272</u>	<u>5.9</u>	<u>48.1</u>
Net investment income	84,553	58,822	43,031	25,731	15,791	43.7	36.7
Add:							
Employer contributions	878,589	877,690	2,139,096	899	(1,261,406)	0.1	(59.0)
Implicit rate subsidy contribution	<u>63,850</u>	<u>66,606</u>	<u>62,445</u>	<u>(2,756)</u>	<u>4,161</u>	<u>(4.1)</u>	<u>6.7</u>
Total additions	<u>1,026,992</u>	<u>1,003,118</u>	<u>2,244,572</u>	<u>23,874</u>	<u>(1,241,454)</u>	<u>2.4</u>	<u>(55.3)</u>
DEDUCTIONS							
Benefit payments	878,589	877,690	819,815	899	57,875	0.1	7.1
Implicit rate subsidy payments	63,850	66,606	62,445	(2,756)	4,161	(4.1)	6.7
Administrative expenses	<u>172</u>	<u>145</u>	<u>142</u>	<u>27</u>	<u>3</u>	<u>18.6</u>	<u>2.1</u>
Total deductions	<u>942,611</u>	<u>944,441</u>	<u>882,402</u>	<u>(1,830)</u>	<u>62,039</u>	<u>(0.2)</u>	<u>7.0</u>
NET INCREASE/ (DECREASE) IN NET POSITION	84,381	58,677	1,362,170	25,704	(1,303,493)	43.8	(95.7)
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS							
Beginning of year	<u>1,432,582</u>	<u>1,373,905</u>	<u>11,735</u>	<u>58,677</u>	<u>1,362,170</u>	<u>4.3</u>	<u>11,607.8</u>
End of year	<u>\$ 1,516,963</u>	<u>\$ 1,432,582</u>	<u>\$ 1,373,905</u>	<u>\$ 84,381</u>	<u>\$ 58,677</u>	<u>5.9 %</u>	<u>4.3 %</u>

The Plan's net position held in trust is \$1,517.0 million and \$1,432.6 million in 2025 and 2024, respectively. The change in 2025 of \$84.4 million is primarily due to asset appreciation and accrued 2024.

Investments

The table below summarizes the Plan's investment measured at fair value.

December 31, 2025 (Dollars in thousands)	Fair Value	Allocation
Type of Investments		
Investment measured at readily determined fair value	<u>\$ 1,494,659</u>	<u>100 %</u>
	<u>\$ 1,494,659</u>	<u>100 %</u>

December 31, 2024
(Dollars in thousands)

Fair Value Allocation

Type of Investments

Investment measured at readily determined fair value	<u>\$ 1,420,535</u>	<u>100 %</u>
	<u>\$ 1,420,535</u>	<u>100 %</u>

Economic Factors

Market Overview 2025

In 2025, global markets navigated elevated volatility and evolving policy expectations. Geopolitical tensions and tariff disruptions periodically challenged investor sentiment. However, a shift toward monetary easing, complemented by supportive fiscal measures, such as the “Big Beautiful Bill”, reinforced risk appetite. Against this backdrop global equities delivered solid returns, international markets outperformed the United States, and precious metals emerged as standout performers.

United States (“U.S.”) equities started the year strong but experienced a sharp drawdown following the April 2 tariff announcement, dubbed “Liberation Day”. Markets later recovered as negotiations and temporary pauses reduced fears of prolonged trade tensions. The U.S. dollar weakened over the year, reflecting an extended Federal Reserve easing cycle and narrowing interest-rate differentials relative to other developed economies. This weaker dollar supported international equities and commodities, while periods of geopolitical stress provided only brief upward support for the dollar.

European equity markets outperformed most developed market peers, with several indices posting their best annual returns since the early 2000s. Attractive valuations, foreign inflows, currency effects, and relatively stable economic conditions underpinned performance. Across Asia and emerging markets, results were mixed. Policy stimulus in China and semiconductor-driven earnings growth in Taiwan supported returns, while trade uncertainty and uneven global growth created regional dispersion.

U.S. fixed income benefited from multiple Federal Reserve rate cuts aimed at stabilizing inflation and sustaining growth. Broader bond indices delivered positive returns as interest-rate volatility dampened and yields remained attractive. Yield curves steepened as markets anticipated additional easing. European central banks also had an easing policy, supporting rallies in sovereign debt and investment-grade credit. Emerging market debt performed well in both hard and local currencies.

Commodity performance was mixed. Gold and silver posted notable gains as safe-haven assets amid geopolitical uncertainty. Industrial metals rallied early in the year before moderating, while energy prices remained volatile as supply concerns competed with softer demand expectations.

U.S. Fiscal policy provided meaningful support to the markets through targeted measures, including infrastructure spending, tax incentives, and industrial policy initiatives. These measures acted as a late-cycle tailwind, supporting corporate investment, reinforcing labor market stability, and boosting business sentiment during periods of market stress.

Key Macro Themes of 2025

- A renewed global monetary easing cycle supporting risk assets
- Tariff volatility and trade policy uncertainty driving market stress
- Fiscal stimulus supporting corporate investment and economic activity
- U.S. dollar weakness reshaping global capital flows
- Strong performance in precious metals amid geopolitical risk
- Continued long-term optimism surrounding AI and structural growth trends

United States

U.S. economic growth slowed but remained resilient. Real Gross Domestic Product rose 2.4% in 2025, down from 2.8% in 2024. Fourth-quarter growth fell short of expectations, partly due to an extended government shutdown. Unemployment increased modestly to 4.4% from 4.1% but remained historically low. Inflation continued to ease, with Consumer Price Index ending the year at 2.7% versus 2.9% in 2024, while core inflation declined to 2.6% in 2025 from 3.2% in 2024.

U.S. equities delivered broad gains. Large-cap indices posted double-digit returns (S&P 500: 17.9%, Russell 1000: 17.4%), while mid-caps (S&P 400: 7.5%) and small-caps (Russell 2000: 12.8%) lagged. Growth stocks (Russell 1000 Growth: 18.6%) outperformed value stocks (Russell 1000 Value: 15.9%), and market concentration remained elevated, with the “Magnificent 7” continuing to drive a substantial share of index performance.

Treasury yields were volatile but trended lower as the Federal Reserve implemented three 25 basis point rate cuts. Diversified fixed income (Bloomberg U.S. Aggregate: 7.3%) delivered solid returns, led by convertibles (Bloomberg U.S. Convertibles Index: 16.9%), mortgage-backed securities (Bloomberg MBS Index: 8.6%), high yield bonds (Bloomberg High Yield Index: 8.6%), and Treasury Inflation-Protected Securities (Bloomberg TIPS Index: 7.0%).

International Developed Markets

U.S. dollar weakness provided meaningful support to international equities. International developed markets (MSCI EAFE: 31.2%) significantly outperformed U.S. large caps. Europe (MSCI Europe: 35.4%) and the United Kingdom (MSCI United Kingdom: 35.1%) led performance, while Japan (MSCI Japan: 24.6%) also delivered strong gains. International developed small caps (MSCI EAFE Small Cap: 31.8%) posted similarly robust returns.

Emerging Markets

Emerging market equities also benefited from the U.S. dollar weakness and capital inflows. The broad emerging markets index (MSCI EM: 33.6%) outperformed U.S. equities and matched developed international equity returns, while emerging market small caps (MSCI EM Small Cap: 18.6%) lagged relative to other international indices.

Emerging Markets fixed income performed well. Hard-currency bonds, which are denominated in U.S. dollars, (JPMorgan EMBI Global Diversified: 14.3%) delivered solid returns but trailed the returns of bonds denominated in local-currencies (JPMorgan GBI-EM Global Diversified: 19.3%).

Commodities

Overall commodity returns (Bloomberg Commodity Index: 15.8%) were strong. However, when broken down by sectors, there was mixed performance. Gold (Gold Spot: 64.7%) and silver (Silver Spot: 148.0%), posted very strong gains as safe-haven assets. Energy markets were weaker, with oil (WTI Spot Crude Oil: -20.8%) declining as demand concerns offset supply risks.

Market Outlook—2026

The first quarter of 2026 saw equity markets trend modestly lower, with losses generally contained to single digits, marking a shift from the broadly positive returns across most asset classes in 2025. Value equities continued to outperform growth, extending the rotation that developed late last year as higher interest rates and more tempered earnings expectations weighed on growth-oriented sectors. Market volatility increased compared to last year, driven by slowing economic momentum, policy uncertainty, and geopolitical risks.

Fixed income markets generated modest positive returns amid continued uncertainty around the path of future interest rates. Mixed economic data and persistent inflation have pushed expectations for rate cuts toward later in the year. International equities remained a relatively bright spot, building on the strong performance in 2025, supported by accommodative policy in Europe and improving conditions in emerging markets.

A key development in 2026 has been the escalation of geopolitical risk, most notably the outbreak of conflict involving the U.S. and Iran in late February. This has contributed to increased market volatility, upward pressure on energy prices, and added uncertainty to the global growth and inflation outlook. Overall, compared to the resilient and optimistic backdrop of 2025, markets in 2026 are exhibiting greater uncertainty and less directional clarity.

Contact Information

This financial report is designed to provide a general overview of the Metropolitan Transportation Authority Other Postemployment Benefits Plan's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Deputy Chief, Controller's Office, Metropolitan Transportation Authority, 2 Broadway, 15th Floor, New York, NY 10004.

* * * * *

METROPOLITAN TRANSPORTATION AUTHORITY OTHER POSTEMPLOYMENT BENEFITS PLAN

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
ASSETS— Investments at fair value (Notes 3 and 4):		
Investments measured at readily determined fair value	\$ 1,494,659	\$ 1,420,535
Interest receivable	<u>22,552</u>	<u>12,262</u>
Total assets	<u>1,517,211</u>	<u>1,432,797</u>
LIABILITIES— Benefits payable and accrued expenses	<u>248</u>	<u>215</u>
Total liabilities	<u>248</u>	<u>215</u>
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	<u>\$ 1,516,963</u>	<u>\$ 1,432,582</u>

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY OTHER POSTEMPLOYMENT BENEFITS PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
ADDITIONS:		
Net realized and unrealized gains	\$ 31,909	\$ 12,118
Interest	53,530	47,541
	<u>85,439</u>	<u>59,659</u>
Total investment income	85,439	59,659
Less: Investment expenses	<u>886</u>	<u>837</u>
Total investment income	84,553	58,822
Add:		
Employer contributions	878,589	877,690
Implicit rate subsidy contribution	63,850	66,606
	<u>1,026,992</u>	<u>1,003,118</u>
Total additions	1,026,992	1,003,118
DEDUCTIONS:		
Benefit payments	878,589	877,690
Implicit rate subsidy payments	63,850	66,606
Administrative expenses	172	145
	<u>942,611</u>	<u>944,441</u>
Total deductions	942,611	944,441
NET INCREASE IN NET POSITION	84,381	58,677
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:		
Beginning of year	<u>1,432,582</u>	<u>1,373,905</u>
End of year	<u>\$ 1,516,963</u>	<u>\$ 1,432,582</u>

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY OTHER POSTEMPLOYMENT BENEFITS PLAN

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. BACKGROUND AND ORGANIZATION

The Metropolitan Transportation Authority ("MTA") Retiree Welfare Benefits Plan ("Other Postemployment Benefits Plan" or "OPEB Plan" or the ("Plan")) and the related Trust Fund was established effective January 1, 2009 for the exclusive benefit of The MTA Group's retired employees and their eligible spouses and dependents, to fund some of the OPEB benefits provided in accordance with the MTA's Group's various collective bargaining agreements and MTA policies. The MTA Group is comprised of the following current and former agencies:

- MTA New York City Transit
- MTA Long Island Rail Road
- MTA Metro-North Railroad
- MTA Bridges and Tunnels
- MTA Headquarters ("MTAHQ")
- MTA Long Island Bus
- MTA Staten Island Railway
- MTA Bus Company
- MTA Construction and Development Company
- MTA Grand Central Madison Operating Company

The Trust is tax exempt in accordance with Section 115 of the Internal Revenue Code. The Plan is classified as a single employer plan for Governmental Accounting Standards Board ("GASB") Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74") purposes.

The MTA is not required by law or contractual agreement to provide funding for the Plan, other than the "pay-as-you-go" amount necessary to provide the current benefits to current eligible retirees, spouses and dependents (Pay-Go).

GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, prescribes uniform financial reporting standards for other postemployment benefits ("OPEB") plans of all state and local governments. OPEB refers to postemployment benefits other than pension benefits and includes postemployment healthcare benefits which are covered under The MTA OPEB plan.

Plan Administration—The Other Postretirement Plan is administered by the Board of Managers, which is comprised of:

the persons holding the following positions:

- (i) the Chairperson of the MTA;
- (ii) the MTA Chief Financial Officer; and
- (iii) the MTA Director of Labor Relations.

Designation of Others—Any member of the Board of Managers, serving as such by virtue of holding a position described above may, by written authorization filed with the Secretary, designate another individual, not then a member, to serve in that member's stead, in accordance with procedures established with the approval of the Executive Director of the MTA. Any such authorization may be revoked by the designating member at any time in writing filed in the same manner.

Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Most OPEB have been funded on a pay-as-you-go basis and have been reported in financial statements when the promised benefits are paid.

OPEB Funding—During 2012, MTA funded \$250 million into a Trust allocated between MTA Headquarters and MTA New York City Transit and funded an additional \$50 million during 2013 allocated between MTA Long Island Rail Road and MTA Metro-North Railroad. During 2023, MTA Headquarters transferred in-kind Treasury securities totaling \$1,319.3 million in Trust contributions during the year. Although the asset value increased significantly, the balance would be projected to be depleted after two years of pay-as-you-go payments. Therefore, in accordance with GASB 74, the discount rate is set equal to the municipal bond index. MTA elected the Bond Buyer 20-Bond GO Index. As a result, the discount rates as of December 31, 2025 and 2024 are 4.83% and 4.08%, respectively.

Blended and Age-adjusted Premium (In thousands)	2025 Retirees	2024 Retirees
Total blended premiums	\$ 878,589	\$ 877,690
Employment payment for retiree healthcare	<u>63,850</u>	<u>66,606</u>
Net payments	<u><u>\$ 942,439</u></u>	<u><u>\$ 944,296</u></u>

The \$63,850 and \$66,606 employer payments for retiree healthcare shown in the preceding table are cash payments in the years 2025 and 2024, respectively. Based on the premium rate structure of NYSHIP, it is part of the employers' payments for active-employee healthcare benefits; and reflects the higher costs among retirees than actives. The \$63,850 and \$66,606, therefore, is not a payment for active-employee benefits; but rather, represents benefit payments for healthcare coverage for the years 2025 and 2024 for retirees.

2. PLAN DESCRIPTION, ELIGIBILITY AND MEMBERSHIP INFORMATION

The benefits provided by the MTA Group include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by MTA agency and relevant collective bargaining agreements. Certain benefits are provided upon retirement. "Retirement" is defined by the applicable pension plan. Certain MTA Group agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA Group are members of the following pension plans: the MTA Defined Benefit Pension Plan ("MTADBPP"), the MTA Long Island Rail Road Plan for Additional Pensions, the Metro-North Cash Balance Plan, the Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA") Pension Plan, the New York City Employees' Retirement System ("NYCERS") and the New York State and Local Employees' Retirement System ("NYSLERS"). Certain represented employees of Metro-North Railroad participate in the Thrift Plan for Employees of MTA, its Subsidiaries and Affiliates ("401(k) Plan"). Eligible employees of the MTA Group may elect to join the New York State Voluntary Defined Contribution Plan ("VDC").

The MTA Group participates in the New York State Health Insurance Program ("NYSHIP"), and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans. However, represented MTA New York City Transit employees, other MTA New York City Transit former employees who retired prior to January 1, 1996 or January 1, 2001, MTA Staten Island Railway represented employees as of March 1, 2010, June 1, 2010 or January 1, 2013 depending on the union and MTA Bus Company represented employees do not participate in NYSHIP. These benefits are provided through a self-insured health plan, a fully insured health plan or an HMO.

The MTA is a participating employer in NYSHIP. The NYSHIP financial report can be obtained by writing to the NYS Department of Civil Service, Employee Benefits Division, Alfred E. Smith Office Building, 805 Swan Street, Albany, NY 12239.

GASB 74 requires employers to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent to which these amounts are over or under funded. The valuation must be performed at least biennially. The most recent biennial valuation was performed with a valuation date of July 1, 2025. The total number of plan participants as of July 1, 2025 receiving retirement benefits was approximately 52,955.

Plan Eligibility—Generally, to qualify for benefits under the Plan, a former employee of the MTA must:

- Have retired, be receiving a pension (except in the case of the 401(k) Plan and the New York State VDC), and have at least 10 years of credited service as a member of NYCERS, NYSLERS, the MTADBPP, the MaBSTOA Pension Plan, the 401(k) Plan or the VDC and have attained a minimum age requirement (unless within 5 years of commencing retirement for certain members); provided, however, a represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.
- Surviving Spouse and Other Dependents:
 - (i) Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.
 - (ii) Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. For represented employees of MTA New York City Transit and MTA Staten Island Railway retiring on or after May 21, 2014 for TWU Local 100, September 24, 2014 for ATU Local 726, October 29, 2014 for ATU Local 1056, March, 25, 2015 for TCU and December 16, 2015 for UTU and ATDA, surviving spouse coverage continues until spouse is eligible for Medicare.
 - (iii) Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependents of retired uniform members of the MTA Police Department.
 - (iv) Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of uniformed members of the MTA Police Department whose death was sustained while in performance of duty.

Benefits are established and amended by the MTA, except to the extent that they have been established by collective bargaining agreement.

Plan Membership—As permitted under GASB 74, the Plan has elected to use July 1, 2025 as the valuation date of the OPEB actuarial valuation. The Plan's combined membership consisted of the following at July 1, 2025 and July 1, 2023, the date of the most recent OPEB actuarial valuation:

	July 1, 2025	July 1, 2023
Active Plan members	\$ 73,657	\$ 71,454
Inactive Plan members currently receiving Plan benefit payments	52,955	50,932
Inactive Plan members entitled to but not yet receiving benefit payments	<u>41</u>	<u>41</u>
Total number of participating employees	<u>\$ 126,653</u>	<u>\$ 122,427</u>

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Plan's financial statements are prepared on the accrual basis of accounting under which deductions are recorded when the liability is incurred and revenues are recognized in the accounting period in which they are earned. Employer contributions are recognized when paid in accordance with the terms of the Plan. Additions to the Plan consist of employer contributions and net investment income. Investment purchases and sales are recorded as of trade date.

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board ("GASB").

GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), requires the Funds to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements.

New Accounting Standards Adopted—The Plan adopted the following GASB Statements in 2025:

GASB Statement No. 102, *Certain Risk Disclosures* ("GASB 102"), aims to enhance financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance). This statement addresses the need for transparency regarding risks that could substantially affect the level of services provided by governments.

The adoption of this Statement has no material impact on the financial net position of MTA's OPEB Plan.

Accounting Standards Issued but Not Yet Adopted

GASB Statement No.	GASB Accounting Standard	MTA OPEB Plan Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Investments—The Plan's investments are those which are held in the Trust. Investments are reported on the statement of fiduciary net position at fair value based on quoted market prices. Investment income, including changes in the fair value of investments, is reported on the statement of changes in fiduciary net position during the reporting period.

Benefit Payments—The Plan Sponsor ("The MTA") makes direct payments of insurance premiums for healthcare benefits to OPEB Plan members or beneficiaries. Payments made directly to the insurers by the Plan Sponsor which bypass the trust are treated as additions and deductions from the Plan's net position. Additionally, premium payments on behalf of retirees have been adjusted to reflect age-based claims cost.

Administrative Expenses—Administrative expenses of the Plan are paid for by the Plan.

4. INVESTMENTS

Investment Policy—The investments of the Trust will be made for the exclusive benefit of the Plan participants and their beneficiaries. Policy guidelines may be amended by the Board of Managers upon consideration of the advice and recommendations of investment professionals.

In order to have a reasonable probability of achieving the target return at an acceptable risk level, the Board has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on, at least, annually. The following was the Board of Managers adopted asset allocation policy as at December 31, 2025 and 2024.

Asset Class	Target Allocation (%)	Policy Benchmark
Global equity	35.0	MSCI ACWI
Fixed income	18.0	Manager specific
Global asset allocation*	30.0	50% world equity/ 50% Citigroup WGBI unhedged
Absolute return	12.0	Manager specific
Real assets	<u>5.0</u>	Manager specific
Total	<u><u>100.0</u></u>	

* The Global Asset Allocation managers will invest across numerous liquid asset classes including: stocks, bonds, commodities, TIPS and REITs.

Investment Objective—The investment objective of the Plan is to achieve the actuarial return target with an appropriate risk position.

Investment Guidelines—The Board of Managers of the MTA Retiree Welfare Benefits Plan is in the process of creating investment guidelines with the Plan's investment advisor ("NEPC") that will address and execute investment management agreements with professional investment management firms to manage the assets of the Plan.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will affect the fair value of an investment. Duration is a measure of sensitivity to interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Modified duration is an indicator of bond price's sensitivity to a parallel 100 basis point change in interest rates.

Investment Fund	2025		2024	
	Fair Value	Duration	Fair Value	Duration
Blackrock short term duration bond Fund	<u>\$ 1,481,566</u>	3.21	<u>\$ 1,392,539</u>	2.14
	1,481,566		1,392,539	
Portfolio modified duration		3.21		2.14
Investments with no duration reported	<u>13,093</u>		<u>27,996</u>	
Total investments	<u><u>\$ 1,494,659</u></u>		<u><u>\$ 1,420,535</u></u>	

Credit Risk—For investments, custodial credit risk is the risk that in the event of the failure of the Trustee Bank, the Plan will not be able to recover the value of its investments or collateral securities that

are in the possession of the outside party. Investment securities are exposed to credit risk if the securities are uninsured and are not registered in the name of the Trust. No credit risk was reported for years ended December 31, 2025 and 2024.

Concentration of Credit Risk—The Plan places no limit on the amount the Trust may invest in any one issuer or a single issue. In 2025 and 2024, the Plan held a Separately Managed Account with Blackrock, where concentration of credit risk is the full responsibility of the Plan.

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Some of the Plan's investment managers will have foreign currency exposure through holdings of foreign securities, currency derivatives or private investments whose revenue will be non-USD based. No credit risk was reported for years ended December 31, 2025 and 2024.

GASB 72 Disclosure—In year 2015, the MTA Retiree Welfare Benefits Plan adopted GASB Statement No. 72 ("GASB 72"), Fair Value Measurement and Application. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements. All investments were redeemed and used to pay benefits, other than cash retained to pay expenses. The fair value of investments reported for years ended December 31, 2025 and 2024 were \$1,494.7 million and \$1,420.5 million, respectively. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan have the following recurring fair value measurements as of December 31, 2025 and 2024:

Investments measured at readily determined fair value (FV)
(\$ In thousands)

	2025			
	December 31, 2025	Quoted Price in		
		Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt securities:				
Short term bond mutual fund	\$ 13,093	\$ 13,093	\$ -	\$ -
Blackrock short term duration bond fund	1,481,566	-	1,481,566	-
Total debt investments	<u>\$ 1,494,659</u>	<u>\$ 13,093</u>	<u>\$ 1,481,566</u>	<u>-</u>

Investments measured at readily determined fair value (FV)
(\$ In thousands)

	2024			
	December 31, 2024	Quoted Price in		
		Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt securities:				
Short term bond mutual fund	\$ 27,996	\$ 27,996	\$ -	\$ -
Blackrock short term duration bond fund	1,392,539	-	1,392,539	-
Total debt investments	<u>\$ 1,420,535</u>	<u>\$ 27,996</u>	<u>\$ 1,392,539</u>	<u>-</u>

5. NET OPEB LIABILITY

The components of the net OPEB liability of the Plan for the years ended December 31, 2025 and 2024 were as follows (in thousands):

	December 31, 2025	December 31, 2024
Total OPEB liability	\$ 23,638,615	\$ 21,007,381
Fiduciary net position	<u>1,516,963</u>	<u>1,432,582</u>
Net OPEB liability	<u>\$ 22,121,652</u>	<u>\$ 19,574,799</u>
Fiduciary net position as a percentage of the total OPEB liability	6.42 %	6.82 %

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*.

Covered payroll is based on salary information provided as of the valuation date.

Additional Important Actuarial Valuation Information

	2025	2024
Valuation date	July 1, 2025	July 1, 2023
Measurement date	December 31, 2025	December 31, 2024
Reporting date	December 31, 2025	December 31, 2024
Actuarial cost method	Entry Age Normal	Entry Age Normal
Normal cost increase factor	4.25 %	4.25 %

Discount Rate—4.83% per annum as of December 31, 2025 (Bond Buyer General Obligation 20-Bond Municipal Bond Index) and 4.08% per annum as of December 31, 2024.

	2025	2024
Discount rate	4.83 %	4.08 %
Long-term expected rate of return, net of investment expense	4.25	4.25
Bond Buyer General Obligation 20-Bond Municipal Bond Index	4.83	4.08

The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the Plan's fiduciary net position is not projected to be sufficient.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 4.83% percent; as well as what the Authority's net OPEB liability would be if it were calculated using a discount

rate that is 1-percentage point lower (3.83 percent) or 1-percentage point higher (5.83 percent) than the current rate:

2025
(In thousands)

	1% Decrease 3.83%	Current Discount Rate r.83%	1% Increase 5.83%
Net OPEB liability	<u>\$ 25,184,166</u>	<u>\$ 22,121,652</u>	<u>\$ 19,571,659</u>

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 4.08% percent; as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.08 percent) or 1-percentage point higher (5.08 percent) than the current rate:

2024
(in thousands)

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Net OPEB liability	<u>\$ 22,313,162</u>	<u>\$ 19,574,799</u>	<u>\$ 17,297,202</u>

The following presents the net OPEB liability of the Authority, calculated using the current healthcare cost trend rates as well as what the Authority's net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

2025
(in thousands)

	1% Decrease	* Current Trend Rate	1% Increase
Net OPEB liability	<u>\$ 19,101,412</u>	<u>\$ 22,121,652</u>	<u>\$ 25,868,684</u>

* See Health Care Cost Trend Rates table on page 30 of report.

The following presents the net OPEB liability of the Authority, calculated using the current healthcare cost trend rates as well as what the Authority's net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

2024
(in thousands)

	1% Decrease	* Current Trend Rate	1% Increase
Net OPEB liability	<u>\$ 16,674,836</u>	<u>\$ 19,574,799</u>	<u>\$ 23,200,656</u>

* See Health Care Cost Trend Rates table on page 30 of report.

Calculation on Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

2025 Schedule of Calculations of Money-Weighted Rate of Return (In dollars)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows with Interest
Beginning value— January 1, 2025	\$ 1,432,581,688	12.00	1.00	\$ 1,517,139,714
Monthly net external cash flows:				
January	(14,333)	11.50	0.96	(15,144)
February	(14,333)	10.50	0.88	(15,074)
March	(14,333)	9.50	0.79	(14,997)
April	(14,333)	8.50	0.71	(14,928)
May	(14,333)	7.50	0.63	(14,860)
June	(14,333)	6.50	0.54	(14,783)
July	(14,333)	5.50	0.46	(14,716)
August	(14,333)	4.50	0.38	(14,648)
September	(14,333)	3.50	0.29	(14,573)
October	(14,333)	2.50	0.21	(14,506)
November	(14,333)	1.50	0.13	(14,440)
December	(14,333)	0.50	0.04	(14,365)
Ending value— December 31, 2025				<u>\$ 1,516,962,680</u>
Money-weighted rate of return	5.90 %			

**2024 Schedule of Calculations of Money-Weighted Rate of Return
(in dollars)**

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows with Interest
Beginning value— January 1, 2024	\$ 1,373,904,575	12.00	1.00	\$ 1,432,729,900
Monthly net external cash flows:				
January	(12,093)	11.50	0.96	(12,590)
February	(12,093)	10.50	0.88	(12,548)
March	(12,093)	9.50	0.79	(12,500)
April	(12,093)	8.50	0.71	(12,458)
May	(12,093)	7.50	0.63	(12,417)
June	(12,093)	6.50	0.54	(12,370)
July	(12,093)	5.50	0.46	(12,329)
August	(12,093)	4.50	0.38	(12,287)
September	(12,093)	3.50	0.29	(12,241)
October	(12,093)	2.50	0.21	(12,200)
November	(12,093)	1.50	0.13	(12,159)
December	(12,093)	0.50	0.04	(12,113)
Ending value— December 31, 2024				<u>\$ 1,432,581,688</u>
Money-weighted rate of return	4.28 %			

Calculation on Long-Term Expected Rate of Return

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2025 and 2024.

Schedule of Long Term Expected Rate of Return for 2025

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return
US cash	BAML 3-Mon Tbill	1.50 %	0.85 %
US short (1-3 years) government/credit bonds	Bloomberg US Short Government/Credit Bonds (1-3 Years) Treasury USD	98.50	1.87
Assumed inflation— mean			2.33
Assumed inflation— standard deviation			1.47
Portfolio nominal mean return			4.18
Portfolio standard deviation			2.62
Long-term expected rate of return selected by MTA			4.25

* Based on March 2014 Investment Policy

Schedule of Long Term Expected Rate of Return for 2024

Asset Class	Index	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return
US cash	BAML 3-Mon Tbill	1.50 %	0.94 %
US short (1-3 years) government/credit bonds	Bloomberg US Short Government/Credit Bonds (1-3 Years) Treasury USD	98.50	1.98
Assumed inflation— mean			2.30
Assumed inflation— standard deviation			1.46
Portfolio nominal mean return			4.27
Portfolio standard deviation			2.68
Long-term expected rate of return selected by MTA			4.25

* Based on March 2014 Investment Policy

6. OPEB ACTUARIAL COSTS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive OPEB plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The MTA may not be obligated to provide the same types or levels of benefits to retirees in the future.

Non-Healthcare Related Actuarial Assumptions

The non-healthcare assumptions described have been adopted by the Authority based on an experience study covering the period from January 1, 2018 – December 31, 2023 dated December 6, 2025 for members of the MTA DB Plan and the MaBSTOA Pension Plan. This study also included demographic assumptions (excluding mortality) for MTA employees participating in NYCERS proposed in the *New York City Retirement Systems Part II Experience Study Report—NYCERS* dated January 7, 2025, and the mortality assumptions for members participating in NYCERS and NYSLRS. Demographic assumptions (excluding mortality) for MTA employees participating in NYSLRS are based on the *2025 Annual Report to the Comptroller on Actuarial Assumptions* dated August 2025.

This section details specific assumptions that apply to multiple agencies. Other assumptions are noted in the respective appendices for each Agency.

Discount Rate: 4.83% per annum as of December 31, 2025 and 4.08% per annum as of December 31, 2024 (Bond Buyer General Obligation 20-Bond Municipal Bond Index).

Investment Return: 4.25% per annum as of December 31, 2025 and December 31, 2024.

Mortality: All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The mortality rates vary by employee type:

- Headquarters Non-Police Members: PubG.H-2016 Mortality Table, headcount weighted for general employees for males and females with separate rates for employees, healthy annuitants and disabled annuitants.

- Headquarters Police Members: PubS.H-2016 Mortality Table, headcount weighted for public safety employees for males and females with separate rates for employees, healthy annuitants and disabled annuitants. For accidental death, Active Members for Transit and TBTA Accidental Death rates from NYCERS.
- Rail Members (LIRR, Metro-North, and SIRTAA): Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 97%.
- Transit Members (Bridges and Tunnels, Long Island Bus, MTA Bus, and Transit): Pri.H—2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 92%.

Vestee Coverage: For members that participate in NYSHIP, Vesteers (members who have terminated but are not yet eligible to retire) are eligible for NYSHIP benefits provided by the Agency upon retirement, but must maintain NYSHIP coverage at their own expense from termination to retirement. Vesteers are assumed to retire at first eligibility and would continue to maintain NYSHIP coverage based on the following percentages. This assumption is based on the June 2024 *New York State Development of Recommended Actuarial Assumptions for Other Post Employment Benefit Plan Actuarial Valuations* report provided to Participating Employers of NYSHIP. These percentages were also applied to current vesteers based on age at the valuation date.

Age at Termination	Percent Electing
< 35	0 %
35-41	5
42-45	10
46-47	15
48-53	35
54	75

Life Insurance: A 5.5% load is applied to life insurance benefits to account for administrative expenses paid by MTA.

Actuarial Cost Method—In accordance with GASB 74 and 75, the Entry Age Normal cost method was used for determining service costs and the Total OPEB liability. Costs are determined as a level percent of pay.

Census data was collected as of July 1, 2025, which is the valuation date. Liabilities as of December 31, 2025 were determined using roll-forward methods, assuming no liability gains and losses. Past and future normal costs were assumed to increase 4.25% per year.

Changes since Prior Valuation—

- The discount rate has been changed from 4.08% as of December 31, 2024, to 4.83% as of December 31, 2025, due to changes in the applicable municipal bond index.
- Demographic assumptions, including mortality assumptions for Headquarters and Long Island Bus members, have been updated in accordance with the January 1, 2018 – December 31, 2023 Experience Study for MTA-sponsored retirement plans and OPEB plan, the New York City Retirement Systems Part II Experience Study Report – NYCERS dated January 7, 2025, and the NYSLRS 2025 Annual Report to the Comptroller on Actuarial Assumptions dated August 2025.

- Healthcare-related assumptions, including per capita claim costs, trend and coverage election assumptions, were updated to reflect current expectations and actual NYSHIP, Medicare Advantage, EGWP, dental/vision, and Medicare Part B premiums for 2025 and 2026.

Healthcare Related Actuarial Assumptions:

Separate healthcare assumptions are developed for members that participate in the New York State Health Insurance Program (NYSHIP) versus those who participate in plans administered by NYC Transit ("Union Health Plans"). Represented employees of NYC Transit, SIRTGA, and MTA Bus Company are eligible for the Union Health Plans. Information on healthcare assumptions is provided below in accordance with the Actuarial Standard of Practice (ASOP) No. 6 *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions* effective for measurement dates on or after March 31, 2015.

Development of Per Capita Claims Cost (PCCC) for NYSHIP members:

NYSHIP Medical and Prescription Drug Benefits

Medical and Prescription Drug benefits are provided through the New York State Health Insurance Program (NYSHIP). Empire PPO plan premium rates paid by Participating Agencies for 2025 were adjusted to reflect differences by age in accordance with ASOP No. 6. Premiums paid by Participating Agencies differ based on Medicare-eligible status whereas premiums paid by Participating Employers (such as MTA) do not. Since the NYSHIP plan coordinates with Medicare, we assumed that Participating Agency premium rates reflect the effect of Medicare coverage within NYSHIP. Retiree and spouse claim costs are based on actual 2025 NYSHIP Empire plan rates effective January 1, 2025. A standard demographic distribution from Milliman's *Health Cost Guidelines*TM (HCGs)¹ was assumed to represent the demographic distribution of lives under the NYSHIP plan. Factors based on the HCGs were used to adjust the average age cost per life into per life costs over a range of ages, separately by gender and status (retiree and dependent). Pre- and post-65 NYSHIP premium rates were adjusted separately to be consistent with the way in which the premium rates were developed.

Representative 2025 annual costs are as follows:

Age	With Prescription Drug Benefits				Without Prescription Drug Benefits			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
45	19,034	29,631	17,483	22,217	14,599	23,666	13,857	18,039
50	22,016	27,657	20,747	25,088	17,020	21,807	16,465	20,122
55	25,913	27,337	24,749	27,711	20,188	21,130	19,670	21,837
60	30,042	30,170	29,019	30,042	23,660	23,247	23,204	23,581
64	35,715	33,166	34,227	32,655	29,005	26,357	28,036	26,270
65	7,704	7,839	7,704	7,839	4,890	5,233	4,809	5,233
70	8,173	8,192	8,173	8,192	6,081	6,143	6,081	6,143
75	8,654	8,485	8,654	8,485	7,388	6,946	7,388	6,946
80	9,030	8,664	9,030	8,664	8,422	7,434	8,422	7,434
85	9,214	8,757	9,214	8,757	8,925	7,689	8,925	7,689
90	9,295	8,812	9,295	8,812	9,148	7,839	9,148	7,839

Medicare Part B

For calendar year 2025, the Medicare Part B premium for all retirees starts at \$185.00 per month and increases based on income level. For calendar year 2026, the Medicare Part B premium for all retirees starts at \$202.90 per month and increases based on income level. The MTA and its participating agencies only reimburse the Medicare Part B premium at the basic level and there is no additional reimbursement for any income surcharge.

Dental and Vision Benefits

Premium rates for dental and vision benefits were used as provided by the Agencies. Age and gender related morbidity factors were not applied to dental and vision claims costs, as permitted under the ASOP 6 practice note. Refer to the plan provision sections of this document for the 2025 and 2026 dental and vision rates.

NYSHIP Health Cost Trend: The Society of Actuaries (SOA) developed and regularly updates a long-term medical trend model based on detailed research performed by a committee of economists and actuaries. Milliman uses this model as the foundation for the trend that it recommends to our clients for postretirement healthcare valuations, with certain adjustments designed to produce trends that are appropriate for employer plans. These adjustments include incorporating assumed administrative cost trend where applicable and removing the impact of age-related morbidity (since age-related morbidity assumptions are applied separately in the valuation when applicable). The Medicare Part B inflation rates were based on recent history and expected changes for the near future. Ultimate rates were determined considering historic and projected rates of real growth, long-term inflation and additional growth attributable to technology, and medical costs as a component of gross domestic product (GDP).

NYSHIP, Part B, and dental/vision trends reflect actual premiums for January 1, 2025 and January 1, 2026. Monthly contributions, if any, are assumed to increase at the same rate as the underlying benefit premium.

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rates as described in the table below.

Year	NYSHIP Trend		TBTANo Rx Trend		Medicare	Dental/
	Pre-65 Trend	Post-65 Trend	Pre-65 Trend	Post-65 Trend	Part B Trend	Vision Trend
2025	8.7	7.8	8.3	7.6	9.7	-
2026	6.7	6.5	5.7	5.4	5.9	4.0
2027	6.1	6.1	5.5	5.4	5.8	4.0
2028	5.4	5.7	5.4	5.4	7.0	4.0
2029	5.3	5.5	5.2	5.2	7.0	4.0
2030	5.1	5.3	5.0	5.0	6.4	4.0
2031	4.9	5.1	4.9	4.9	6.8	4.0
2032	4.7	4.9	4.7	4.7	8.3	4.0
2033	4.5	4.7	4.5	4.5	6.6	4.0
2034	4.4	4.5	4.4	4.4	6.4	4.0
2035-2038	4.1	4.3	4.1	4.1	6.4	4.0
2039	4.1	4.2	4.1	4.1	6.4	4.0
2040-2049	4.1	4.2	4.1	4.1	4.6	4.0
2050-2054	4.1	4.2	4.1	4.1	3.9	4.0
2055-2064	4.2	4.2	4.2	4.2	3.9	4.0
2065-2066	4.1	4.1	4.1	4.1	3.9	4.0
2067-2068	4.0	4.0	4.0	4.0	3.9	4.0
2069-2070	3.9	3.9	3.9	3.9	3.9	3.9
2071-2073	3.8	3.8	3.8	3.8	3.9	3.8
2074+	3.7	3.7	3.7	3.7	3.8	3.7

Medical Coverage Election Rates for NYSHIP members: The majority of members participating in NYSHIP are assumed to elect coverage in the Empire PPO plan. For certain agencies (Bridges and Tunnels, Tunnels, NYC Transit, and Staten Island Railway), a percentage of the membership is assumed to elect EmblemHealth HIP HMO plan. For Metro-North Railroad, a percentage of the membership is

assumed to elect Cigna Health Plan. Details on coverage election rates for these groups can be found in the respective appendices for each Agency. These rates are based on current elections of the eligible group.

Dependent Coverage for NYSHIP members: Female spouses are assumed to be 3 years younger than male employees/ retirees and male spouses are assumed to be 3 years older than female employee /retirees. 80% of male and 35% of female eligible members participating in NYSHIP are assumed to elect family coverage upon retirement.

Development of Per Capita Claims Cost (PCCC) for Union Health Plans: For the Union Health Plans, per capita costs were determined for 2025 based upon a combination of MTA claim experience, actual gross premium rates, MTA census data, and MTA plan design information. MTA and the carriers provided Milliman with summarized medical (Aetna Basic and Aetna Select plans) and pharmacy claim experience (Employer Group Waiver Plan (“EGWP”) and non-EGWP plan), split between those eligible and not eligible for Medicare, for covered retirees of MTA Bus Company, NYC Transit, and Staten Island Railway for 2024 and trended to 2025. In addition, MTA provided associated premium equivalent rates for each of the plans. Enrollment data was based on covered members provided by MTA as of the valuation date. Factors based on the HCGs were used to adjust the average age cost per life into per life costs over a range of ages, separately by gender and status (retiree and dependent). Assumed costs for child dependents were included in under age 65 spouse per capita costs. Finally, per capita costs were adjusted by an administrative load. Administrative costs for 2025 were provided on a per contract basis by MTA and were \$39.35 per month for Aetna Basic under age 65, \$41.23 for Aetna Select and \$18.29 for Aetna Basic age 65 and over.

In addition, PCCCs were developed for the Aetna Medicare Advantage plans based on the premium rates provided, inclusive of corresponding dental plan costs. Age and gender related morbidity factors were not applied to Medicare Advantage claims costs, as permitted under the ASOP 6 practice note.

Effective January 1, 2024, TWU Local 100 members are generally no longer eligible for the Aetna Basic Medicare Plan. Medicare-eligible retirees who had not enrolled in both Medicare Parts A and B at the time of transition were permitted to remain in the Aetna Basic Medicare Plan. Separate PCCCs were developed for these members reflecting 2025 claim experience.

The following charts detail the annual 2025 medical PCCCs used in this valuation.

Age	Aetna Basic– Otherthan TWU				Aetna Basic– TWU			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
45	11,611	18,690	11,026	14,292	11,611	18,690	11,026	14,292
50	13,548	17,283	13,096	15,949	13,548	17,283	13,096	15,949
55	16,057	16,777	15,626	17,311	16,057	16,777	15,626	17,311
60	18,791	18,452	18,408	18,692	18,791	18,452	18,408	18,692
64	23,011	20,909	22,220	20,815	23,011	20,909	22,220	20,815
65	2,572	2,739	2,572	2,739	6,371	6,292	6,371	6,292
70	3,150	3,174	3,150	3,174	8,029	7,645	8,029	7,645
75	3,788	3,552	3,788	3,552	9,969	9,028	9,969	9,028
80	4,276	3,761	4,276	3,761	11,781	10,254	11,781	10,254
85	4,471	3,836	4,471	3,836	13,348	11,562	13,348	11,562
90	4,528	3,864	4,528	3,864	14,626	12,767	14,626	12,767

Age	Aetna Select			
	Retiree		Spouse	
	Male	Female	Male	Female
45	12,500	20,118	11,872	15,386
50	14,584	18,603	14,099	17,170
55	17,284	18,059	16,822	18,636
60	20,227	19,862	19,816	20,121
64	24,768	22,506	23,919	22,407

Aetna Medicare Advantage	Retiree	Spouse
Option 1	500	499
Option 2	260	259

EGWP PCCCs are based on the premium equivalent rates provided reflecting the Medicare subsidies available to this plan. These premium equivalent rates are multiplied by 70% to reflect timing differences in the subsidies and rebates available due to the transition of TWU members to the EGWP effective January 1, 2024. Age and gender related morbidity factors were not applied to EGWP PDP claims costs, as permitted under the ASOP 6 practice note. Non-EGWP PCCCs are based on actual claim experience net of prescription drug rebates. Factors based on the HCGs were used to adjust the average age cost per life into per life costs over a range of ages, separately by gender and status (retiree and dependent). Separate PCCCs were developed for TWU retirees who remain in the Aetna Basic Medicare Plan with basic Rx coverage and have not enrolled in both Medicare Parts A and B.

The following charts detail the annual 2025 Rx PCCCs used in this valuation.

Age	Basic Rx Plan— Other than TWU				Basic Rx Plan— TWU			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
45	3,689	5,150	3,103	3,674	3,689	5,150	3,103	3,674
50	4,180	4,983	3,668	4,302	4,180	4,983	3,668	4,302
55	4,822	5,187	4,356	4,990	4,822	5,187	4,356	4,990
60	5,427	5,771	5,018	5,469	5,427	5,771	5,018	5,469
64	5,877	5,812	5,485	5,525	5,877	5,812	5,485	5,525
65	13,025	11,435	13,025	11,435	32,849	28,966	32,849	28,966
70	14,150	11,914	14,150	11,914	35,592	30,139	35,592	30,139
75	15,242	12,250	15,242	12,250	38,248	30,958	38,248	30,958
80	15,680	11,888	15,680	11,888	39,312	30,073	39,312	30,073
85	14,289	10,293	14,289	10,293	35,931	26,172	35,931	26,172
90	12,615	8,784	12,615	8,784	31,847	22,459	31,847	22,459

EGWP Rx Plans	Retiree	Spouse
Standard	2,302	2,302
Option 1 other than TWU	2,463	2,463
Option 1 TWU	2,476	2,476
Option 2	2,656	2,656

Union Health Plans Health Cost Trend: The Society of Actuaries (SOA) developed and regularly updates a long-term medical trend model based on detailed research performed by a committee of economists and actuaries. Milliman uses this model as the foundation for the trend that it recommends to our clients for postretirement healthcare valuations, with certain adjustments designed to produce trends that are appropriate for employer plans. These adjustments include incorporating assumed

administrative cost trend where applicable and removing the impact of age-related morbidity (since age-related morbidity assumptions are applied separately in the valuation when applicable). Ultimate rates were determined considering historic and projected rates of real growth, long-term inflation and additional growth attributable to technology, and medical costs as a component of gross domestic product (GDP).

The trends for the Union Health Plans for post-65 retirees were developed separately for medical and Rx benefits by plan type. The EGWP trends reflect the estimated impact of the Part D benefit redesign in 2025 due to the Inflation Reduction Act.

The following table provides the healthcare trend assumptions for the Union Health Plans. The trends shown earlier for Medicare Part B reimbursements and dental and vision benefits also apply to members participating in the Union Health Plans, if applicable. The trend for Medicare Part B reimbursements is also used for supplemental Medicare premium reimbursements indexed to the Medicare Part B premium.

The Medicare Advantage (MA) trends reflect actual premiums for January 1, 2025 and January 1, 2026 for Aetna Option 1 and Option 2 plans. The post-65 PDP trends reflect actual premiums for January 1, 2025 and January 1, 2026 for all EGWP plans.

In situations where the member has the future option to elect multiple health plans, a blended trend reflecting available options is applied to the blended per capita claim cost.

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rates as described in the table below.

Year	Union Health Plans Medical Trend			Union Health Plans Rx Trend		
	Post-65			Post-65		
	Pre-65	non-MA	Post-65	Pre-65	Non-PDP	Post-65
	Trend	Trend	MA Trend	Trend	Trend	PDP Trend
2025	5.9	5.4	77.1	12.2	8.0	15.5
2026	5.8	5.4	13.3	10.0	7.2	7.1
2027	5.6	5.4	9.5	7.9	6.4	6.5
2028	5.5	5.4	5.6	5.7	5.7	5.9
2029	5.3	5.3	5.5	5.5	5.5	5.7
2030	5.1	5.1	5.3	5.3	5.3	5.5
2031	4.9	4.9	5.1	5.0	5.0	5.3
2032	4.7	4.7	4.9	4.8	4.8	5.1
2033	4.6	4.6	4.8	4.6	4.6	4.9
2034	4.4	4.4	4.6	4.4	4.4	4.6
2035- 2039	4.1	4.1	4.3	4.1	4.1	4.4
2040- 2042	4.1	4.1	4.3	4.1	4.1	4.3
2043- 2047	4.1	4.1	4.3	4.2	4.2	4.3
2048- 2049	4.2	4.1	4.2	4.2	4.2	4.3
2050- 2064	4.2	4.2	4.2	4.2	4.2	4.2
2065- 2066	4.1	4.1	4.1	4.1	4.1	4.1
2067- 2068	4.0	4.0	4.0	4.0	4.0	4.0
2069- 2070	3.9	3.9	3.9	3.9	3.9	3.9
2071	3.9	3.9	3.9	3.9	3.9	3.9
2072- 2073	3.8	3.8	3.8	3.8	3.8	3.8
2074+	3.7	3.7	3.7	3.7	3.7	3.7

Medical Coverage Election Rates for Union Health Plans: For the pre-65 Union Health Medical plans, 60% are assumed to elect Aetna Basic and 40% are assumed to elect Aetna Select for TWU members

of NYC Transit and MTA Bus as well as for other members of NYC Transit. For non-TWU members of MTA Bus and all Staten Island Railway members, 80% are assumed to elect Aetna Basic and 20% are assumed to elect Aetna Select for coverage prior to age 65. Actual elections are used for retirees.

Effective January 1, 2024, the Aetna Basic Medicare plan was generally eliminated for TWU Local 100 members of NYC Transit and MTA Bus Company, unless the member had not enrolled in both Medicare Parts A and B. For TWU members, all current retirees in a pre-Medicare plan and future retirees are assumed to elect an Aetna Medicare Advantage Plan with 50% assumed to elect Aetna Option 1 and 50% assumed to elect Aetna Option 2 upon attaining age 65. Actual elections are used for retirees in a Medicare plan. Current TWU retirees reported in the Aetna Basic Medicare plan are assumed to not have enrolled in Medicare and remain in this plan.

For Medicare coverage for other union members, all current and future Aetna Basic members are assumed to maintain Aetna Basic coverage. All current and future Aetna Select members are assumed to elect an Aetna Medicare Advantage Plan. For non-TWU members of NYC Transit, 40% are assumed to elect Aetna Option 1 and 60% are assumed to elect Aetna Option 2 upon attaining age 65. For non-TWU members of MTA Bus and all Staten Island Railway members, 50% are assumed to elect Aetna Option 1 and 50% are assumed to elect Aetna Option 2 upon attaining age 65. Actual elections are used for retirees in a Medicare plan.

For retirees under age 65 who are indicated as having a Medicare-eligible plan, the age 65 per capita cost of the applicable medical plan applies to all ages less than 65. These rates are based on current elections of the eligible group.

Pharmacy Coverage Election Rates for Union Health Plans: For the Union Health pharmacy plans, eligible members participate in the basic pharmacy plan prior to age 65.

Effective January 1, 2024, the basic pharmacy plan was generally eliminated for TWU Local 100 members of NYC Transit and MTA Bus Company, unless the member has not enrolled in Medicare. For TWU members, all current retirees in a pre-Medicare plan and future retirees are assumed to elect a TWU EGWP Plan – 50% are assumed to elect Option 1 and 50% are assumed to elect Option 2. Actual elections are used for Medicare-eligible retirees.

For Medicare coverage for other union members, 65% of members are assumed to participate in the Employer Group Waiver Plan (“EGWP”) and 35% are assumed to opt into the commercial pharmacy plan. EGWP elections are assumed to align with the assumed medical plan election (e.g. members assumed to be in the Basic Medicare plan are assumed to be in the EGWP Standard plan). Actual elections are used for Medicare-eligible retirees.

For under age 65 retirees who are indicated as having a Medicare-eligible medical or EGWP plan, the age 65 per capita cost of the applicable pharmacy plan applies to all ages less than 65. These rates are based on current elections of the eligible group.

Dependent Coverage for Union Health Plans: Female spouses are assumed to be 3 years younger than male employees/retirees and male spouses are assumed to be 3 years older than female employees/retirees. 65% of male and 25% of female eligible members participating in Union Health Plans are assumed to cover a dependent. Actual coverage elections for current retirees are used. For TWU retirees in a Medicare Advantage plan, coverage for under age 65 spouses is based on the retiree's pre-Medicare coverage from the prior valuation. If the retiree had elected a Medicare Advantage plan in the prior valuation, the spouse is assumed to have elected the Aetna Select plan.

7. TRUSTEE, CUSTODIAL AND OTHER PROFESSIONAL SERVICES

The Plan and the Trust are administered by the MTA, including the day-to-day administration of the collectively bargained Union health insurance program. JP Morgan Chase, the trustee and custodian, makes payments to health insurers and to welfare funds for retiree benefits, and reimbursements of retiree Medicare Part B premiums, as directed by the MTA. The MTA OPEB Board of Managers is

advised by NEPC with respect to the investment of Plan assets. Actuarial services were provided to the Plan by Milliman Inc.

8. SUBSEQUENT EVENTS

The Plan has evaluated all subsequent events through July 27, 2026, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2025. On March 05, 2026 the MTA Chief Financial Officer ("CFO") authorized the transfer of \$1 billion in casino license fee revenues to the OPEB Trust. These funds are expected to be used to support OPEB contributions in 2027 and 2028 as outlined in the February 2026 Financial Plan; provided, however, that nothing restricts the use of such funds, if necessary, in accordance with future financial plans or as authorized by the CFO. The transfer is intended to ensure that sufficient resources are deposited into the OPEB Trust in alignment with the funding strategy and commitments reflected in the current financial plan.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

**METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE I

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET OPEB LIABILITY AND RELATED RATIOS
(In thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:									
Service cost	\$ 938,861	\$ 1,016,084	\$ 991,091	\$ 1,240,342	\$ 1,250,950	\$ 1,097,051	\$ 928,573	\$ 1,011,981	\$ 876,723
Interest	876,373	722,115	855,614	530,983	535,642	610,160	840,532	758,494	757,860
Changes of benefit terms	420,826	51,425	74,166	-	-	-	-	8,543	24,446
Differences between expected and actual experience	-	291,217	(3,036,310)	14,299	292,154	(43,890)	247,871	(569,165)	(44,082)
Changes of assumptions	1,337,613	(1,732,215)	1,154,349	(3,449,438)	(738,829)	1,939,528	311,286	(1,964,746)	921,007
Benefit payments and withdrawals	(942,439)	(944,296)	(882,260)	(846,299)	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Net change in total OPEB liability	2,631,234	(595,670)	(843,350)	(2,510,113)	546,933	2,878,108	1,597,585	(1,446,015)	1,884,960
Total OPEB liability-- beginning	21,007,381	21,603,051	22,446,401	24,956,514	24,409,581	21,531,473	19,933,888	21,379,903	19,494,943
Total OPEB liability-- ending(a)	23,638,615	21,007,381	21,603,051	22,446,401	24,956,514	24,409,581	21,531,473	19,933,888	21,379,903
Plan fiduciary net position:									
Employer contributions	942,439	944,296	2,201,541	846,299	792,984	387,371	730,677	691,122	650,994
Member contributions	-	-	-	-	-	-	-	-	-
Net investment income	84,553	58,822	43,031	11,828	-	(77,118)	63,647	(18,916)	47,370
Benefit payments and withdrawals	(942,439)	(944,296)	(882,260)	(846,299)	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Administrative expenses & Transfer to investments	(172)	(145)	(142)	(176)	(47)	(209)	(200)	(56)	-
Net change in plan fiduciary net position	84,381	58,677	1,362,170	11,652	(47)	(414,697)	63,447	(18,972)	47,370
Plan fiduciary net position-- beginning	1,432,582	1,373,905	11,735	83	130	414,827	351,380	370,352	322,982
Plan fiduciary net position-- ending(b)	1,516,963	1,432,582	1,373,905	11,735	83	130	414,827	351,380	370,352
Employer's net OPEB liability-- ending(a)-(b)	\$ 22,121,652	\$ 19,574,799	\$ 20,229,146	\$ 22,434,666	\$ 24,956,431	\$ 24,409,451	\$ 21,116,646	\$ 19,582,508	\$ 21,009,551
Plan fiduciary net position as a percentage of the total OPEB liability	6.42 %	6.82 %	6.36 %	0.05 %	0.00 %	0.00 %	1.93 %	1.76 %	1.73 %
Covered payroll	\$ 8,127,961	\$ 7,677,009	\$ 7,490,519	\$ 6,848,347	\$ 5,501,627	\$ 5,604,690	\$ 5,608,536	\$ 5,394,332	\$ 5,041,030
Employer's net opeb liability as a percentage of covered payroll	272.17 %	254.98 %	270.06 %	327.59 %	453.62 %	435.52 %	376.51 %	363.02 %	416.77 %

In accordance with GASB No. 74, paragraph 39, such information was not readily available for periods prior to 2017.

**METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE II

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(In thousands)**

Fiscal Year Ending 46387	Actuarially Determined Contribution	* Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	N/A	\$ -	N/A	\$ -	N/A
2017	N/A	650,994	N/A	* 5,041,030	12.91 %
2018	N/A	691,122	N/A	5,394,332	12.81
2019	N/A	730,677	N/A	5,608,536	13.03
2020	N/A	387,371	N/A	5,604,690	6.91
2021	N/A	792,984	N/A	5,501,627	14.41
2022	N/A	846,299	N/A	6,848,347	12.36
2023	N/A	2,201,541	N/A	7,490,519	29.39
2024	N/A	944,296	N/A	7,677,009	12.30
2025	N/A	942,439	N/A	8,127,961	11.60

* Actual Employer Contribution includes the implicit rate of subsidy adjustment.

** In accordance with GASB No. 74, paragraph 39, such information was not readily available for periods prior to 2017.

**METROPOLITAN TRANSPORTATION AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE III

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS**

The following table displays annual money-weighted rate of return, net of investment expense.

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2016	N/A
2017	0.1467 %
2018	(5.11)
2019	18.12
2020	(32.92)
2021	0.03
2022	22,862.10
2023	4.69
2024	4.28
2025	5.90

In accordance with GASB No. 74, paragraph 39, such information was not readily available for periods prior to 2017

The Long Island Rail Road Company Plan for Additional Pensions

(A Fiduciary Component Unit of the Metropolitan
Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
Supplemental Schedules and
Independent Auditor's Report

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Administration of
The Long Island Rail Road Company Plan
for Additional Pensions:

Opinion

We have audited the accompanying statements of fiduciary net position of the Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan"), as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Additional Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in the Employers' Net Pension Liability and Related Ratios—Schedule I; Schedule of Employer Contributions—Schedule II; and Schedule of Investment Returns—Schedule III be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

July 27, 2026

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—This management's discussion and analysis ("MD&A") of The Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") financial performance for the years ended December 31, 2025 and 2024, provides an overview of the Additional Plan's financial activities. It is meant to assist the reader in understanding the Additional Plan's financial statements by providing an overview of the financial activities and the effects of significant changes, as well as a comparison with the prior year's activities and results. This discussion and analysis are intended to be read in conjunction with the Additional Plan document as well as the Additional Plan's financial statements. Additionally, an analysis of major economic factors and industry decisions that have contributed to significant changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are extracted from the Additional Plan's financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America and is intended to be read in conjunction with the Plan's financial statements which begin on page 9.

Overview of Basic Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Additional Plan's financial statements. The basic financial statements are:

- **The Statements of Fiduciary Net Position**—present the financial position of the Additional Plan at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Additional Plan presently controls (assets), consumption of net assets by the Additional Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Additional Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Additional Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.
- **The Statements of Changes in Fiduciary Net Position**—present the results of activities during the year. All changes affecting the assets and liabilities of the Additional Plan are reflected on an accrual basis when the activity occurred regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.
- **The Notes to Financial Statements**—provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.
- **Required Supplementary Information**—as required by the Government Accounting Standards Board ("GASB"), includes the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment returns.

The accompanying financial statements of the Additional Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Financial Highlights

Financial Analysis
Fiduciary Net Position
As of December 31, 2025, 2024 and 2023
(Amounts in thousands)

	2025	2024	2023	Increase/(Decrease)			
				2025-2024		2024-2023	
				\$	%	\$	%
Assets:							
Cash	\$ 839	\$ 31	\$ 625	\$ 808	2,606 %	\$ (594)	(95)%
Investments, at fair value	660,874	710,108	711,905	(49,234)	(7)%	(1,797)	(0.3)%
Receivables	<u>1,446</u>	<u>1,239</u>	<u>1,110</u>	<u>207</u>	<u>17 %</u>	<u>129</u>	<u>12 %</u>
Total assets	<u>663,159</u>	<u>711,378</u>	<u>713,640</u>	<u>(48,220)</u>	<u>(7)%</u>	<u>(2,262)</u>	<u>(0.3)%</u>
Liabilities:							
Due to broker for securities purchased	700	1,023	1,606	(323)	(32)%	(583)	(36)%
Forward Currency & Margin contracts	512	33	48	479	1,451 %	(15)	(31)%
Due to broker for investment fee	125	407	211	(282)	(69)%	196	93 %
Due to broker for administrative fee	<u>229</u>	<u>289</u>	<u>(6)</u>	<u>(60)</u>	<u>(21)%</u>	<u>295</u>	<u>4,917 %</u>
Total liabilities	<u>1,566</u>	<u>1,752</u>	<u>1,859</u>	<u>(186)</u>	<u>(11)%</u>	<u>(107)</u>	<u>(6)%</u>
Net position restricted for pensions	<u>\$ 661,593</u>	<u>\$ 709,626</u>	<u>\$ 711,781</u>	<u>\$ (48,034)</u>	<u>(7)%</u>	<u>\$ (2,155)</u>	<u>(0.3)%</u>

December 31, 2025 versus December 31, 2024

The assets of the Additional Plan exceeded its liabilities by \$661.6 million as of December 31, 2025. Net position restricted for pensions are held for the payment of future benefits to members and pensioners.

The Additional Plan's net position restricted for pensions decreased by \$48.0 million during 2025, representing a decrease of 7% over 2024. This decrease is a result of lower investment activity and plan contributions net of benefit payments and expenses during 2025.

Investments at December 31, 2025 were \$660.9 million representing a decrease of \$49.2 million from 2024. The decrease was a result of the changes noted above together with lower employer contributions in 2025.

Payables for investments purchased at December 31, 2025, amounted to \$0.7 million. Investments are purchased on a trade-date settlement basis and generate timing differences on settlement dates, like receivables for investments sold.

December 31, 2024 versus December 31, 2023

The assets of the Additional Plan exceeded its liabilities by \$709.6 million as of December 31, 2024. Net position restricted for pensions are held for the payment of future benefits to members and pensioners.

The Additional Plan's net position restricted for pensions decreased by \$2.2 million during 2024, representing a decrease of 0.30% over 2023. This decrease is a result of lower investment activity and plan contributions net of benefit payments and expenses during 2024.

Investments at December 31, 2024 were \$710.1 million representing a decrease of \$1.8 million from 2023. The decrease was a result of the changes noted above together with lower employer contributions in 2024.

Payables for investments purchased at December 31, 2024, amounted to \$1.0 million. Investments are purchased on a trade-date settlement basis and generate timing differences on settlement dates, like receivables for investments sold.

CHANGES IN FIDUCIARY NET POSITION

For the Years Ended December 31, 2025, 2024 and 2023
(Amounts in thousands)

	2025	2024	2023	Increase/(Decrease)			
				2025-2024		2024-2023	
				\$	%	\$	%
Additions:							
Net investment income/(loss)	\$ 80,051	\$ 57,552	\$ 58,303	\$ 22,499	39 %	\$ (751)	(1)%
Employer contributions	1,389	74,957	140,400	(73,568)	(98)%	(65,443)	(47)%
Employee contributions	32	45	50	(13)	(28)%	(5)	(10)%
Total additions	81,472	132,554	198,753	(51,082)	(39)%	(66,199)	(33)%
Deductions:							
Benefits paid directly to participants	128,790	133,794	138,824	(5,004)	(4)%	(5,030)	(4)%
Administrative expenses	715	915	546	(200)	(22)%	369	68 %
Total deductions	129,505	134,709	139,370	(5,204)	(4)%	(4,661)	(3)%
Net increase/(decrease)	(48,033)	(2,155)	59,383	(45,878)	(2,129)%	(61,538)	(104)%
Net position restricted for pensions							
Beginning of Year	709,626	711,781	652,398	(2,155)	(0.3)%	59,383	9 %
End of year	\$ 661,593	\$ 709,626	\$ 711,781	\$ (48,033)	(7)%	\$ (2,155)	(0.3)%

December 31, 2025 versus December 31, 2024

At the end of 2025, the net investment income increased by \$22.5 million due to higher net investment gains of \$80.1 million in 2025 versus net gain of \$57.6 million experienced in 2024.

Employer and employee contributions for the year ended December 31, 2025 totaled \$1.4 million, which represents a decrease of 98% from 2024. This decrease was the result of the prepayment of 2025 actuarially determined contributions ("ADC") made to the Plan in 2024.

Benefit payments for the year ended December 31, 2025 totaled \$128.8 million, which was lower than benefit payments made in 2024 in the amount of \$133.8 million, due to lower Plan benefits paid out to existing retirees.

December 31, 2024 versus December 31, 2023

At the end of 2024, the net investment income decreased by \$0.8 million due to lower net investment gains of \$57.6 million in 2024 versus net gain of \$58.3 million experienced in 2023.

Employer and employee contributions for the year ended December 31, 2024 totaled \$75.0 million, which represents a decrease of 47% from 2023. This decrease was the result of a lower prepayment of 2025 actuarially determined contributions ("ADC") to the Plan.

Benefit payments for the year ended December 31, 2024 totaled \$133.8 million, which was lower than benefit payments made in 2023 in the amount of \$138.8 million, due to lower Plan benefits paid out to existing retirees attaining age sixty-five in 2024.

Economic Factors

Market Overview 2025

In 2025, global markets navigated elevated volatility and evolving policy expectations. Geopolitical tensions and tariff disruptions periodically challenged investor sentiment. However, a shift toward monetary easing, complemented by supportive fiscal measures, such as the “Big Beautiful Bill”, reinforced risk appetite. Against this backdrop global equities delivered solid returns, international markets outperformed the United States, and precious metals emerged as standout performers.

United States (“U.S.”) equities started the year strong but experienced a sharp drawdown following the April 2 tariff announcement, dubbed “Liberation Day”. Markets later recovered as negotiations and temporary pauses reduced fears of prolonged trade tensions. The U.S. dollar weakened over the year, reflecting an extended Federal Reserve easing cycle and narrowing interest-rate differentials relative to other developed economies. This weaker dollar supported international equities and commodities, while periods of geopolitical stress provided only brief upward support for the dollar.

European equity markets outperformed most developed market peers, with several indices posting their best annual returns since the early 2000s. Attractive valuations, foreign inflows, currency effects, and relatively stable economic conditions underpinned performance. Across Asia and emerging markets, results were mixed. Policy stimulus in China and semiconductor-driven earnings growth in Taiwan supported returns, while trade uncertainty and uneven global growth created regional dispersion.

U.S. fixed income benefited from multiple Federal Reserve rate cuts aimed at stabilizing inflation and sustaining growth. Broader bond indices delivered positive returns as interest-rate volatility dampened and yields remained attractive. Yield curves steepened as markets anticipated additional easing. European central banks also had an easing policy, supporting rallies in sovereign debt and investment-grade credit. Emerging market debt performed well in both hard and local currencies.

Commodity performance was mixed. Gold and silver posted notable gains as safe-haven assets amid geopolitical uncertainty. Industrial metals rallied early in the year before moderating, while energy prices remained volatile as supply concerns competed with softer demand expectations.

U.S. Fiscal policy provided meaningful support to the markets through targeted measures, including infrastructure spending, tax incentives, and industrial policy initiatives. These measures acted as a late-cycle tailwind, supporting corporate investment, reinforcing labor market stability, and boosting business sentiment during periods of market stress.

Key Macro Themes of 2025

- A renewed global monetary easing cycle supporting risk assets
- Tariff volatility and trade policy uncertainty driving market stress
- Fiscal stimulus supporting corporate investment and economic activity
- U.S. dollar weakness reshaping global capital flows
- Strong performance in precious metals amid geopolitical risk
- Continued long-term optimism surrounding AI and structural growth trends

United States

U.S. economic growth slowed but remained resilient. Real Gross Domestic Product rose 2.4% in 2025, down from 2.8% in 2024. Fourth-quarter growth fell short of expectations, partly due to an extended government shutdown. Unemployment increased modestly to 4.4% from 4.1% but remained historically low. Inflation continued to ease, with Consumer Price Index ending the year at 2.7% versus 2.9% in 2024, while core inflation declined to 2.6% in 2025 from 3.2% in 2024.

U.S. equities delivered broad gains. Large-cap indices posted double-digit returns (S&P 500: 17.9%, Russell 1000: 17.4%), while mid-caps (S&P 400: 7.5%) and small-caps (Russell 2000: 12.8%) lagged. Growth stocks (Russell 1000 Growth: 18.6%) outperformed value stocks (Russell 1000 Value: 15.9%), and market concentration remained elevated, with the “Magnificent 7” continuing to drive a substantial share of index performance.

Treasury yields were volatile but trended lower as the Federal Reserve implemented three 25 basis point rate cuts. Diversified fixed income (Bloomberg U.S. Aggregate: 7.3%) delivered solid returns, led by convertibles (Bloomberg U.S. Convertibles Index: 16.9%), mortgage-backed securities (Bloomberg MBS Index: 8.6%), high yield bonds (Bloomberg High Yield Index: 8.6%), and Treasury Inflation-Protected Securities (Bloomberg TIPS Index: 7.0%).

International Developed Markets

U.S. dollar weakness provided meaningful support to international equities. International developed markets (MSCI EAFE: 31.2%) significantly outperformed U.S. large caps. Europe (MSCI Europe: 35.4%) and the United Kingdom (MSCI United Kingdom: 35.1%) led performance, while Japan (MSCI Japan: 24.6%) also delivered strong gains. International developed small caps (MSCI EAFE Small Cap: 31.8%) posted similarly robust returns.

Emerging Markets

Emerging market equities also benefited from the U.S. dollar weakness and capital inflows. The broad emerging markets index (MSCI EM: 33.6%) outperformed U.S. equities and matched developed international equity returns, while emerging market small caps (MSCI EM Small Cap: 18.6%) lagged relative to other international indices.

Emerging Markets fixed income performed well. Hard-currency bonds, which are denominated in U.S. dollars, (JPMorgan EMBI Global Diversified: 14.3%) delivered solid returns but trailed the returns of bonds denominated in local-currencies (JPMorgan GBI-EM Global Diversified: 19.3%).

Commodities

Overall commodity returns (Bloomberg Commodity Index: 15.8%) were strong. However, when broken down by sectors, there was mixed performance. Gold (Gold Spot: 64.7%) and silver (Silver Spot: 148.0%), posted very strong gains as safe-haven assets. Energy markets were weaker, with oil (WTI Spot Crude Oil: -20.8%) declining as demand concerns offset supply risks.

Market Outlook—2026

The first quarter of 2026 saw equity markets trend modestly lower, with losses generally contained to single digits, marking a shift from the broadly positive returns across most asset classes in 2025. Value equities continued to outperform growth, extending the rotation that developed late last year as higher interest rates and more tempered earnings expectations weighed on growth-oriented sectors. Market volatility increased compared to last year, driven by slowing economic momentum, policy uncertainty, and geopolitical risks.

Fixed income markets generated modest positive returns amid continued uncertainty around the path of future interest rates. Mixed economic data and persistent inflation have pushed expectations for rate cuts toward later in the year. International equities remained a relatively bright spot, building on the strong performance in 2025, supported by accommodative policy in Europe and improving conditions in emerging markets.

A key development in 2026 has been the escalation of geopolitical risk, most notably the outbreak of conflict involving the U.S. and Iran in late February. This has contributed to increased market volatility, upward pressure on energy prices, and added uncertainty to the global growth and inflation outlook. Overall, compared to the resilient and optimistic backdrop of 2025, markets in 2026 are exhibiting greater uncertainty and less directional clarity.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the Long Island Rail Road Company for Additional Pensions' finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Metropolitan Transportation Authority, Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (Amounts in thousands)

	2025	2024
ASSETS:		
Cash	\$ 839	\$ 31
Investment at fair value (notes 2 and 3):		
Investments measured at readily determined fair value	186,917	333,230
Investments measured at net asset value	<u>473,957</u>	<u>376,878</u>
Total investments	<u>660,874</u>	<u>710,108</u>
Receivables:		
Participant and union contributions	2	(4)
Other receivables	514	66
Securities sold	122	217
Accrued interest and dividends	<u>808</u>	<u>960</u>
Total receivables	<u>1,446</u>	<u>1,239</u>
Total assets	<u>663,159</u>	<u>711,378</u>
LIABILITIES:		
Due to broker for securities purchased	700	1,023
Forward currency and margin contracts	512	33
Due to broker for investment fees	229	407
Due to broker for administrative expenses	<u>125</u>	<u>289</u>
Total liabilities	<u>1,566</u>	<u>1,752</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 661,593</u>	<u>\$ 709,626</u>

See notes to financial statements.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in thousands)

	2025	2024
ADDITIONS:		
Investment income:		
Net realized and unrealized gains	\$ 73,489	\$ 50,777
Interest income	5,511	5,229
Dividend income	5,169	6,074
	<u>84,169</u>	<u>62,080</u>
Total investment income	84,169	62,080
Less investment expenses	<u>(4,118)</u>	<u>(4,528)</u>
	<u>80,051</u>	<u>57,552</u>
Total net investment income	80,051	57,552
Contributions (Note 5):		
Employer	1,389	74,957
Participant and union	32	45
	<u>1,421</u>	<u>75,002</u>
Total contributions	1,421	75,002
Total additions	<u>81,472</u>	<u>132,554</u>
DEDUCTIONS:		
Benefits paid to participants	128,790	133,794
Administrative expenses	715	915
	<u>129,505</u>	<u>134,709</u>
Total deductions	129,505	134,709
NET DECREASE IN NET POSITION	(48,033)	(2,155)
NET POSITION RESTRICTED FOR PENSIONS:		
Beginning of year	<u>709,626</u>	<u>711,781</u>
End of year	<u>\$ 661,593</u>	<u>\$ 709,626</u>

See notes to financial statements.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Dollars in thousands)

1. PLAN DESCRIPTION

The Long Island Rail Road Company Plan for Additional Pensions (the “Additional Plan”) is a single employer defined benefit plan administered by the Board of Pension Managers. The following brief description of the Additional Plan is provided for general information purposes only. Participants should refer to the Additional Plan document for more complete information.

General—Effective July 1, 1971, The Long Island Rail Road Company (the “Company”) adopted two fully integrated defined benefit pension plans, The Long Island Rail Road Company Pension Plan (the “Plan”) and the Additional Plan. These plans cover employees hired before January 1, 1988. Effective January 1, 1989, the Plan was amended to limit the accrual of credited service time and determination of average earnings through December 31, 1988. All pension plan benefits were frozen as of that date by virtue of a Plan amendment. All benefit accruals subsequent to that date are provided under the Additional Plan, which was amended to provide for accruals on and after January 1, 1989. The Additional Plan benefits are now the total benefit that would have been paid previously from the sum of the two plans reduced by any portion of benefits that a participant received from the frozen pension plan benefits. The total benefits payable to participants have not been changed. These financial statements do not include any amounts related to the Plan, as all Plan assets were transferred into the MTA Defined Benefit Pension Plan, effective October 2, 2006.

Both Company’s pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”).

The Metropolitan Transportation Authority Defined Benefit Pension Plan and The Long Island Rail Road Company Plan for Additional Pensions comprise the Metropolitan Transportation Authority’s Master Trust. The MTA Master Trust is governed by the Board of Pension Managers (the “Board”). The Board has contracted with JP Morgan Chase, as the Trustee for the Trust, and has provided the Master Trust Investment Guidelines to the respective Trustee. These guidelines provide the specific goals and objectives of the Trust as well as the allowable investments permitted under the Trust. Under the Investment Guidelines, the Trustee is permitted to invest in commingled funds on behalf of the Master Trust.

The total asset allocation of the 2025 Master Trust is 93.04% for the Metropolitan Transportation Authority Defined Benefit Pension Plan and 6.96% for the Long Island Rail Road Company Plan for Additional Pensions for the year ended December 31, 2025.

The total asset allocation of the 2024 Master Trust is 91.84% for the Metropolitan Transportation Authority Defined Benefit Pension Plan and 8.16% for the Long Island Rail Road Company Plan for Additional Pensions for the year ended December 31, 2024.

Pension Benefits—All full-time employees who were hired before January 1, 1988, are eligible for Additional Plan membership. At January 1, 2025 and 2024, the most recent valuation date, the Additional Plan’s membership consisted of the following:

	January 1, 2025	January 1, 2024
Active plan members	11	12
Terminated vested & other inactives	13	13
Retirees and beneficiaries receiving benefits	<u>4,633</u>	<u>4,772</u>
Total	<u>4,657</u>	<u>4,797</u>

An employee who retires under the Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least five years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in: (a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the Company, subject to the obligations of the Company under its collective bargaining agreements. The Company’s Board of Directors must approve all amendments. The Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant’s length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee’s applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings for each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65, regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee’s annuity (not including any supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is as follows:

- (i) 25% for an employee who had 20 years credited service prior to July 1, 1974,
- (ii) 50% for any other employee first employed before July 1, 1974, and
- (iii) 100% for any employee first employed on or after July 1, 1974.

Beginning in 1999, for all represented employees who were hired between July 1, 1974, and December 31, 1987, who were employees after January 1, 1999, and were not retired when their collective bargaining agreement was ratified and approved by MTA Board after that date, the offset of Railroad Retirement Benefits is reduced to 50% (under the Additional Plan). For all management employees who were hired between July 1, 1974, and December 31, 1987, and who were employees on September 30, 1999, the offset of Railroad Retirement Benefits was reduced to 50% (under the Additional Plan).

For participants, the Additional Plan has both non-contributory and contributory requirements. Participants who entered qualifying service before July 1, 1978 are not required to contribute. Participants who entered qualifying service on or after July 1, 1978, are required to contribute 3% of their wages to the Additional Plan. The Company contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

Death and Disability Benefits—Participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Additional Plan receive a disability benefit. Disability pension benefits are calculated based on the participant’s qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act.

Survivorship benefits are paid to the participant’s spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than \$5,000 is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Additional Plan’s financial statements are prepared on the accrual basis of accounting under which deductions are recorded when the liability is incurred, and revenues are recognized in the accounting period in which they are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Contributions from members are recorded when the employer makes payroll deductions from plan members. Employer contributions are recognized when due in accordance with the terms of the Plan. Additions to the Plan consist of contributions (member and employer) and net investment income. Investment purchases and sales are recorded as of trade date.

For financial reporting purposes, The Additional Plan adheres to accounting principles generally accepted in the United States of America. The Additional Plan applies all applicable pronouncements of the Governmental Accounting Standards Board (“GASB”).

New Accounting Standards Adopted—The Plan adopted the following GASB Statement for the year ended December 31, 2025:

GASB Statement No. 102, *Certain Risk Disclosures* (“GASB 102”), aims to enhance financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance). This statement addresses the need for transparency regarding risks that could substantially affect the level of services provided by governments.

The adoption of this Statement has no material impact on the net position of the Plan.

Accounting Standards Issued but Not Yet Adopted

GASB Statement No.	GASB Accounting Standard	The Long Island Rail Road Company Plan for Additional Pensions
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Use of Management’s Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include fair value of investments, the annual required contribution, and the Net Pension liability.

Payment of Benefits—Benefits are recorded when paid.

Investment and Administrative Expenses—Investment and administrative expenses are paid by the Additional Plan assets and accordingly are reflected in the accompanying financial statements.

Income Tax Status—The Additional Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) of the Internal Revenue Code. Accordingly, the Additional Plan is tax-exempt and is not subject to the provisions of ERISA.

3. CASH AND INVESTMENTS

Investment Committee—The Plan’s policy statement is issued for the guidance of fiduciaries, including the members of the Board and investment managers, in the course of investing the assets of the Trust. The investments of the Trust will be made for the exclusive benefit of the Plan participants and their beneficiaries. Policy guidelines may be amended by the Board upon consideration of the advice and recommendations of the investment professionals.

In order to have a reasonable probability of achieving the target return at an acceptable risk level, the Board has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on, at least, a quarterly basis and will be readjusted when an asset class weighting is outside its target range. The following was the MTA Defined Benefit Pension Plan Board adopted asset allocation policy, which includes assets of the Additional Plan, as of December 31, 2025.

Asset Class	Target Strategic Asset Allocation	Allocation Range	Benchmark Index
Total Equity	50.0 %	40.0%–60.0%	
Domestic Large Cap Equity	23.0 %	18.0%–28.0%	S&P 500 Index
Domestic Small/Mid Cap Equity	4.5 %	0%–9.5%	Russell 2000 Index
Developed International Equity	10.5 %	5.5%–15.5%	MSCI EAFE
Emerging Markets Large Cap Equity	3.0 %	0%–8.0%	MSCI Emerging Markets
Emerging Markets Small Cap Equity	1.0 %	0%–6.0%	MSCI Emerging Markets Small Cap
Private Equity	8.0 %	3.0%–13.0%	C/A Global All PE (Qtr Lag)
Total Fixed Income	31.0 %	21.0%–41.0%	
US TIPS	2.0 %	0%–7.0%	Bloomberg US TIPS
US Treasury Bonds	2.0 %	0%–7.0%	Bloomberg US Treasury
US Aggregate Bonds	15.5 %	10.5%–20.5%	Bloomberg US Aggregate
US High Yield	3.5 %	0%–8.5%	ICE BofA US High Yield
Private Debt	8.0 %	3.0%–13.0%	50% CS Leveraged Loan/50% ICE BofA Euro HY Constrained
Total Real Assets	11.0 %	1.0%–21.0%	
Public Real Assets	3.0 %	0%–8.0%	SSgA Real Assets Index
Private Real Assets—Natural Resources/Infrastructure	3.0 %	0%–8.0%	CPI + 3.0%
Private Real Estate—Core/Non-Core	5.0 %	0%–10.0%	NCREIF Property Index (Qtr Lag)
Total Multi-Asset	8.0 %	3.0%–13.0%	
Hedge Funds	8.0 %	3.0%–13.0%	HFRI Fund of Funds Index

Investment Objective—The investment objective of the funds is to achieve consistent positive real returns and to maximize long-term total return with prudent levels of risk through a combination of income and capital appreciation.

Investment Guidelines—The Board of Pension Managers executes investment management agreements with professional investment management firms to manage the assets of the Plan. The fund managers must adhere to guidelines that have been established to limit exposure to risk.

All investment managers shall be registered advisors under the Investment Advisors Act of 1940.

The Strategic Asset Allocation targets and permissible ranges for eligible asset classes of the Plan are detailed within the Investment Policy Statement (“IPS”). Full discretion, within the parameters of the IPS and in any individual investment policy associated with that allocation, is granted to the Investment Managers regarding the selection of securities and the timing of transactions. For separate accounts, individual manager guidelines and/or exemptions are specified in each approved investment management agreement (“IMA”). Should there be conflicts between the IPS and the IMA, the manager guidelines set forth in the IMA supersede the general guidelines in this Statement. For commingled funds, investment guidelines and/or exemptions are specified in such vehicle’s offering documents and any applicable side letter agreements. Should there be conflicts, the individual vehicle’s investment guidelines supersede the general guidelines in the IPS.

Performance of the Trust will be evaluated on a regular basis. Evaluation will include the degree to which performance results meet the goals and objectives as herewith set forth. Toward that end, the following standards will be used in evaluating investment performance:

- The compliance of each investment manager with the guidelines as expressed herein.
- The extent to which the total rate of return performance of the Trust achieves or exceeds the targeted goals.

Fixed Income Investment Managers—Investment managers are governed by the provisions described in the IPS. The fixed-income portion of the Additional Plan’s assets shall be invested in marketable, fixed income securities, such as:

- Domestic fixed income securities, subject to the guidelines reflected in IPS. Generally defined, the Bloomberg Barclays US Aggregate Bond Index represents the opportunity set for intermediate-term investment grade bonds traded in the United States
- International fixed income securities, subject to the guidelines reflected in IPS. Generally defined, the Citigroup World Government Bond Index represents the opportunity set for international developed market bonds. The J.P. Morgan Emerging Markets Bond Index-Global represents the opportunity set for international emerging market bonds denominated in USD. The J.P. Morgan GBI-EM Global Diversified Index represents the opportunity set for international emerging market bonds denominated in local currency.

These index references are guidelines and do not prohibit investment in securities outside those indexes.

Equity Investment Managers—Investment managers are governed by the provisions described in the IPS. The equity portion of the Additional Plan’s assets shall be invested in marketable securities, such as:

- Domestic equity securities, subject to the guidelines. Generally defined, the Standard & Poor’s 500 and the Russell 3000 Index represents the opportunity set for the Large Cap and Small Cap equities traded in the United States.

- International equity securities, subject to the guidelines. Generally defined, the Morgan Stanley EAFE (Europe, Australasia, and the Far East) Index represents the opportunity set for equities traded in international developed markets. The Morgan Stanley Emerging Markets Index represents the opportunity set for equities traded in international emerging markets.

These index references are guidelines and do not prohibit investment in securities outside those indexes.

Overlay Managers—For a variety of reasons, the investment program may carry large amounts of cash throughout the year. In order to achieve the actuarial assumed returns on the total investment program, the Committee may retain an overlay manager(s). The overlay manager may use exchange traded futures contracts, Treasuries, and/or Exchange-Traded Funds (ETFs) to expose the cash to the Policy Target Allocation.

In addition, the overlay manager may be utilized for the following:

- Expose un-invested assets of domestic and international equity investment managers to their respective equity benchmarks,
- Assist the Board in rebalancing, transitions, and/or gaining exposure to approved asset classes,
- Invest excess cash into highly liquid short-term investments
- Provide the market (or “beta”) exposures in a portable alpha program.
- The overlay manager shall ensure that all futures positions are fully collateralized, and the manager is prohibited from leveraging any portion of the portfolio.

Alternative Investments Managers—Alternative investments allow the Plan to expand the opportunity set beyond public markets and can be used to enhance overall Plan returns and diversify risk.

Alternative investments are broadly categorized into the following categories:

- Private fixed income
- Real assets
- Real estate
- Absolute return or Hedge Funds
- Private equity
- Venture Capital

Common features of alternative investments are limited liquidity, the use of derivatives, leverage and shorting, lower regulatory oversight, limited transparency, and high fees. Compensating for these risks, these investments offer the potential of diversification and/or higher rates of return over time.

Derivatives Policy—Where appropriate, investment managers may use derivative securities for the following reasons:

- Hedging. To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.
- Creation of Market Exposures. Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.

- Management of Country and Asset Allocation Exposure. Investment managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for these purposes.
- Additional uses of derivatives shall be approved by the Board or set forth in the individual investment guidelines or the offering documents prior to implementation and shall be restricted to those specific investment managers.

Ineligible Investments—Unless specifically approved by the Committee or set forth in the individual investment guidelines of a particular allocation, certain securities, strategies and investments are ineligible for inclusion within separately managed accounts. These are:

- Privately-placed or other non-marketable debt, except securities issued under Rule 144a,
- Lettered, legend or other so-called restricted stock,
- Investments in Russian securities,
- Investments in any securities issued by the Metropolitan Transportation Authority or any of its affiliates,
- Commodities,
- Naked Short sales and short sales not acting as a hedge, and
- Direct investments in private placements, real estate, oil and gas and venture capital.

Investment Valuation—Investments primarily include money market funds, equity securities, United States government securities, corporate bonds and debentures, asset backed securities, mortgage and commercial backed securities, mutual and commingled funds. All investments are registered and held by the trustee under a grantor trust, in the name of the Additional Plan. The values of Additional Plan investments are adjusted to fair value as of the last business day of each month based on quoted market prices or net asset value, which is determined to be a practical expedient for measuring fair value, except for certain cash equivalents, which are stated at cost and approximate market value. Purchases and sales of securities are recorded on a trade-date basis.

Income Recognition—Gains or losses from investment transactions are recognized on a trade date basis. Such investment gains or losses are determined using the average cost method. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Risks and Uncertainties—The Plan's investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term would materially affect the amounts reported in the Plan's financial statements.

The financial markets, both domestically and internationally, have demonstrated significant volatility on a daily basis, which affects the valuation of investments. The Plan utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and with acceptable levels of risk.

GASB Statement No. 72—In year 2015, the Plan adopted GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan have the following recurring fair value measurements as of December 31, 2025 and 2024:

LIRRD Additional Pension Plan
Investments Measured by Fair Value Level
(In thousands)

	2025			
	December 31, 2025	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity securities:				
Separate account large-cap equity funds	\$ 42,999	\$ 42,999	\$ -	\$ -
Separate account small-cap equity funds	27,056	27,056	-	-
Separate account small-real estate investments trusts	22	22	-	-
Separate account—international equity funds	19,899	19,899	-	-
Total equity investments	89,976	89,976	-	-
Debt securities:				
Mutual fund	10,965	10,965	-	-
Separate account—opportunistic credit/private debt	5,259	-	5,259	-
Separate account debt funds	80,718	-	80,718	-
Total debt investments	96,941	10,965	85,976	-
Total investments by fair value	\$ 186,917	\$ 100,941	\$ 85,976	\$ -

LIRRD Additional Pension Plan
Investments Measured at NAV
(In thousands)

	2025			
	December 31, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity securities:				
Comingled large cap equity funds	\$ 98,600	\$ -	Daily	None
Comingled international equity funds	40,323	-	Daily	None
Comingled emerging market equity funds	<u>31,697</u>	<u>-</u>	Daily, monthly	None
Total equity investments measured at the NAV	<u>170,620</u>	<u>-</u>		
Debt securities				
Comingled debt funds	<u>55,525</u>	<u>-</u>	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	<u>55,525</u>	<u>-</u>		
Absolute return:				
Direct lending	10,266	15,718	Bi-annually	60 plus days
Distressed securities	920	-	Not eligible	N/A
Credit long	5,611	-	Quarterly	3–30 days
Event Driven	-	185	Quarterly	3–60 days
Hedge Funds of funds	<u>61,301</u>	<u>-</u>	Quarterly	70 days
Total absolute return measured at the NAV	<u>78,098</u>	<u>15,903</u>		
Venture capital	<u>205</u>	<u>587</u>	Not eligible	N/A
Private equity—private equity partnerships	<u>43,253</u>	<u>35,881</u>	Not eligible	N/A
Comingled real estate funds	<u>82,861</u>	<u>8,648</u>	Not eligible	N/A
Real assets:				
Comingled commodities fund	17,820	-	Not eligible	N/A
Energy	4,452	4,278	Not eligible	N/A
Infrastructure	2,702	8,801	Not eligible	N/A
Shipping	<u>-</u>	<u>83</u>	Not eligible	N/A
Total real assets measured at the NAV	<u>24,974</u>	<u>13,162</u>		
Short term investments measured at the NAV	<u>18,421</u>	<u>-</u>		
Total investments measured at the NAV	<u>\$ 473,957</u>	<u>\$ 74,181</u>		
Total investments	<u>\$ 660,874</u>			

LIRRD Additional Pension Plan
Investments Measured by Fair Value Level
(In thousands)

	2024			
	December 31, 2024	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity securities:				
Separate account large-cap equity funds	\$ 149,437	\$ 149,437	\$ -	\$ -
Separate account small-cap equity funds	40,329	40,329	-	-
Separate account small-real estate investments trusts	5,951	5,951	-	-
Separate account—international equity funds	<u>21,730</u>	<u>21,730</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>217,447</u>	<u>217,447</u>	<u>-</u>	<u>-</u>
Debt securities:				
Mutual fund	8,768	8,768	-	-
Separate account—opportunistic credit/private debt	7,615	-	7,615	-
Separate account debt funds	<u>99,400</u>	<u>-</u>	<u>99,400</u>	<u>-</u>
Total debt investments	<u>115,783</u>	<u>8,768</u>	<u>107,015</u>	<u>-</u>
Total investments by fair value	<u>\$ 333,230</u>	<u>\$ 226,215</u>	<u>\$ 107,015</u>	<u>\$ -</u>

**LIRRD Additional Pension Plan
Investments Measured at NAV
(In thousands)**

	2024			
	December 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity securities:				
Comingled international equity funds	\$ 56,769	\$ -	Daily	None
Comingled emerging market equity funds	<u>28,382</u>	<u>-</u>	Daily, monthly	None
Total equity investments measured at the NAV	<u>85,151</u>	<u>-</u>		
Debt securities:				
Comingled debt funds	<u>51,329</u>	<u>-</u>	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	<u>51,329</u>	<u>-</u>		
Absolute return:				
Direct lending	12,939	8,905	Bi-annually	60 plus days
Distressed securities	1,135	-	Not eligible	N/A
Credit long	6,109	-	Quarterly	3–30 days
Event Driven	-	185	Quarterly	3–60 days
Hedge Funds of funds	<u>50,312</u>	<u>-</u>	Quarterly	70 days
Total absolute return measured at the NAV	<u>70,495</u>	<u>9,090</u>		
Venture capital	<u>52</u>	<u>747</u>	Not eligible	N/A
Private equity—private equity partnerships	<u>47,516</u>	<u>28,656</u>	Not eligible	N/A
Comingled real estate funds	<u>93,744</u>	<u>7,202</u>	Not eligible	N/A
Real assets:				
Energy	6,565	4,857	Not eligible	N/A
Infrastructure	1,206	6,313	Not eligible	N/A
Shipping	<u>9</u>	<u>83</u>	Not eligible	N/A
Total real assets measured at the NAV	<u>7,780</u>	<u>11,253</u>		
Short term investments measured at the NAV	<u>20,811</u>	<u>-</u>		
Total investments measured at the NAV	<u>\$ 376,878</u>	<u>\$ 56,948</u>		
Total investments	<u>\$ 710,108</u>			

Concentration of Credit Risk—Individual investments held by the Additional Plan that represent 5% or more of the Additional Plan’s net assets available for benefits at December 31, 2025 and 2024, is as follows (amount in thousands):

	2025	2024
Investments at fair value as determined by quoted market prices:		
JPMCB Strategic Property Fund	\$ 75,198	\$ 71,720
Blackrock Hedge Index	36,409	41,279
Rhumblin Core Bond	30,289	-
Rhumblin Large Cap Equity	98,600	110,459
Independent Franchise Partners	42,998	38,978

Credit Risk—The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at December 31, 2025 and 2024 (amount in thousands):

Quality Rating—S&P	2025 Fair Value	Percentage of Fixed Income Portfolio	2024 Fair Value	Percentage of Fixed Income Portfolio
AAA	\$ 4,106	4.92 %	\$ 4,754	4.57 %
AA	1,433	1.72	17,801	17.13
A	4,177	5.00	3,860	3.71
BBB	13,007	15.57	12,653	12.18
BB	4,923	5.89	4,512	4.34
B	6,376	7.63	8,577	8.25
CCC	3,090	3.70	3,203	3.08
Not rated	<u>28,155</u>	<u>33.71</u>	<u>9,311</u>	<u>8.96</u>
Total credit risk debt securities	65,267	78.14	64,671	62.23
U.S. Government bonds*	<u>18,256</u>	<u>21.86</u>	<u>39,249</u>	<u>37.77</u>
Total fixed income securities	83,523	100.00 %	103,920	100.00 %
Other securities not rated—equity, international funds and foreign corporate bonds	<u>577,351</u>		<u>606,188</u>	
Total investments	<u>\$ 660,874</u>		<u>\$ 710,108</u>	

* U.S. Treasury Bonds, Notes and Treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have a credit risk.

Custodial Credit Risk—Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Additional Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Additional Plan and are held by either the counterparty or the counterparty's trust department or agent but not in the Additional Plan's name.

Consistent with the Additional Plan's trust custodial administration agreement, the investments are held by the Additional Plan's custodian and registered in the Additional Plan's name.

Interest Rate Risk Exceptions—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice-versa. Duration is an indicator of bond price’s sensitivity to 100-basis point change in interest rates. The lengths of investment maturities (in years), as of December 31, 2025 and 2024, is as follows (in thousands):

Investment Fund	2025		2024	
	Fair Value	Duration	Fair Value	Duration
JP Morgan Chase	<u>\$ 83,523</u>	6.07	<u>\$ 103,920</u>	5.12
Total fixed income securities	83,523		103,920	
Portfolio modified duration		6.07		5.12
Investments with no duration reported	<u>577,351</u>		<u>606,188</u>	
Total investments	<u><u>\$ 660,874</u></u>		<u><u>\$ 710,108</u></u>	

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund establishes investments in international equities. The Additional Plan also holds investments in American Depository Receipts (“ADRs”), which are denominated in US dollars and accounted for at fair value.

In addition, the Plan has investments in foreign stocks denominated in foreign currencies. The Plan’s foreign currency exposures as of December 31, 2025 and 2024, are as follows (amounts in U.S. dollars, in thousands):

	2025	2024
Australia (Dollar)	\$ 378	\$ -
Canadian (Dollar)	1,728	-
Euro	6,826	692
Hong Kong (Dollar)	323	-
Japanese (Yen)	3,996	1,341
Mexican (Peso)	514	-
Singapore (Dollar)	748	-
South Korea (Won)	514	-
Sweden (Krona)	428	-
Swiss Franc	2,326	1,943
United Kingdom (GBP)	<u>4,628</u>	<u>2,363</u>
Total	<u><u>\$ 22,409</u></u>	<u><u>\$ 6,339</u></u>

Additional Information—The Additional Plan is part of the MTA Master Trust of which the Additional Plan participates on a percentage basis. JP Morgan Chase is the trustee of the MTA Master Trust. The percentage of the Additional Plan ownership for the year ended December 31, 2025 and 2024, was 6.96% and 8.16%, respectively.

(In thousands)	December 31, 2025		December 31, 2024	
	Master Trust Total	Additional Plan	Master Trust Total	Additional Plan
Total Investments:				
Investments measured at readily determined fair value	\$ 2,686,526	\$ 186,917	\$ 4,083,505	\$ 333,230
Investments measured at the net asset value	<u>5,731,285</u>	<u>398,758</u>	<u>3,739,494</u>	<u>305,157</u>
Total investments measured at fair value	<u>\$ 8,417,811</u>	<u>\$ 585,675</u>	<u>\$ 7,822,999</u>	<u>\$ 638,387</u>

There is an additional investment which resides outside of the Master Trust which is presented within these financial statements.

4. NET PENSION LIABILITY

The components of the net pension liability of the Plan at December 31, 2025 and 2024, was as follows (in thousands):

	2025	2024
Total pension liability	\$ 1,087,100	\$ 1,143,000
Fiduciary net position	<u>661,593</u>	<u>709,626</u>
Net pension liability	<u>\$ 425,507</u>	<u>\$ 433,374</u>
Fiduciary net position as a percentage of the total pension liability	<u>60.86 %</u>	<u>62.08 %</u>

Actuarial Methods and Assumptions—The total pension liability as of December 31, 2025 and 2024, was determined by an actuarial valuation date of January 1, 2025 and 2024, that was updated to roll forward the total pension liability to year-end. Actuarial valuations are performed annually as of January 1.

Discount Rate—The discount rate used to measure the total liability as of December 31, 2025 and 2024, was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the Plan in 2025 and 2024, calculated using the discount rate of 6.50%; as well as what the Plan’s net pension would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

2025 (In thousands)	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	<u>\$ 504,521</u>	<u>\$ 425,508</u>	<u>\$ 356,058</u>
2024 (In thousands)	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	<u>\$ 518,085</u>	<u>\$ 433,374</u>	<u>\$ 359,091</u>

Additional information of the latest actuarial valuation follows:

Valuation date	January 1, 2025
Valuation timing	Actuarially determined contributions calculated as of December 31, for the fiscal year and discounted to July 1 to reflect monthly payments throughout the year. For 2023 - 2025, discounts reflect timing of prepaid contributions.
Actuarial cost method	Entry age normal.
Amortization method	Period specified in current valuation report (closed 8-year period beginning January 1, 2025) with level dollar payments.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2018–December 31, 2023 reflecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial assumptions:	
Investment rate of return	6.5%—net of investment expenses
Projected salary increases	3.0%
Inflation/Railroad Retirement wage base	2.25%; 3.25%

Valuation date	January 1, 2024
Valuation timing	Actuarially determined contributions calculated as of December 31, for the fiscal year and discounted to July 1 to reflect monthly payments throughout the year. For 2023 - 2024, discounts reflect timing of prepaid contributions.
Actuarial cost method	Entry age normal.
Amortization method	Period specified in current valuation report (closed 9-year period beginning January 1, 2024) with level dollar payments.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial assumptions:	
Investment rate of return	6.5%—net of investment expenses
Projected salary increases	3.00%
Inflation/Railroad Retirement wage base	2.25%; 3.25%

Calculation on Money-Weighted Rate of Return—The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

2025—Schedule of Calculations of Money-Weighted Rate of Return
(Amounts in thousands)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning value—January 1, 2025	\$ 709,626	12.00	1.00	\$ 798,243
Monthly net external cash flows:				
January	(10,789)	12.00	1.00	(12,137)
February	(10,789)	11.00	0.92	(12,023)
March	(10,789)	10.00	0.83	(11,896)
April	(10,789)	9.00	0.75	(11,785)
May	(10,789)	8.00	0.67	(11,674)
June	(10,789)	7.00	0.58	(11,552)
July	(10,219)	6.00	0.50	(10,839)
August	(10,789)	5.00	0.42	(11,336)
September	(10,789)	4.00	0.33	(11,217)
October	(10,789)	3.00	0.25	(11,111)
November	(10,789)	2.00	0.17	(11,007)
December	(9,971)	1.00	0.08	(10,073)
Ending value—December 31, 2025				<u>\$ 661,593</u>
Money—Weighted Rate of Return			<u>12.49 %</u>	

2024—Schedule of Calculations of Money-Weighted Rate of Return
(Amounts in thousands)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning value—January 1, 2024	\$ 711,781	12.00	1.00	\$ 771,636
Monthly net external cash flows:				
January	(11,222)	12.00	1.00	(12,166)
February	(1,360)	11.00	0.92	(1,465)
March	(1,360)	10.00	0.83	(1,455)
April	(1,360)	9.00	0.75	(1,445)
May	(1,360)	8.00	0.67	(1,436)
June	(1,360)	7.00	0.58	(1,425)
July	(1,360)	6.00	0.50	(1,416)
August	(8,591)	5.00	0.42	(8,887)
September	(8,591)	4.00	0.33	(8,823)
October	(8,591)	3.00	0.25	(8,766)
November	(8,591)	2.00	0.17	(8,710)
December	(5,960)	1.00	0.08	<u>(6,016)</u>
Ending value—December 31, 2024				<u><u>\$ 709,626</u></u>
Money—Weighted Rate of Return			<u>8.41 %</u>	

Calculation on Long-Term Expected Rate of Return—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of December 31, 2025 and 2024.

Schedule of Long Term Expected Rate of Return For 2025

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	15.50 %	2.33 %
US Treasury Bonds	Bloomberg US Treasury	2.50	1.86
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS	2.50	2.03
US High Yield Bonds	ICE BofA US High Yield	3.50	3.97
Private Credit	CDL Index	8.00	6.57
US Large Cap Equity	S&P 500 TR USD	21.50	5.47
US Small Cap Equity	Russell 2000 TR USD	5.00	6.52
Foreign Developed Equity	MSCI EAFE NR USD	11.00	6.35
Emerging Market Equity	MSCI EM NR USD	3.50	8.48
Emerging Markets Small Cap Equity	MSCI EM Small NR USD	1.00	8.77
Private Real Estate Property	NCREIF Property	5.00	5.91
Private Equity	Cambridge Associates US Private Equity	8.00	10.51
Infrastructure—Public	S&P Global Infrastructure TR USD	3.00	5.51
Commodities	Bloomberg Commodity TR USD	3.00	3.13
Hedge Funds—MultiStrategy	HFRI: Fund Wtd Composite	7.00	4.03
Assumed Inflation—Mean			2.33
Assumed Inflation—Standard Deviation			1.47
Portfolio Nominal Mean Return			7.71
Portfolio Standard Deviation			12.26
Long-Term Expected Rate of Return selected by MTA			6.50

* Based on February 2026 Investment Policy

Schedule of Long Term Expected Rate of Return for 2024

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	15.50 %	2.36 %
US Treasury Bonds	Bloomberg US Treasury	2.00	1.85
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS	2.00	1.93
US High Yield Bonds	ICE BofA US High Yield	3.50	4.04
Private Credit	CDL Index	8.00	6.48
US Large Cap Equity	S&P 500	23.00	5.33
US Small Cap Equity	Russell 2000	4.50	6.82
Foreign Developed Equity	MSCI EAFE NR	10.50	6.91
Emerging Market Equity	MSCI EM NR	3.00	9.29
Emerging Markets Small Cap Equity	MSCI EM Small NR	1.00	9.62
Private Real Estate Property	NCREIF Property	5.00	5.93
Private Equity	Cambridge Private Equity	8.00	10.37
Infrastructure—Public	S&P Global Infrastructure	3.00	5.92
Commodities	Bloomberg Commodity	3.00	3.38
Hedge Funds—MultiStrategy	HFRI: Fund Wtd Composite	8.00	4.13
Assumed Inflation—Mean			2.30
Assumed Inflation—Standard Deviation			1.46
Portfolio Nominal Mean Return			7.77
Portfolio Standard Deviation			12.25
Long-Term Expected Rate of Return selected by MTA			6.50

* Based on October 2021 Investment Policy

5. CONTRIBUTIONS

Employer contributions are actuarially determined on an annual basis and are recognized when due. The Additional Plan is a governmental plan and accordingly, is not subject to the funding and other requirements of ERISA.

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the Company's Board of Managers of Pensions (1.5% in 2025 and 2024), or (2) leave their contributions in the Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the Company's Board of Managers of Pensions (1.5% in 2025 and 2024).

The Company performs a public service of providing essential passenger transportation between New York City and Long Island. Substantial deficits result from providing these services and the Company expects that such deficits will continue in the foreseeable future. Funding for the Additional Plan by the Company is provided by MTA, which obtains the required funds from New York State, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the Company on a discretionary basis. The continuance of the Company's funding for the Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

6. ACTUARIAL METHODS AND ASSUMPTIONS

A. ACTUARIAL VALUATION METHOD

The Plan's actuarial cost method is the Entry Age Normal method. Under this method, a projected benefit is determined at each active participant's assumed retirement age assuming future compensation increases. The plan's normal cost is the sum of each active participant's annual cost for the current year of service determined such that, if it were calculated as a level percentage of compensation each year, it would accumulate at the valuation interest rate over his total prior and

future years of service to the assumed retirement date into an amount sufficient to fund the projected benefit. The plan's accrued liability is the (a) present value of each active participant's benefits plus (b) the present value of each inactive participant's future benefits, less (c) the present value of each active participant's normal costs attributable to all future years of service.

B. ASSET VALUATION METHOD

The Asset Valuation method smooths gains and losses over a 5-year period. The formula for the asset valuation method is as follows:

$$\text{Actuarial Value of Assets} = \text{MVt} - 0.8 \cdot \text{UR1} - 0.6 \cdot \text{UR2} - 0.4 \cdot \text{UR3} - 0.2 \cdot \text{UR4}$$

Where:

MVt = Market Value of assets as of the valuation date.

URn = Unexpected return during the nth year preceding the valuation date. The unexpected return for a year equals the total investment return minus the total expected return. The total expected return equals the market value of assets at the beginning of the year plus the weighted net cash flow during the year multiplied by the expected rate of return.

The resulting value cannot be less than 80% or greater than 120% of the market value of assets.

C. ACTUARIAL ASSUMPTIONS

The assumptions described below were primarily determined based on an experience analysis covering the period from January 1, 2006 to December 31, 2011, with certain economic assumptions modified subsequently based on an experience analysis covering the period from January 1, 2012 to December 31, 2017. The postretirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020.

Interest—6.50% per annum, compounded annually, net of investment expenses.

Salary Scale—Valuation compensation is assumed to increase 3.00% per year.

Valuation Compensation—The valuation compensation is equal to the annualized base salary as of December 31, 2024 as provided by MTA, projected six months at the assumed rate of salary increase.

Overtime/Unused Vacation Pay—Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.

Railroad Retirement Wage Base—3.25% per year.

Consumer Price Index—2.25% per year.

Provision for Expenses—Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years reported administrative expenses and are assumed payable in the middle of the plan year.

Termination—Withdrawal rates vary by age. Illustrative rates are shown below:

Age	Rate	Age	Rate
20	2.12 %	45	0.96 %
25	1.64	50	0.80
30	1.44	55	0.60
35	1.36	60	0.00
40	1.16	65	0.00

Retirement—Assumed retirement age varies by year of eligibility.

Eligibility Period	Rate of Retirement
First year	40 %
Years 2–4	33
Year 5	37
Years 6–7	35
Years 8–9	33
Years 10–15	55
Years 16 and above	100

Terminated vested participants are assumed to retire upon first eligibility or attained age, if later.

Mortality—Preretirement and postretirement annuitant rates are projected on a generational basis using Scale MP-2021. As a generational table, it reflects mortality improvements both before and after the measurement date.

Preretirement—Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.

Postretirement—Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.

Marriage—80% of employees are assumed to be married with wives 3 years younger than husbands.

Interest on Employee Contributions—Assumed to be 3.5% per year for future years.

Railroad Offset—The Railroad offset at retirement is based on the sum of Tier 1 and Tier 2 Railroad benefits net of Social Security benefits, and is estimated for active members, current retirees under age 65, and current beneficiaries of members under age 65. The offsets for Railroad Retirement benefits are assumed to occur at the member's age of 65. The estimated benefits are based on a member's compensation at retirement. For inactive participants, compensation is estimated based on the benefit provided and estimated service at retirement. For the Tier 1 offset, the Primary Insurance Amount assumes that an individual would continue to earn compensation at the level in effect at his date of termination until attaining eligibility for Railroad benefits and is further increased by 2% per year from the date of termination to age 65. In addition, the estimated Tier 1 offset for inactive members currently less than age 65 is reduced by 10% to reflect, on average, the adjustment for Social Security benefits.

Benefits Not Valued—Disability benefits since all active plan participants are eligible for retirement. COVID-19 Accidental Death Benefit is assumed to have an insignificant cost.

D. CHANGES IN ACTUARIAL ASSUMPTIONS—None.

7. PLAN TERMINATION

While the Company expects to continue the Additional Plan indefinitely, it may, subject to its collective bargaining agreements, amend, restrict, or terminate the Additional Plan at any time. In the event of termination, all participants will become fully vested to the extent of their then accrued benefits based on their compensation and service up to the date of termination. The net assets of the Additional Plan will be allocated to provide benefits in accordance with the disposition of the Additional Plan assets in a prescribed manner as defined in the Additional Plan document.

8. COMMINGLING OF PENSION ASSETS FOR INVESTMENT PURPOSES

On July 26, 2006, the MTA Board passed a resolution to transfer the responsibilities for the administration of the Additional Plan to the MTA Defined Benefit Pension Plan ("MTA DB") with no changes in the pension and death benefits and appeal rights provided by the Additional Plan. The trust agreement under the Additional Plan was replaced by the MTA Master Trust Agreement, which allows for the commingling of pension assets for investment purposes under the management of the MTA DB's Board of Managers of Pensions. The Additional Plan and Trust Agreements were amended in September 2006 and all Plan assets were commingled into the MTA Master Trust for investment purposes, effective October 2, 2006.

9. CUSTODIAL AND OTHER PROFESSIONAL SERVICES

JP Morgan Chase Bank is the custodian of plan assets and provides cash receipt and disbursement services to the Additional Plan. NEPC (formerly New England Pension Consultants) reviews the Additional Plan's portfolio, the investment policies as stipulated by the Investment Committee and the performance of the Investment Managers. Actuarial services were provided to the Additional Plan by Milliman Inc.

10. SUBSEQUENT EVENTS

The Plan has evaluated all subsequent events through July 27, 2026, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2025. As of July 27, 2026, there were no subsequent events that required recognition or disclosure.

* * * * *

REQUIRED SUPPLEMENTAL SCHEDULES

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE I

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS (In thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 55	\$ 71	\$ 81	\$ 146	\$ 260	\$ 453	\$ 621	\$ 1,057	\$ 1,874	\$ 2,752
Interest	70,179	73,782	77,391	81,371	83,489	86,918	93,413	97,611	101,477	104,093
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	2,656	2,054	3,362	(1,347)	3,729	10,428	13,455	213	1,890	15,801
Changes of assumptions	-	-	-	-	26,300	-	50,191	-	-	-
Benefit payments and withdrawals	(128,790)	(133,794)	(138,824)	(143,764)	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)
Net change in total pension liability	(55,900)	(57,887)	(57,990)	(63,594)	(34,852)	(54,247)	426	(60,684)	(54,476)	(35,947)
Total pension liability—beginning	1,143,000	1,200,887	1,258,877	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251
Total pension liability—ending (a)	1,087,100	1,143,000	1,200,887	1,258,877	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304
Plan fiduciary net position:										
Employer contributions	1,389	74,957	140,400	70,763	70,553	68,724	62,774	59,500	76,523	81,100
Non-Employer contributions	-	-	-	-	-	-	-	-	145,000	70,000
Member contributions	32	45	50	51	73	140	249	333	760	884
Net investment income	80,051	57,552	58,303	(51,214)	95,247	4,024	116,092	(31,098)	112,614	58,239
Benefit payments and withdrawals	(128,790)	(133,794)	(138,824)	(143,764)	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)
Administrative expenses	(715)	(915)	(546)	(761)	(610)	(612)	(718)	(1,180)	(1,070)	(611)
Net change in plan fiduciary net position	(48,033)	(2,155)	59,383	(124,925)	16,633	(79,771)	21,143	(132,010)	174,110	51,019
Plan fiduciary net position—beginning (*)	709,626	711,781	652,398	777,323	760,690	840,460	819,317	951,327	777,217	726,198
Plan fiduciary net position—ending (b)	661,593	709,626	711,781	652,398	777,323	760,690	840,460	819,317	951,327	777,217
Employer's net pension liability—ending (a)-(b)	\$ 425,507	\$ 433,374	\$ 489,106	\$ 606,479	\$ 545,148	\$ 596,633	\$ 571,110	\$ 591,827	\$ 520,501	\$ 749,087
Plan fiduciary net position as a percentage of the total pension liability	60.86 %	62.08 %	59.27 %	51.82 %	58.78 %	56.04 %	59.54 %	58.06 %	64.64 %	50.92 %
Covered-employee payroll	\$ 1,344	\$ 1,802	\$ 1,972	\$ 2,043	\$ 1,995	\$ 3,509	\$ 5,210	\$ 7,894	\$ 11,046	\$ 18,216
Employer's net pension liability as a percentage of covered-employee payroll	31,660.33 %	24,050.45 %	24,799.92 %	29,688.12 %	27,330.09 %	17,001.66 %	10,961.80 %	7,496.89 %	4,711.97 %	4,112.20 %

* 2021 Plan fiduciary net position—beginning is adjusted for the Plan's 2020 Q4 Private Markets values

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE YEARS ENDED DECEMBER 31 (In thousands)

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2016	\$ 83,183	\$ 151,100	\$ (67,917)	\$ 18,216	829.48 %
2017	76,523	221,523	(145,000)	11,046	2,005.39
2018	59,196	59,500	(304)	7,894	753.71
2019	62,774	62,774	-	5,210	1,204.87
2020	68,723	68,724	(1)	3,509	1,958.35
2021	70,553	70,553	-	1,995	3,537.06
2022	70,764	70,764	-	2,043	3,463.73
2023	72,666	140,400	(67,734)	1,972	7,119.68
2024	73,752	74,957	(1,205)	1,802	4,159.66
2025	77,067	1,389	75,678	1,344	103.34

* Employer contributions include amounts from both employer and non-employer contributing entities.

** For 2023, the MTA made contributions equal to the 2023 Actuarially Determined Contribution plus an estimated amount of the 2024 Actuarially Determined Contribution.

*** For 2024, MTA made contributions towards the 2025 actuarially determined contribution.

**** For 2025, MTA made remaining contributions towards the 2025 actuarially determined contribution that were not covered by contributions made in prior years.

**THE LONG ISLAND RAIL ROAD COMPANY PLAN
FOR ADDITIONAL PENSIONS**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

SCHEDULE II (Continued)

Note to Schedule II:
The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan are as follows:

Valuation Dates	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021
Actuarial cost method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method
Amortization method	Period specified in current valuation report (closed 8-year period from January 1, 2025) with level dollar payments.	Period specified in current valuation report (closed 9-year period from January 1, 2024) with level dollar payments.	Period specified in current valuation report (closed 10-year period from January 1, 2023) with level dollar payments.	Period specified in current valuation report (closed 11-year period from January 1, 2022) with level dollar payments.	Period specified in current valuation report (closed 12-year period from January 1, 2021) with level dollar payments.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses at 10-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses at 10-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses at 10-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses at 10-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses at 10-year period. Gains/losses are based on market value of assets.
Interest rate	Net rate of 6.5% for 2025, per annum, net of investment expenses	Net rate of 6.5% for 2024, per annum, net of investment expenses	Net rate of 6.5% for 2023, per annum, net of investment expenses	Net rate of 6.5% for 2022, per annum, net of investment expenses	Net rate of 6.5% for 2021, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum
Railroad retirement wage base	3.25% per year	3.25% per year	3.25% per year	3.25% per year	3.25% per year
Mortality	Based on experience of all MTA-sponsored pension plans from 2015 to 2023 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plans from 2015 to 2024 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plans from 2015 to 2023 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plans from 2015 to 2022 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plans from 2015 to 2021 reflecting mortality improvement on a generational basis using Scale MP-2021.
Separations other than for normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.
Salary increases	3.0% per year	3.0% per year	3.0% per year	3.0% per year	3.0% per year
Overtime	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.
Provision for expenses	Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years' reported administrative expenses and are assumed payable in the middle of the plan year.	Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years' reported administrative expenses and are assumed payable in the middle of the plan year.	Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years' reported administrative expenses and are assumed payable in the middle of the plan year.	Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years' reported administrative expenses and are assumed payable in the middle of the plan year.	Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years' reported administrative expenses and are assumed payable in the middle of the plan year.

**THE LONG ISLAND RAIL ROAD COMPANY PLAN
FOR ADDITIONAL PENSIONS**

SCHEDULE II (concluded)

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Note to Schedule II:
The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan are as follows:

Valuation Dates	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Actuarial cost method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method
Amortization method	Period specified in current valuation report (closed 13-year period from January 1, 2020) with level dollar payments.	Period specified in current valuation report (closed 14-year period from January 1, 2019) with level dollar payments.	Period specified in current valuation report (closed 15-year period from January 1, 2018) with level dollar payments.	Period specified in current valuation report (closed 16-year period from January 1, 2017) with level dollar payments.	Period specified in current valuation report (closed 17-year period from January 1, 2016) with level dollar payments.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Interest rate	Net rate of 6.5% for 2020, per annum, net of investment expenses	Net rate of 6.5% for 2019, per annum, net of investment expenses	Net rate of 7.0% for 2018, per annum, net of investment expenses	Net rate of 7.0% for 2017, per annum, net of investment expenses	Net rate of 7.0% for 2016, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.5% per annum	2.5% per annum	2.5% per annum
Railroad retirement wage base	3.25% per year	3.25% per year	3.5% per year	3.5% per year	3.5% per year
Mortality	Based on experience of all URR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all URR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all URR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all URR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all URR members reflecting mortality improvement on generational basis using Scale AA
Separations other than normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.
Salary increases	3.0% per year	3.0% per year	3.0% per year	3.0% per year	3.0% per year
Overtime	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.
Provision for expenses	Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two years' reported administrative expenses and are assumed payable in the middle of the plan year.	The provision for administrative expenses was modified to equal an average of the prior three years.	The provision for administrative expenses was modified to equal an average of the prior three years.	The provision for administrative expenses was modified to equal an average of the prior three years.	The provision for administrative expenses was modified to equal an average of the prior three years.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE III

SCHEDULE OF INVESTMENT RETURNS FOR THE YEARS ENDED DECEMBER 31

The following table displays annual money-weighted rate of return, net of investment expense.

Year Ended December 31	Net Money-Weighted Rate of Return
2016	8.11 %
2017	13.38
2018	(3.49)
2019	15.23
2020	0.51 *
2021	13.37
2022	(7.00)
2023	8.25
2024	8.41
2025	12.49

* The Net Money-Weighted Rate of Return was revised from 0.39% to 0.51%, based on subsequent information received for the Plan's Private Market investments fourth quarter, in the first year of the adoption of GASB 84.

Manhattan and Bronx Surface Transit Operating Authority Pension Plan

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
Supplemental Schedules, and
Independent Auditor's Report

MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY PENSION PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Administration of
The Manhattan and Bronx Surface Transit Operating Authority Pension Plan:

Opinion

We have audited the accompanying statements of fiduciary net position of the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (the "Plan") as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period. .

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in the Employers' Net Pension Liability and Related Ratios-Schedule I; Schedule of Employer Contributions and Notes to Schedule-Schedule II; and Schedule of Investment Returns-Schedule III be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

July 27, 2026

Manhattan and Bronx Surface Transit Operating Authority Pension Plan

Management's Discussion and Analysis

As of and For the Years Ended December 31, 2025 and 2024 (Unaudited)

This management's discussion and analysis of The Manhattan and Bronx Surface Transit Operating Authority Pension Plan (the "Plan") financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2025 and 2024. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the year and the effects of significant changes, as well as a comparison with the prior year's activity and results. This discussion and analysis may contain opinions, assumptions, or conclusions by MTA management that should not be considered a replacement for and is intended to be read in conjunction with the plan's financial statements which begin on page 10.

Overview of Basic Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The basic financial statements are:

- **The Statement of Fiduciary Net Position** - presents the financial position of the Plan at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.
- **The Statement of Changes in Fiduciary Net Position** - presents the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.
- **The Notes to Financial Statements** - provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.
- **Required Supplementary Information** - as required by the Government Accounting Standards Board ("GASB"), includes the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment returns. The accompanying financial statements of the Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Manhattan and Bronx Surface Transit Operating Authority Pension Plan

Management's Discussion and Analysis

As of and For the Years Ended December 31, 2025 and 2024 (Unaudited)

CONDENSED FINANCIAL INFORMATION AND ANALYSIS

FINANCIAL ANALYSIS

Fiduciary Net Position

As of December 31, 2025, 2024 and 2023

(Dollars in thousands)

				Increase/(Decrease)			
				2025-2024		2024-2023	
	2025	2024	2023	\$	%	\$	%
Cash and investments	\$ 4,386,064	\$ 4,092,546	\$ 3,793,831	\$ 293,518	7.2 %	\$ 298,715	7.9 %
Receivables and other assets	42,103	38,778	33,940	3,325	8.6	4,838	14.3
Total assets	\$ 4,428,167	\$ 4,131,324	\$ 3,827,771	\$ 296,843	7.2	\$ 303,553	7.9
Payable for investment securities purchased	9,704	8,098	9,290	1,606	19.8	(1,192)	(12.8)
Other liabilities	8,650	9,441	8,006	(791)	(8.4)	1,435	17.9
Total liabilities	18,354	17,539	17,296	815	4.6	243	1.4
Net position restricted for pensions	\$ 4,409,813	\$ 4,113,785	\$ 3,810,475	\$ 296,028	7.2 %	\$ 303,310	8.0 %

December 31, 2025 versus December 31, 2024

Cash and investments at December 31, 2025, were \$4,386.1 million, an increase of \$293.5 million or 7.2% from 2024. This increase is a result of an improved financial markets performance and additional paid-in 2025 plan actuarially determined contributions ("ADC") net of benefit payments and expenses during 2025.

Receivables and other assets less plan liabilities at December 31, 2025 decreased by \$2.5 million or 11.8%. The decrease in 2025 compared with 2024 is a result of higher receivable for interest and dividend, employee loans and Tier 6 remediation - employee contributions.

The plan net position restricted for pensions increased by \$296.0 million or 7.2% in 2025 as a result of the various changes noted above.

December 31, 2024 versus December 31, 2023

Cash and investments at December 31, 2024, were \$4,092.5 million, an increase of \$298.7 million or 7.9% from 2023. This increase is a result of an improved financial markets performance in 2024 and higher plan actuarially determined contributions ("ADC") prepayments net of benefit payments and expenses during 2024.

Receivables and other assets less plan liabilities at December 31, 2024 increased by \$4.6 million or 27.6%. The increase in 2024 compared with 2023 is a result of higher receivable for interest and dividend, employee loans and Tier 6 remediation - employee contributions.

The plan net position restricted for pensions increased by \$303.3 million or 8.0% in 2024 as a result of the various changes noted above.

Manhattan and Bronx Surface Transit Operating Authority Pension Plan

Management's Discussion and Analysis

As of and For the Years Ended December 31, 2025 and 2024 (Unaudited)

Changes in Fiduciary Net Position

For the Years Ended December 31, 2025, 2024 and 2023

(Dollars in thousands)

				2025-2024		2024-2023	
	2025	2024	2023	\$	%	\$	%
Additions:							
Net investment (loss) / income	\$ 537,858	\$ 364,653	\$ 413,734	\$ 173,205	47.5 %	\$ (49,081)	(11.9)%
Transfers and contributions	52,520	218,391	353,820	(165,871)	(76.0)	(135,429)	(38.3)
Total net additions	590,378	583,044	767,554	7,334	1.3	(184,510)	(24.0)
Deductions:							
Benefit payments	293,753	279,205	266,622	\$ 14,548	5.2	\$ 12,583	4.7
Administrative expenses	597	529	567	68	13.0	(38)	(6.8)
Total deductions	294,350	279,734	267,189	14,617	5.2	12,545	4.7
Net increase	296,028	303,310	500,365	(7,282)	(2.4)	(197,055)	(39.4)
Net position							
restricted for pensions:							
Beginning of year	4,113,785	3,810,475	3,310,110	303,310	8.0	500,365	15.1
End of year	\$ 4,409,813	\$ 4,113,785	\$ 3,810,475	\$ 296,028	7.2 %	\$ 303,310	8.0 %

December 31, 2025 versus December 31, 2024

Net investment income increased by \$173.2 million due to higher net market appreciation of \$537.9 million in 2025 versus net investment gains of \$364.6 million in 2024.

Contributions decreased by \$165.9 million or 76.0% in 2025 due to prepayment of 2025 ADC contributions of \$160.4 million made in 2024.

Benefit payments increased by \$14.5 million or 5.2% over the prior year due to a continuing trend of an increase in the number of retirees, higher Final Average Salaries ("FAS") and cost-of-living adjustments provided to retirees and beneficiaries.

Administrative expenses increased by \$68 thousand or 13.0% in 2025 compared to 2024. This increase is in line with actuarial and custodian services provided to the Plan.

December 31, 2024 versus December 31, 2023

Net investment income decreased by \$49.1 million due to lower net market appreciation of \$364.6 million in 2024 versus net investment gains of \$413.7 million in 2023.

Contributions decreased by \$135.4 million or 38.3% in 2024 due to prepaid 2024 ADC contributions of \$160.4 million made in 2023 in addition to 2023 ADC contributions paid. Contributions made in 2024 included prepaid 2025 ADC contributions.

Benefit payments increased by \$12.6 million or 4.7% over the prior year due to a continuing trend of an increase in the number of retirees, higher Final Average Salaries ("FAS") and cost-of-living adjustments provided to retirees and beneficiaries.

Administrative expenses decreased by \$38 thousand or 6.8% in 2024 compared to 2023. This decrease is in line with actuarial and custodian services provided to the Plan.

Manhattan and Bronx Surface Transit Operating Authority Pension Plan

Management's Discussion and Analysis

As of and For the Years Ended December 31, 2025 and 2024 (Unaudited)

Economic Factors

Market Overview 2025

In 2025, global markets navigated elevated volatility and evolving policy expectations. Geopolitical tensions and tariff disruptions periodically challenged investor sentiment. However, a shift toward monetary easing, complemented by supportive fiscal measures, such as the “Big Beautiful Bill”, reinforced risk appetite. Against this backdrop global equities delivered solid returns, international markets outperformed the United States, and precious metals emerged as standout performers.

U.S. equities started the year strong but experienced a sharp drawdown following the April 2 tariff announcement, dubbed “Liberation Day”. Markets later recovered as negotiations and temporary pauses reduced fears of prolonged trade tensions. The U.S. dollar weakened over the year, reflecting an extended Federal Reserve easing cycle and narrowing interest-rate differentials relative to other developed economies. This weaker dollar supported international equities and commodities, while periods of geopolitical stress provided only brief upward support for the dollar.

European equity markets outperformed most developed market peers, with several indices posting their best annual returns since the early 2000s. Attractive valuations, foreign inflows, currency effects, and relatively stable economic conditions underpinned performance. Across Asia and emerging markets, results were mixed. Policy stimulus in China and semiconductor-driven earnings growth in Taiwan supported returns, while trade uncertainty and uneven global growth created regional dispersion.

United States (“U.S.”) fixed income benefited from multiple Federal Reserve rate cuts aimed at stabilizing inflation and sustaining growth. Broader bond indices delivered positive returns as interest-rate volatility dampened and yields remained attractive. Yield curves steepened as markets anticipated additional easing. European central banks also had an easing policy, supporting rallies in sovereign debt and investment-grade credit. Emerging market debt performed well in both hard and local currencies.

Commodity performance was mixed. Gold and silver posted notable gains as safe-haven assets amid geopolitical uncertainty. Industrial metals rallied early in the year before moderating, while energy prices remained volatile as supply concerns competed with softer demand expectations.

U.S. Fiscal policy provided meaningful support to the markets through targeted measures, including infrastructure spending, tax incentives, and industrial policy initiatives. These measures acted as a late-cycle tailwind, supporting corporate investment, reinforcing labor market stability, and boosting business sentiment during periods of market stress.

Key Macro Themes of 2025

- A renewed global monetary easing cycle supporting risk assets
- Tariff volatility and trade policy uncertainty driving market stress
- Fiscal stimulus supporting corporate investment and economic activity
- U.S. dollar weakness reshaping global capital flows
- Strong performance in precious metals amid geopolitical risk
- Continued long-term optimism surrounding AI and structural growth trends

Manhattan and Bronx Surface Transit Operating Authority Pension Plan

Management's Discussion and Analysis

As of and For the Years Ended December 31, 2025 and 2024 (Unaudited)

United States

U.S. economic growth slowed but remained resilient. Real Gross Domestic Product rose 2.4% in 2025, down from 2.8% in 2024. Fourth-quarter growth fell short of expectations, partly due to an extended government shutdown. Unemployment increased modestly to 4.4% from 4.1% but remained historically low. Inflation continued to ease, with Consumer Price Index ending the year at 2.7% versus 2.9% in 2024, while core inflation declined to 2.6% in 2025 from 3.2% in 2024.

U.S. equities delivered broad gains. Large-cap indices posted double-digit returns (S&P 500: 17.9%, Russell 1000: 17.4%), while mid-caps (S&P 400: 7.5%) and small-caps (Russell 2000: 12.8%) lagged. Growth stocks (Russell 1000 Growth: 18.6%) outperformed value stocks (Russell 1000 Value: 15.9%), and market concentration remained elevated, with the "Mag 7" continuing to drive a substantial share of index performance.

Treasury yields were volatile but trended lower as the Federal Reserve implemented three 25 basis point rate cuts. Diversified fixed income (Bloomberg U.S. Aggregate: 7.3%) delivered solid returns, led by convertibles (Bloomberg U.S. Convertibles Index: 16.9%), mortgage-backed securities (Bloomberg MBS Index: 8.6%), high yield bonds (Bloomberg High Yield Index: 8.6%), and Treasury Inflation-Protected Securities (Bloomberg TIPS Index: 7.0%).

International Developed Markets

U.S. dollar weakness provided meaningful support to international equities. International developed markets (MSCI EAFE: 31.2%) significantly outperformed U.S. large caps. Europe (MSCI Europe: 35.4%) and the United Kingdom (MSCI United Kingdom: 35.1%) led performance, while Japan (MSCI Japan: 24.6%) also delivered strong gains. International developed small caps (MSCI EAFE Small Cap: 31.8%) posted similarly robust returns.

Emerging Markets

Emerging market equities also benefited from the U.S. dollar weakness and capital inflows. The broad emerging markets index (MSCI EM: 33.6%) outperformed U.S. equities and matched developed international equity returns, while emerging market small caps (MSCI EM Small Cap: 18.6%) lagged relative to other international indices.

Emerging Markets fixed income performed well. Hard-currency bonds, which are denominated in U.S. dollars, (JPMorgan EMBI Global Diversified: 14.3%) delivered solid returns but trailed the returns of bonds denominated in local-currencies (JPMorgan GBI-EM Global Diversified: 19.3%).

Commodities

Overall commodity returns (Bloomberg Commodity Index: 15.8%) were strong. However, when broken down by sectors, there was mixed performance. Gold (Gold Spot: 64.7%) and silver (Silver Spot: 148.0%), posted very strong gains as safe-haven assets. Energy markets were weaker, with oil (WTI Spot Crude Oil: -20.8%) declining as demand concerns offset supply risks.

Market Outlook – 2026

Manhattan and Bronx Surface Transit Operating Authority Pension Plan

Management's Discussion and Analysis

As of and For the Years Ended December 31, 2025 and 2024 (Unaudited)

The first quarter of 2026 saw equity markets trend modestly lower, with losses generally contained to single digits, marking a shift from the broadly positive returns across most asset classes in 2025. Value equities continued to outperform growth, extending the rotation that developed late last year as higher interest rates and more tempered earnings expectations weighed on growth-oriented sectors. Market volatility increased compared to last year, driven by slowing economic momentum, policy uncertainty, and geopolitical risks.

Fixed income markets generated modest positive returns amid continued uncertainty around the path of future interest rates. Mixed economic data and persistent inflation have pushed expectations for rate cuts toward later in the year. International equities remained a relatively bright spot, building on the strong performance in 2025, supported by accommodative policy in Europe and improving conditions in emerging markets.

A key development in 2026 has been the escalation of geopolitical risk, most notably the outbreak of conflict involving the U.S. and Iran in late February. This has contributed to increased market volatility, upward pressure on energy prices, and added uncertainty to the global growth and inflation outlook. Overall, compared to the resilient and optimistic backdrop of 2025, markets in 2026 are exhibiting greater uncertainty and less directional clarity.

Contact Information

This financial report is designed to provide a general overview of the Manhattan and Bronx Surface Transit Operating Authority Pension Plan's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Metropolitan Transportation Authority, Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004.

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MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY PENSION PLAN

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
ASSETS:		
Cash	\$ 6,188	\$ 3,579
Receivables:		
Investment securities sold	5,229	2,502
Interest and dividends	5,530	5,361
Tier 6 remediation - employee contributions due to Plan	279	415
Employee loans	31,065	30,500
Total receivables	42,103	38,778
Investments at fair market value (Notes 2 and 3):		
Investments measured at readily determinable fair value	1,367,652	1,442,102
Investments measured at net asset value	3,012,224	2,646,865
Total investments	4,379,876	4,088,967
Total assets	4,428,167	4,131,324
LIABILITIES:		
Accounts payable	2,415	2,144
Payable for investment securities purchased	9,704	8,098
Accrued benefits payable	17	21
Tier 6 remediation (Refund of employee contributions) payable	-	450
Accrued Post Retirement Death Benefits (PRDB) payable	6,051	5,728
Accrued 55/25 Additional Members Contribution (AMC) payable	167	1,098
Total liabilities	18,354	17,539
NET POSITION RESTRICTED FOR PENSIONS	\$ 4,409,813	\$ 4,113,785

See notes to financial statements.

MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY PENSION PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
ADDITIONS:		
Investment income:		
Interest income	\$ 35,607	\$ 32,818
Dividend income	39,688	39,686
Net appreciation in fair value of investments	<u>488,662</u>	<u>318,669</u>
Total investment income	563,957	391,174
Less investment expenses	<u>26,099</u>	<u>26,520</u>
Net investment income	<u>537,858</u>	<u>364,653</u>
Contributions (Note 4):		
Employer contributions	18,277	189,884
Employee contributions	<u>34,243</u>	<u>28,506</u>
Total contributions	<u>52,520</u>	<u>218,391</u>
Total additions	<u>590,378</u>	<u>583,044</u>
DEDUCTIONS:		
Benefit payments and withdrawals	293,753	279,205
Administrative expenses	<u>597</u>	<u>529</u>
Total deductions	<u>294,350</u>	<u>279,734</u>
NET INCREASE IN NET POSITION	<u>296,028</u>	<u>303,310</u>
NET POSITION RESTRICTED FOR PENSIONS:		
Beginning of year	<u>4,113,785</u>	<u>3,810,475</u>
End of year	<u>\$ 4,409,813</u>	<u>\$ 4,113,785</u>

See notes to financial statements.

MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. PLAN DESCRIPTION

Effective January 1, 1989, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA) adopted a defined benefit qualified pension plan known as the MaBSTOA Pension Plan (the “Plan”). Prior to the adoption of the Plan, MaBSTOA pension benefits were funded on a pay-as-you-go basis.

The Plan is a multi-employer cost sharing public employee pension plan. The Plan now has employees who are on Metropolitan Transportation Authority Head Quarter’s (“MTAHQ”) payroll. MaBSTOA and MTAHQ employees are specifically excluded from participating in the New York City Employees’ Retirement System (NYCERS). Effective January 1, 1999, MaBSTOA Pension Plan membership is optional for managerial and non-represented MaBSTOA employees. They were afforded the same pension rights as similarly situated employees in the Transit Authority.

The Board of Administration, established in 1963, determines eligibility of employees and beneficiaries for retirement and death benefits. The Board is composed of five members: two representatives from the Transport Workers Union, Local 100 (TWU) and three employer representatives.

Membership of the Plan consisted of the following as of January 1, 2025 and 2024, the date of the latest actuarial valuation:

	2025	2024
Active and inactive members	8,542	8,355
Retirees and beneficiaries currently receiving benefits	6,644	6,475
Vested formerly active members not yet receiving benefits	<u>1,349</u>	<u>1,324</u>
Total members	<u>16,535</u>	<u>16,154</u>

The Plan provides retirement, death, accident and disability benefits. The benefits provided by the Plan are generally similar to the benefits provided to participants in NYCERS. A participant may receive a vested benefit in accordance with the requirements of his or her Tier.

NYCERS has determined that Tier 4 employees are and have been eligible for a post-retirement death benefit retroactive to members who retired no earlier than 1986. In June 2012, the Metropolitan Transportation Authority (“MTA”) Board approved an amendment to the MaBSTOA Plan to provide for incorporation of this benefit. As of December 31, 2012, the Plan had estimated that \$6 million is owed to beneficiaries of retirees who were deceased prior to January 1, 2013. As of December 31, 2025 and 2024, the Plan paid \$25.8 million and 23.4 million in post-retirement benefits and accrued an additional \$6.1 and \$5.7 million for years ended December 31, 2025 and 2024.

Funding Policy—Contribution requirements of Plan members are established and may be amended only by the MaBSTOA Board in accordance with Article 10.01 of the MaBSTOA Plan. MaBSTOA’s funding policy for periodic employer contributions provides for actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due. It is MaBSTOA’s policy to fund the pension trust, at a minimum, the current year’s normal cost plus amortization of the unfunded actuarial accrued liability.

The MaBSTOA Pension Plan includes the following retirement programs: (i) Tier 1 Age 50 and 20 Year, Age 55 and 1/100; (ii) Tier 2 Age 55 and 25 Year, Tier 2 Age 55 and 1/100; (iii) Tier 3 and Tier 4 Age 62 and 5 Year; (iv) Tier 6 Age 63 and 5 Year; (v) Tier 4 and Tier 6 25 Year and Age 55; (vi) Tier 4 25 Year Early Retirement; and (vii) Tier 4 Age 57 and 5 Year, which are all under the same terms and conditions as NYCERS.

The Plan may require mandatory employee contributions, depending on the date of entry into service. Employees entering qualifying service on or before July 26, 1976, are non-contributing (Tiers 1 and 2). Prior to adoption of Tier 6, operating employees entering qualifying service on or after July 27, 1976, are required to contribute 2% of their salary and non-operating employees pay 3% of their salary for a 10-year period plus an additional member contribution of 1.85% of their salary. (See Note 4 for 2000 Plan amendments).

Individuals joining the MaBSTOA Pension Plan on or after April 1, 2012 are members of Tier 6. Highlights of Tier 6 include:

- Increases in employee contribution rates. The rate varies depending on salary, ranging from 3% to 6% of gross pensionable wages. Contributions are made until retirement or separation from service.
- The retirement age is 63 and includes early retirement penalties, which reduce pension allowances by 6.5 percent for each year of retirement prior to age 63 (excluding Transit Operating Employees).
- Vesting after 5 years of credited service; similar to Tiers 3 and Tier 4.
- Changes to the pension multiplier for calculating pension benefits (excluding Transit Operating Employees) for participants who retire with greater than 20 years of credited service is 35% of FAS for the first 20 years of credited service plus 2% times FAS for each year of credited service in excess of 20.
- The Final Average Salary ("FAS") calculation is the greater of any three consecutive calendar period or the average of the final 3 years. Pensionable overtime capped at \$15,000 per year plus an inflation factor (\$20,958 for 2025 and \$20,459 for 2024).
- Pension buyback in Tier 6 at a rate of 6% of the wages earned during the period of buyback, plus 5% compounded annually from the date of service until date of payment.

SUMMARY OF PRINCIPAL PLAN PROVISIONS ELIGIBILITY AND BENEFITS

All Tiers	
1. Type of Plan	The Plan is a contributory, defined benefit plan. Contributions are not required for Tier 1 and Tier 2 members and vary for other members. Details can be found in the following sections.
2. Effective Date of Plan Qualification	January 1, 1989.
3. Compensation	The wages earned by the employee. Compensation is limited by Section 401(a)(17) of the Code. This limit is \$345,000 for 2024 and \$350,000 for 2025. In addition, the government plan limit applies to members hired prior to January 1, 1996, and is \$505,000 for 2024 and \$520,000 for 2025.
4. Credited Service	Credited Service is credited full-time employment from date of hire with MaBSTOA and may include part-time service for certain applicable represented employees. Service will also be credited to any member who transfers employment on or after January 1, 2019 to MTA Headquarters from MaBSTOA.

5. Pensioner Supplementations	
(a) 1998 Supplement	Eligibility: Date of retirement is prior to 1993 for all disability pensioners and other pensioners who have attained (or will attain) age 62 or who have attained (or will attain) age 55 and have been retired for at least 10 years. Benefit: Commencing with the payment for the month of September 1998, the cost-of-living adjustment is applied to the first \$13,500 of the maximum retirement allowance, computed without option modification. If not eligible by September 1998, payment will commence first of the month following eligibility.
(b) 1999 Supplement	Eligibility: Date of retirement is prior to 1994 for all disability pensioners and other pensioners who have attained (or will attain) age 62 or who have attained (or will attain) age 55 and have been retired for at least 10 years. Benefit: Commencing with the payment for the month of September 1999, the cost-of-living adjustment is applied to the first \$14,000 of the maximum retirement allowance, computed without option modification. If not eligible by September 1999, payment will commence first of the month following eligibility.
(c) 2000 Supplement	Eligibility: Date of retirement is prior to 1997 and one of the following conditions is met: (i) All disability pensioners who have been retired for at least 5 years, (ii) Other pensioners who have attained (or will attain) age 62 and have been retired for at least 5 years, (iii) Other pensioners who have attained (or will attain) age 55 and have been retired for at least 10 years and (iv) All recipients of an accidental death benefit who have been in receipt of payments for at least 5 years. Benefit: Commencing with the payment for the month of September 2000, the cost-of-living adjustment is applied to the first \$18,000 of the maximum retirement allowance, computed without option modification. The cost-of-living adjustment is equal to the change in the CPI-U measured from year of retirement through 1997 multiplied by 50% (greater percentages exist if date of retirement is prior to 1968). If not eligible by September 2000, payment will commence first of the month following eligibility. Surviving Spouse Eligibility: The surviving spouse of a deceased retired member who chose any joint and survivor option. Surviving Spouse Benefit: Commencing with the payment for the month of September 2000, the benefit is equal to 50% of the 2000 supplementation which the pensioner would be receiving if living.

(d) Automatic Cost-of-Living Adjustment (COLA)	Eligibility: One of the following conditions is met: (i) All disability pensioners who have been retired for at least 5 years, (ii) Other pensioners who have attained (or will attain) age 62 and have been retired for at least 5 years, (iii) Other pensioners who have attained (or will attain) age 55 and have been retired for at least 10 years and (iv) All recipients of an accidental death benefit who have been in receipt of payments for at least 5 years. Benefit: Commencing with the payment for the month of September 2001 and continuing each September thereafter, the COLA is applied to the first \$18,000 of the maximum retirement allowance, computed without option modification plus any prior COLAs or supplementations. The cost-of-living adjustment is equal to the change in the CPI-U for the year ending March 31 multiplied by 50%. The resulting percentage is then rounded up to the next higher 0.1% and shall not exceed 3.0% nor be less than 1.0%. If not eligible by September 2001 or each September thereafter, payment will commence first of the month following eligibility. Surviving Spouse Eligibility: The surviving spouse of a deceased retired member who chose any joint and survivor option. Surviving Spouse Benefit: The benefit is equal to 50% of the automatic COLA benefit which the pensioner would be receiving if living and commence in the month following the death of the deceased member.
6. Normal and Optional Forms of Payment	The basic benefits described in the following sections are payable in the form of a life annuity. Other options are 100% and 50% contingent annuities with and without a popup feature, 5-year and 10-year certain and life annuities, and single life annuities with an insurance feature. Benefits payable under the optional forms are actuarially adjusted to reflect the anticipated longer payment stream.
7. Maximum Benefit	Maximum benefits payable conforms to those legislated by the Tax Reform Act of 1986. For 2024, the maximum benefit is \$275,000 and for 2025 it is \$280,000.
8. Changes in Plan Provisions Since Prior Valuation	None.
I. Tier 1 Employees	
1. Eligibility	Members hired before July 1, 1973.
2. Pensionable Compensation	
(a) Compensation	Greater of earned or earnable salary during the year prior to retirement.
(b) Final Compensation	Highest average earnings over five consecutive years.

(c) Compensation Limit	If hired after June 17, 1971, earnings in a year are limited to 120% of the preceding year.
3. Benefits	
(a) Service Retirement	Eligibility: Attainment of age 50 and completion of 20 years of credited service. Benefit: 1.5% for service before March 1, 1962, plus 2.0% for service from March 1, 1962 to June 30, 1970, plus 2.5% for service after June 30, 1970 The accumulated percentage above, up to a maximum of 50%, is multiplied by the member's Compensation. Once the accumulated percentage reaches 50%, the percentage for each further year of service reverts back to 1.5%. The percentage in excess of 50% is multiplied by the Final Compensation.
(b) Termination Benefits	Eligibility: Completion of 20 years of credited service. Benefit: The Service Retirement Benefit with compensation and service calculated as of the date of termination. The benefit is deferred until age 50.
(c) Ordinary Death Benefits	Active Members Eligibility: Completion of 6 months of credited service, but the benefit described below requires completion of 20 years of credited service. Benefit: A lump sum equal to the present value of the retirement benefit under the Return of Reserve option. Terminated Vested Members: If a member dies before age 50, a lump sum equal to the present value of the retirement benefit under the Return of Reserve option is payable (Death Gamble).
(d) Accidental Death Benefits	Eligibility: Death caused by on-the-job accident. World Trade Center Presumption may apply if certain criteria are met. Benefit: The benefit equals 50% of Final Compensation.
(e) Ordinary Disability Benefits	Eligibility: Completion of 10 years of credited service. Benefit: The benefit equals the greater of the Service Retirement percentages described (a) above or 25% multiplied by Final Compensation. If eligible for a service retirement benefit, the greater of this benefit and the Service Retirement benefit is payable.
(f) Accidental Disability Benefits	Eligibility: Disability caused by on-the-job accident. Benefit: The benefit equals 75% of the Final Compensation reduced by 100% of any worker's compensation payments. If eligible for a service retirement benefit, the greater of this benefit and the Service Retirement benefit is payable.
4. Member Contributions	None

II. Tier 2 Employees	
1. Eligibility	Members hired on or after July 1, 1973, and before July 27, 1976.
2. Final Average Compensation	
(a) Final 3-Year Average Compensation:	Highest average earnings over three consecutive years.
(b) Final 5-Year Average Compensation:	Highest average earnings over five consecutive years.
(c) Compensation Limit:	Earnings in a year cannot exceed 120% of the average of the two preceding years.
3. Benefits	
(a) Service Retirement	Eligibility: Attainment of age 55 and completion of 25 years of credited service. Benefit: The benefit equals 50% of Final 3-Year Average Compensation for the first 20 years of credited service, plus 1.5% of Final 5-Year Average Compensation per year of credited service in excess of 20 years.
(b) Early Retirement	Eligibility: Attainment of age 50 and completion of 20 years of credited service. Benefit: Determined in the same manner as the Service Retirement benefit but no greater than 2.0% of the Final 3-Year Average Compensation per year of credited service.
(c) Termination Benefits	Eligibility: Completion of 20 years of credited service. Benefit: The benefit equals the Early Retirement benefit, with compensation and service calculated as of the date of termination. The benefit is deferred until age 50. If a member dies before age 50, 50% of the ordinary death benefit (below) is payable.
(d) Ordinary Death Benefit	Eligibility: Completion of 90 days of credited service. Benefit: The benefit equals a lump sum equal to 3 times salary, raised to the next multiple of \$1,000.
(e) Accidental Death Benefit	Eligibility: Death caused by on-the-job accident. World Trade Center Presumption benefits may apply if certain criteria are met. Benefit: The benefit equals 50% of the Final 5-Year Average Compensation.

(f) Ordinary Disability Benefits	Eligibility: Completion of 10 years of credited service Benefit: The benefit equals the greater of the Service Retirement percentage calculated in (a) above and 25% multiplied by Final 5-Year Average Compensation. If eligible for an Early or Service Retirement benefit, the greater of this benefit and the Early or Service Retirement benefit is payable.
(g) Accidental Disability Benefits	Eligibility: Disability caused by on-the-job accident. Benefit: The benefit equals 75% of the Final 5-Year Average Compensation reduced by any worker's compensation payments. If eligible for an Early or Service Retirement benefit, the greater of this benefit and the Early or Service Retirement benefit is payable.
4. Member Contributions	None
III. Tier 3 and Tier 4—Basic Age 62 & 5 Year Retirement Program	
1. Eligibility	Non-operating Members hired prior to June 28, 1995, who have not elected the 55 & 25 Plan. Members hired on or after July 27, 1976, and before September 1, 1983, are in Tier 3. Members hired on or after September 1, 1983 and before April, 1, 2012, are in Tier 4.
2. Final Average Compensation	Highest average earnings during any three consecutive calendar-years periods, or the final 36 months immediately preceding the member's retirement date. Earnings used in the calculation cannot exceed 110% of the average of the two preceding years.
3. Benefits	
(a) Service Retirement	Eligibility: Attainment of age 62 and completion of at least 5 years of credited service. Benefit: If at least 20 years of credited service is completed, the benefit equals 2.0% of Final Average Compensation for first 30 years of credited service plus 1.5% of Final Average Compensation for years of credited service in excess of 30. If completed less than 20 years of credited service, the benefit equals 1-2/3% of Final Average Compensation multiplied by years of credited service.
(b) Early Retirement	Eligibility: Attainment of age 55 and completion of at least 5 years of credited service. Benefit: The benefit equals the Service Retirement benefit reduced by 6% for each of the first two years prior to age 62, and by 3% for years prior to age 60.

(c) Termination Benefits	(i) Refund of Contributions Eligibility: Completion of less than 5 years of Credited Service. Benefit: The benefit equals a refund of the member's contributions accumulated with interest at a rate of 5.0%. (ii) Vested Benefit Eligibility: Completion of at least 5 years of credited service. Benefit: The benefit equals the Service Retirement benefit with compensation and service calculated as of the date of termination. The benefit is deferred until age 62. A vested participant with less than 10 years of credited service may elect to receive the benefit in (i) above in lieu of this benefit. If a member with at least 10 years of credited service dies before commencing benefits, 50% of the ordinary death benefit (below) is payable. All accumulated regular contributions with interest are payable.
(d) Ordinary Death Benefits	Eligibility: all members. Pre-Retirement Death Benefit: The benefit equals a lump sum of annual salary times completed years of credited service up to 3 years of service. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Post-Retirement Death Benefit: Upon retirement, the benefit, calculated in the same manner as the pre-retirement death benefit, shall be reduced by 50% in the first year after retirement and reduced an additional 25% in the second year of retirement. In the third year of retirement and thereafter, the benefit equals 10% of the pre-retirement benefit in force at time of retirement. Spouse Benefit (Tier 3 only). Eligibility: Vested and spouse is beneficiary.
	Benefit: In lieu of the ordinary death benefit above, the spouse may elect 1/3 of the ordinary death benefit plus an annuity of 1.0% of Final Average Compensation per year of credited service, payable for life, or until remarriage. If the surviving spouse is more than 10 years younger, the annuity is actuarially reduced. The total of all payments will at least equal the amount of the full lump sum benefit.

(e) Accidental Death Benefits	Eligibility: Death caused by on-the-job accident. World Trade Center Presumption may apply if certain criteria are met. Benefit: The benefit equals 50% of compensation paid to eligible beneficiary as defined by priority: (i) Spouse, until remarriage (ii) Children, to age 25 (iii) Dependent parents (iv) Any other dependent survivors, to age 21 Total of all payments will at least equal the amount of the full ordinary death lump sum benefit.
(f) Ordinary and Accidental Disability Benefits	Eligibility: Completion of 10 years of credited service for ordinary. No minimum years of credited service required for accidental. Benefit: The benefit equals the greater of 1-2/3% of Final Average Compensation per year of credited service and 1/3 of Final Average Compensation. If eligible for a Service Retirement benefit, the greater of this benefit and the Service Retirement benefit is payable.
4. Member Contributions	Regular contribution rate of 3.0%. Regular contributions cease at the later of October 1, 2000, or the later of 10 years of membership or 10 years of credited service.
IV. Tier 3 and Tier 4—25 Year and Age 55 Retirement Programs	
1. Eligibility	All operating members hired prior to April 1, 2012, and non-operating members hired prior to July 26, 1994, who elected this program. Members hired on or after July 27, 1976, and before September 1, 1983, are in Tier 3. Members hired on or after September 1, 1983, and before April 1, 2012, are in Tier 4.
2. Final Average Compensation	Highest average earnings during any three consecutive calendar-years periods, or the final 36 months immediately preceding the member's retirement date. Earnings used in the calculation cannot exceed 110% of the average of the two preceding years.
3. Benefits	
(a) Service Retirement	Eligibility: Attainment of age 55 and completion of at least 25 years of credited service, or attainment of age 62 and completion of at least 5 years of credited service.

	Benefit: If at least 20 years of credited service is completed, the benefit equals 2.0% of Final Average Compensation for first 30 years of credited service plus 1.5% of Final Average Compensation for years of credited service in excess of 30. If completed less than 20 years of credited service, the benefit equals 1-2/3% of Final Average Compensation multiplied by years of credited service. For non-operating employees who have attained age 62, a refund of one-half of the member's additional contributions accumulated at a rate of 5.0% is also payable.
(b) Termination Benefits	(i) Refund of Contributions Eligibility: Less than 5 years of credited service. Benefit: The benefit equals a refund of the member's contributions accumulated at a rate of 5.0%.
	(ii) Vested Benefit Eligibility: Completion of at least 5 years of credited service. Benefit: The benefit equals the Service Retirement benefit with compensation and service calculated as of the date of termination. The benefit is deferred until age 62. For operating members with at least 25 years of credited service, the benefit is deferred until age 55. A vested participant with less than 10 years of credited service may elect to receive a refund of contributions in lieu of this benefit. If a member with at least 10 years of credited service dies before commencing benefits, 50% of the salary-related ordinary death benefit (below) plus accumulated regular contributions with interest and one-half of accumulated additional member contributions with interest are payable.
(c) Ordinary Death Benefits	Eligibility: All members. Pre-Retirement Death Benefit: The benefit equals a lump sum of annual salary times the lesser of completed years of credited service up to 3 years of service. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Post-Retirement Death Benefit: Upon retirement, the pre-retirement benefit shall be reduced by 50% and reduced, an additional 25% after completion of one year of retirement. In the third year of retirement and thereafter, the benefit equals 10% of the pre-retirement benefit in force at age 60 or at time of retirement if retirement was earlier than age 60. The benefit cannot be less than 10% of the pre-retirement benefit in force at time of retirement.

	Spouse Benefit (Tier 3 only) Eligibility: Vested and spouse is beneficiary. Benefit: In lieu of the ordinary death benefit above, the spouse may elect 1/3 of the ordinary death benefit plus an annuity of 1.0% of Final Average Compensation per year of credited service, payable for life, or until remarriage. If the surviving spouse is more than 10 years younger, the annuity is actuarially reduced. The total of all payments will at least equal the amount of the full lump sum benefit.
(d) Accidental Death Benefits	Eligibility: Death caused by on-the-job accident. World Trade Center Presumption may apply if certain criteria are met. Benefit: The benefit equals 50% of compensation paid to eligible beneficiary as defined by priority: (i) Spouse, until remarriage (ii) Children, to age 25 (iii) Dependent parents (iv) Any other dependent survivors, to age 21 Total of all payments will at least equal the amount of the full ordinary death lump sum benefit.
(e) Ordinary and Accidental Disability Benefits	Eligibility: Completion of 10 years of credited service for ordinary. No minimum years of credited service requirement for accidental disability benefit. Benefit: The benefit equals the greater of 1-2/3% of Final Average Compensation per year of credited service and 1/3 of Final Average Compensation. If eligible for a Service Retirement benefit, the greater of this benefit and the Service Retirement benefit is payable. For non-operating employees, a refund of one-half of the member's additional contributions accumulated plus interest at a rate of 5.0% is also payable.
4. Member Contributions	Operating Employees: Regular contribution rate of 2.0%. Additional 55/25 contributions were made through 2000. These contributions may be refunded effective November 2007 for TWU Local 100 and April 2008 for TSO Local 106. Non-operating Employees: Regular contribution rate of 3.0%. Regular contributions cease at the later of October 1, 2000 or after the later of 10 years of membership or 10 years of credited service. Additional contribution rate of 1.85%; which ceases after 30 years of credited service.
V. Tier 4—Age 57 & 5 Year Retirement Program	

1. Eligibility	Non-operating members hired on or after June 28, 1995 and prior to April 1, 2012. Members hired on or after September 1, 1983 and before April 1, 2012 are in Tier 4.
2. Final Average Compensation	Highest average earnings over three consecutive years. Earnings in a year cannot exceed 110% of the average of the two preceding years.
3. Benefits	
(a) Service Retirement	Eligibility: Attainment of age 57 and completion of at least 5 years of credited service. Benefit: If at least 20 years of credited service are completed, the benefit equals 2.0% of Final Average Compensation for the first 30 years of credited service plus 1.5% of Final Average Compensation for years of credited service in excess of 30. If less than 20 years of credited service are completed, the benefit equals 1-2/3% of Final Average Compensation multiplied by years of credited service. For non-operating employees who have attained age 62, a refund of one-half of the member's additional contributions accumulated at a rate of 5.0% is also payable.
(b) Termination Benefits	(i) Refund of Contributions Eligibility: Completion of less than 5 years of credited service. Benefit: The benefit equals a refund of the member's contributions accumulated at a rate of 5.0%. (ii) Vested Benefit Eligibility: Completion of at least 5 years of credited service. Benefit: The benefit equals the Service Retirement benefit with compensation and service calculated as of the date of termination. The benefit is deferred until age 57. A vested participant with less than 10 years of credited service may elect to receive the benefit in (i) above in lieu of this benefit. If a member with at least 10 years of credited service dies before commencing benefits, 50% of the salary-related ordinary death benefit (below) is payable. All accumulated regular contributions with interest and one-half of accumulated additional member contributions with interest are payable.

(c) Ordinary Death Benefits	Eligibility: All members Pre-Retirement Death Benefit: The benefit equals a lump sum of annual salary times the lesser of completed years of credited service up to 3 years of service. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Post-Retirement Death Benefit: Upon death after retirement, the benefit, calculated in the same manner as the pre-retirement death benefit, shall be reduced by 50% in the first year after retirement and reduced an additional 25% in the second year of retirement. In the third year of retirement and thereafter, the benefit equals 10% of the pre-retirement benefit in force at time of retirement.
(d) Accidental Death Benefits	Eligibility: Death caused by on-the-job accident. World Trade Center Presumption may apply if certain criteria are met. Benefit: The benefit equals 50% of final 1-year compensation paid to eligible beneficiary as defined by priority: (i) Spouse, until remarriage (ii) Children, to age 25 (iii) Dependent parents (iv) Any other dependent survivors, to age 21. Total of all payments will at least equal the amount of the full ordinary death lump sum benefit.
(e) Ordinary and Accidental Disability Benefits	Eligibility: Completion of 10 years of credited service for ordinary. No minimum years of credited service requirement for accidental disability benefit. Benefit: The benefit equals the greater of 1-2/3% of Final Average Compensation per year of credited service and 1/3 of Final Average Compensation. If eligible for Service Retirement benefit, the greater of this benefit and the Service Retirement benefit is payable. For non-operating employees, a refund of one-half of the member's additional contributions accumulated at a rate of 5.0% is also payable.
4. Member Contributions	Regular contribution rate of 3.0%. Regular contributions cease at the later of October 1, 2000 or after the later of 10 years of membership or 10 years of credited service. Additional contribution rate of 1.85%; which ceases after 30 years of credited service.
VI. Tier 6—25 and Age 55 Retirement Program	
1. Eligibility	All operating members hired on or after April 1, 2012.

2. Final Average	Highest average pensionable earnings over three consecutive years. Pensionable earnings exclude any overtime earnings, defined as compensation paid at a rate greater than the standard rate, in excess of the overtime cap. The overtime cap is indexed annually based on CPI-U for the calendar year two years ago and is \$20,958 for 2025. Pensionable earnings also exclude wages in excess of the annual salary paid to the Governor of New York (\$250,000 for 2025), lump sum payments for sick leave, accumulated vacation and other credits for time not worked, termination pay and any additional compensation paid in anticipation of retirement. Pensionable earnings in a year cannot exceed 110% of the average of the four preceding years for purposes of determining Final Average Compensation.
3. Benefits	
(a) Service Retirement	Eligibility: Attainment of age 55 and completion of at least 25 years of credited service, or attainment of age 63 and completion of at least 5 years of credited service. Benefit: If completed at least 25 years of credited service, the benefit equals 2.0% of Final Average Salary for the first 30 years of credited service plus 1.5% of Final Average Salary for years of credited service in excess of 30. If completed at least 20 years, but less than 25 years of credited service, 35% of Final Average Salary plus 2% of Final Average Salary for years of credited service in excess of 20. If completed less than 20 years of credited service, the benefit equals 1-2/3% of Final Average Salary multiplied by years of credited service.
(b) Termination Benefits	(i) Refund of Contributions Eligibility: Completion of less than 5 years of credited service. Benefit: The benefit equals a refund of the member's contributions accumulated plus interest at a rate of 5.0%. (ii) Vested Benefit Eligibility: Completion of at least 5 years of credited service. Benefit: The benefit equals the Service Retirement benefit with compensation and service calculated as of the date of termination. The benefit is deferred until age 63. For operating members with at least 25 years of credited service, the benefit is deferred until age 55. A vested participant with less than 10 years of credited service may elect to receive a refund of contributions in lieu of this benefit. If a member with at least 10 years of credited service dies before commencing benefits, 50% of the salary-related ordinary death benefit (below) plus accumulated regular contributions with interest are payable.

(c) Ordinary Death Benefits	Eligibility: All members Pre-Retirement Death Benefit: The benefit equals a lump sum of annual salary times completed years of credited service up to 3 years of service. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Post-Retirement Death Benefit: Upon death after retirement, the benefit, calculated in the same manner as the pre-retirement death benefit, shall be reduced by 50% in the first year after retirement and reduced an additional 25% in the second year of retirement. In the third year of retirement and thereafter, the benefit equals 10% of the pre-retirement benefit in force at time of retirement if retirement was earlier than age 60. The benefit cannot be less than 10% of the pre-retirement benefit in force at time of retirement.
(d) Accidental Death Benefits	Eligibility: Death caused by on-the-job accident. World Trade Center Presumption may apply if certain criteria are met. Benefit: The benefit equals 50% of wages earned during last year of service or annual wage rate if less than one year of service, paid to eligible beneficiary as defined by priority: (i) Spouse, until remarriage (ii) Children, to age 25 (iii) Dependent parents (iv) Any other dependent survivors, to age 21 Total of all payments will at least equal the amount of the full ordinary death lump sum benefit.
(e) Ordinary and Accidental Disability Benefits	Eligibility: Completion of 10 years of credited service for ordinary. No minimum years of credited service requirement for accidental. Benefit: The benefit equals the greater of 1-2/3% of Final Average Salary per year of credited service and 1/3 of Final Average Compensation. If eligible for a Service Retirement benefit, the greater of this benefit and the Service Retirement benefit is payable.

4. Member Contributions	Regular contribution rate varies based on gross pensionable wages earned during two plan years (April 1 to March 31 but calendar year effective January 1, 2017) prior to the applicable plan year based on the following table. Chapter 56 of the Laws of 2022 and Chapter 55 of the Laws of 2024 eliminated overtime from the determination of pensionable wages for purposes of determining the applicable contribution rate from April 1, 2022 to December 31, 2026. For first three years of a member's career, a projection of annual wages is used. The rate for the plan year ending March 31, 2013 for Transit Operating Tier 6 employees is 2%. <table border="1" data-bbox="711 541 1520 972"> <thead> <tr> <th data-bbox="711 541 1144 642">Annual Wages Earned During Plan Year</th><th data-bbox="1144 541 1520 642">Contribution Rate</th></tr> </thead> <tbody> <tr> <td data-bbox="711 642 1144 709">Up to \$45,000</td><td data-bbox="1144 642 1520 709">3.00%</td></tr> <tr> <td data-bbox="711 709 1144 777">\$45,001–\$55,000</td><td data-bbox="1144 709 1520 777">3.50%</td></tr> <tr> <td data-bbox="711 777 1144 844">\$55,001–\$75,000</td><td data-bbox="1144 777 1520 844">4.50%</td></tr> <tr> <td data-bbox="711 844 1144 911">\$75,001–\$100,000</td><td data-bbox="1144 844 1520 911">5.75%</td></tr> <tr> <td data-bbox="711 911 1144 972">Greater than \$100,000</td><td data-bbox="1144 911 1520 972">6.00%</td></tr> </tbody> </table>	Annual Wages Earned During Plan Year	Contribution Rate	Up to \$45,000	3.00%	\$45,001–\$55,000	3.50%	\$55,001–\$75,000	4.50%	\$75,001–\$100,000	5.75%	Greater than \$100,000	6.00%
Annual Wages Earned During Plan Year	Contribution Rate												
Up to \$45,000	3.00%												
\$45,001–\$55,000	3.50%												
\$55,001–\$75,000	4.50%												
\$75,001–\$100,000	5.75%												
Greater than \$100,000	6.00%												
VII. Tier 6—Age 63 and 5 Year Retirement Program													
1. Eligibility	All non-operating members hired on or after April 1, 2012.												
2. Final Average Compensation	Highest average pensionable earnings over three consecutive years. Pensionable earnings exclude any overtime earnings, defined as compensation paid at a rate greater than the standard rate, in excess of the overtime cap. The overtime cap is indexed annually and is \$20,958 for 2025. Pensionable earnings also exclude wages in excess of the annual salary paid to the Governor of New York (\$250,000), lump sum payments for sick leave, accumulated vacation and other credits for time not worked, termination pay, and any additional compensation paid in anticipation of retirement. Pensionable earnings in a year cannot exceed 110% of the average of the four preceding years for purposes of determining the Final Average Compensation.												
3. Benefits													
(a) Service Retirement	Eligibility: Attainment of age 63 and completion of at least 5 years of credited service. Benefit: If completed at least 20 years of credited service, 35% of Final Average Salary plus 2% of Final Average Salary for years of credited service in excess of 20. If completed less than 20 years of credited service, the benefit equals 1-2/3% of Final Average Salary multiplied by years of credited service.												

(b) Early Retirement	Eligibility: Attainment of age 55 and completion of at least 5 years of credited service. Benefit: The benefit equals the Service Retirement benefit reduced by 6.5% for each year prior to age 63.
(c) Termination Benefits	(i) Refund of Contributions Eligibility: Completion of less than 5 years of credited service. Benefit: The benefit equals a refund of the member's contributions accumulated plus interest at a rate of 5.0%. (ii) Vested Benefit Eligibility: Completion of at least 5 years of credited service. Benefit: The benefit equals the Service Retirement benefit with compensation and service calculated as of the date of termination. The benefit is deferred until age 63. A vested participant with less than 10 years of credited service may elect to receive a refund of contributions in lieu of this benefit. If a member with at least 10 years of credited service dies before commencing benefits, 50% of the salary-related ordinary death benefit (below) plus accumulated regular contributions with interest are payable.
(d) Ordinary Death Benefits	Eligibility: All members Pre-Retirement Death Benefit: The benefit equals a lump sum of annual salary times the lesser of completed years of credited service up to 3 years of service. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest are also payable. Post-Retirement Death Benefit: Upon death after retirement, the benefit, calculated in the same manner as the pre-retirement death benefit, shall be reduced by 50% in the first year after retirement and reduced an additional 25% in the second year of retirement. In the third year of retirement and thereafter, the benefit equals 10% of the pre-retirement benefit in force at time of retirement if retirement was earlier than age 60. The benefit cannot be less than 10% of the pre-retirement benefit in force at time of retirement.
(e) Accidental Death Benefits	Eligibility: Death caused by on-the-job accident. World Trade Center Presumption may apply if certain criteria are met. Benefit: The benefit equals 50% of compensation paid to eligible beneficiary as defined by priority: (i) Spouse, until remarriage (ii) Children, to age 25 (iii) Dependent parents (iv) Any other dependent survivors, to age 21 Total of all payments will at least equal the amount of the full ordinary death lump sum benefit.

(f) Ordinary and Accidental Disability Benefits	Eligibility: Completion of 10 years of credited service for ordinary. No minimum years of credited service requirement for accidental. Benefit: The benefit equals the greater of 1-2/3% of Final Average Salary per year of credited service and 1/3 of Final Average Compensation. If eligible for Service Retirement benefit, the greater of this benefit and the Service Retirement benefit is payable.												
4. Member Contributions	Regular contribution rate varies based on gross pensionable wages earned during two plan years (April 1–March 31 but calendar year effective January 1, 2017) prior to applicable plan year based on following table. Chapter 56 of the Laws of 2022 and Chapter 55 of the Laws of 2024 eliminated overtime from the determination of pensionable wages for purposes of determining the applicable contribution rate from April 1, 2022, to December 31, 2026. For first three years of a member’s career, a projection of annual wages is used. The rate for the year ending March 31, 2013, for Non-Operating Tier 6 employees is 3%. <table border="1" data-bbox="711 779 1523 1211"> <thead> <tr> <th data-bbox="711 779 1146 877">Annual Wages Earned During Plan Year</th><th data-bbox="1146 779 1523 877">Contribution Rate</th></tr> </thead> <tbody> <tr> <td data-bbox="711 877 1146 947">Up to \$45,000</td><td data-bbox="1146 877 1523 947">3.00%</td></tr> <tr> <td data-bbox="711 947 1146 1014">\$45,001–\$55,000</td><td data-bbox="1146 947 1523 1014">3.50%</td></tr> <tr> <td data-bbox="711 1014 1146 1081">\$55,001–\$75,000</td><td data-bbox="1146 1014 1523 1081">4.50%</td></tr> <tr> <td data-bbox="711 1081 1146 1148">\$75,001–\$100,000</td><td data-bbox="1146 1081 1523 1148">5.75%</td></tr> <tr> <td data-bbox="711 1148 1146 1211">Greater than \$100,000</td><td data-bbox="1146 1148 1523 1211">6.00%</td></tr> </tbody> </table>	Annual Wages Earned During Plan Year	Contribution Rate	Up to \$45,000	3.00%	\$45,001–\$55,000	3.50%	\$55,001–\$75,000	4.50%	\$75,001–\$100,000	5.75%	Greater than \$100,000	6.00%
Annual Wages Earned During Plan Year	Contribution Rate												
Up to \$45,000	3.00%												
\$45,001–\$55,000	3.50%												
\$55,001–\$75,000	4.50%												
\$75,001–\$100,000	5.75%												
Greater than \$100,000	6.00%												

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting—The Plan is accounted for on the accrual basis of accounting under which deductions are recorded when the liability is incurred and additions are recognized in the accounting period in which they are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Contributions from members are recorded when the employer makes payroll deductions from plan members. Employer contributions are recognized when due in accordance with the terms of the Plan. Additions to the Plan consist of contributions (member and employer) and net investment income.

The accounting and reporting policies of the Plan conform to accounting principles generally accepted in the United States of America (GAAP).

GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”), requires the Funds to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements.

New Accounting Standards Adopted—The Plan adopted the following GASB Statement for the year ended December 31, 2025:

GASB Statement No. 102, *Certain Risk Disclosures* (“GASB 102”), aims to enhance financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance). This statement addresses the need for transparency regarding risks that could substantially affect the level of services provided by governments.

The adoption of this Statement has no material impact on the net position of the Plan.

Accounting Standards Issued but Not Yet Adopted

GASB Statement No.	GASB Accounting Standard	MaBSTOA Pension Plan Required Year of Adoption
103	Financial Reporting Model Improvements	2026
104	Disclosure of Certain Capital Assets	2026
105	Subsequent Events	2027

Methods Used to Value Investments—Investments are stated at fair value or Net Asset Value (“NAV”) which approximates fair value. Fair value is the amount that the Plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than a forced or liquidation sale. All investments, with the exception of alternative investments are valued based on closing market prices or broker quotes.

Traded securities are stated at the last reported sales price on a national securities exchange on the last business day of the fiscal year. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold. Alternative investments are valued based on the most current net asset values.

Purchases and sales of securities are reflected on the trade date.

Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

Use of Management Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Risks and Uncertainties—The Plan’s investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term would materially affect the amounts reported in the Plan’s financial statements.

Income Taxes—The Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) of the Internal Revenue Code. Accordingly, the Plan is tax-exempt and is not subject to the provisions of ERISA. Therefore, income retained by the Plan is not subject to Federal income tax.

3. CASH AND INVESTMENTS

Investment Committee—The Plan’s policy statement is issued for the guidance of fiduciaries, including the members of the Board and investment managers, in the course of investing the assets of the Trust. The investments of the Trust will be made for the exclusive benefit of the Plan participants and their beneficiaries. Policy guidelines may be amended by the Board upon consideration of the advice and recommendations of the investment professionals.

In order to have a reasonable probability of achieving the target return at an acceptable risk level, the Board has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on, at least, a quarterly basis and will be readjusted when an asset class weighting is outside its target range. The following was the MaBSTOA Pension Plan Board adopted asset allocation policy as of December 31, 2024.

Asset Class	Target Strategic Asset Allocation	Allocation Range	Benchmark Index
Total equity	50.0 %	40.0%–60.0%	
Domestic large cap equity	23.0	18.0%–28.0%	S&P 500 Index
Domestic small/mid cap equity	4.5	0%–9.5%	Russell 2000 Index
Developed international equity	10.5	5.5%–15.5%	MSCI EAFE
Emerging markets large cap equity	3.0	0%–8.0%	MSCI Emerging Markets
Emerging markets small cap equity	1.0	0%–6.0%	MSCI Emerging Markets Small Cap
Private equity	8.0	3.0%–13.0%	C/A Global All PE (Qtr Lag)
Total fixed income	31.0	21.0%–41.0%	
US tips	2.0	0%–7.0%	Bloomberg US TIPS
US treasury bonds	2.0	0%–7.0%	Bloomberg US Treasury
US aggregate bonds	15.5	10.5%–20.5%	Bloomberg US Aggregate
US high yield	3.5	0%–8.5%	ICE BofA US High Yield
Private debt	8.0	3.0%–13.0%	50% CS Leveraged Loan/50% ICE BofA Euro HY Constrained
Total real assets	11.0	1.0%–21.0%	
Public real assets	3.0	0%–8.0%	SSgA Real Assets Index
Private real assets—natural resources/infrastructure	3.0	0%–8.0%	CPI + 3.0%
Private real estate—core/non-core	5.0	0%–10.0%	NCREIF Property Index (Qtr Lag)
Total multi-asset	8.0	3.0%–13.0%	
Hedge funds	8.0	3.0%–13.0%	HFRI Fund of Funds Index

The Trust's Policy Index is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the SAA targets set forth in this Policy. The Policy Index is calculated by multiplying the SAA target weight to each asset class by the rate of return of the appropriate market index, as listed above.

*See sub-target allocations and ranges on the following page.

Investment Objective—The investment objective of the funds is to achieve consistent positive real returns and to maximize long-term total return with prudent levels of risk through a combination of income and capital appreciation.

Investment Guidelines—The Board of Pension Managers executes investment management agreements with professional investment management firms to manage the assets of the Plan. The fund managers must adhere to guidelines that have been established to limit exposure to risk.

All investment managers shall be registered advisors under the Investment Advisors Act of 1940.

The Strategic Asset Allocation targets and permissible ranges for eligible asset classes of the Plan are detailed within the Investment Policy Statement (“IPS”). Full discretion, within the parameters of the IPS and in any individual investment policy associated with that allocation, is granted to the Investment Managers regarding the selection of securities and the timing of transactions. For separate accounts, individual manager guidelines and/or exemptions are specified in each approved investment management agreement (“IMA”). Should there be conflicts between the IPS and the IMA, the manager guidelines set forth in the IMA supersede the general guidelines in this Statement. For commingled funds, investment guidelines and/or exemptions are specified in such vehicle’s offering documents and any applicable side letter agreements. Should there be conflicts, the individual vehicle’s investment guidelines supersede the general guidelines in the IPS.

Performance of the Trust will be evaluated on a regular basis. Evaluation will include the degree to which performance results meet the goals and objectives as herewith set forth. Toward that end, the following standards will be used in evaluating investment performance:

- The compliance of each investment manager with the guidelines as expressed herein.
- The extent to which the total rate of return performance of the Trust achieves or exceeds the targeted goals.

Fixed Income Investment Managers—Investment managers are governed by the provisions described in the IPS. The fixed-income portion of the Additional Plan’s assets shall be invested in marketable, fixed income securities, such as:

- Domestic fixed income securities, subject to the guidelines reflected in IPS. Generally defined, the Bloomberg Barclays US Aggregate Bond Index represents the opportunity set for intermediate-term investment grade bonds traded in the United States.
- International fixed income securities, subject to the guidelines reflected in IPS. Generally defined, the Citigroup World Government Bond Index represents the opportunity set for international developed market bonds. The J.P. Morgan Emerging Markets Bond Index-Global represents the opportunity set for international emerging market bonds denominated in USD. The J.P. Morgan GBI-EM Global Diversified Index represents the opportunity set for international emerging market bonds denominated in local currency.

These index references are guidelines and do not prohibit investment in securities outside those indexes.

Equity Investment Managers—Investment managers are governed by the provisions described in the IPS. The equity portion of the Additional Plan’s assets shall be invested in marketable securities, such as:

- Domestic equity securities, subject to the guidelines. Generally defined, the Standard & Poor’s 500 and the Russell 3000 Index represents the opportunity set for the Large Cap and Small Cap equities traded in the United States.
- International equity securities, subject to the guidelines. Generally defined, the Morgan Stanley EAFE (Europe, Australasia, and the Far East) Index represents the opportunity set for equities traded in international developed markets. The Morgan Stanley Emerging Markets Index represents the opportunity set for equities traded in international emerging markets.

These index references are guidelines and do not prohibit investment in securities outside those indexes.

Overlay Managers—For a variety of reasons, the investment program may carry large amounts of cash throughout the year. In order to achieve the actuarial assumed returns on the total investment program, the Committee may retain an overlay manager(s). The overlay manager may use exchange traded futures contracts, Treasuries, and/or Exchange-Traded Funds (ETFs) to expose the cash to the Policy Target Allocation

In addition, the overlay manager may be utilized for the following:

- Expose un-invested assets of domestic and international equity investment managers to their respective equity benchmarks.
- Assist the Board in rebalancing, transitions, and/or gaining exposure to approved asset classes.
- Invest excess cash into highly liquid short-term investments.
- Provide the market (or “beta”) exposures in a portable alpha program.
- The overlay manager shall ensure that all futures positions are fully collateralized, and the manager is prohibited from leveraging any portion of the portfolio.

Alternative Investments Managers—Alternative investments allow the Plan to expand the opportunity set beyond public markets and can be used to enhance overall Plan returns and diversify risk.

Alternative investments are broadly categorized into the following categories:

- Private fixed income
- Real assets
- Real estate
- Absolute return or Hedge Funds
- Private equity
- Venture Capital

Common features of alternative investments are limited liquidity, the use of derivatives, leverage and shorting, lower regulatory oversight, limited transparency, and high fees. Compensating for these risks, these investments offer the potential of diversification and/or higher rates of return over time.

Derivatives Policy—Where appropriate, investment managers may use derivative securities for the following reasons:

- **Hedging.** To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.
- **Creation of Market Exposures.** Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.
- **Management of Country and Asset Allocation Exposure.** Investment managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for these purposes.

- Additional uses of derivatives shall be approved by the Board or set forth in the individual investment guidelines or the offering documents prior to implementation and shall be restricted to those specific investment managers.

Ineligible Investments—Unless specifically approved by the Committee or set forth in the individual investment guidelines of a particular allocation, certain securities, strategies and investments are ineligible for inclusion within separately managed accounts. These are:

- Privately-placed or other non-marketable debt, except securities issued under Rule 144a,
- Lettered, legend or other so-called restricted stock,
- Investments in Russian securities,
- Investments in any securities issued by the Metropolitan Transportation Authority or any of its affiliates,
- Commodities,
- Naked Short sales and short sales not acting as a hedge, and
- Direct investments in private placements, real estate, oil and gas and venture capital.

Investment Valuation—Investments primarily include money market funds, equity securities, United States government securities, corporate bonds and debentures, asset backed securities, mortgage and commercial backed securities, mutual and commingled funds. All investments are registered and held by the trustee under a grantor trust, in the name of the Additional Plan. The values of Additional Plan investments are adjusted to fair value as of the last business day of each month based on quoted market prices or net asset value, which is determined to be a practical expedient for measuring fair value, except for certain cash equivalents, which are stated at cost and approximate market value. Purchases and sales of securities are recorded on a trade-date basis.

Income Recognition—Gains or losses from investment transactions are recognized on a trade date basis. Such investment gains or losses are determined using the average cost method. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Risks and Uncertainties—The Plan's investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term would materially affect the amounts reported in the Plan's financial statements.

The financial markets, both domestically and internationally, have demonstrated significant volatility on a daily basis, which affects the valuation of investments. The Plan utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and with acceptable levels of risk.

GASB Statement No. 72—In year 2015, the Plan adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for

identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan have the following recurring fair value measurements as of December 31, 2025 and 2024:

Investments measured at readily determined fair value (FV)
(In thousands)

	December 31, 2025	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity securities:				
Separate account large-cap equity funds	\$ 313,319	\$ 313,319	\$ -	\$ -
Separate account small-cap equity funds	202,961	202,961	-	-
Separate account international equity funds	149,514	149,514	-	-
Separate account small—real estate investments trusts	<u>158</u>	<u>158</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>665,953</u>	<u>665,953</u>	<u>-</u>	<u>-</u>
Debt securities:				
Mutual funds	81,608	81,608	-	-
Separate account—opportunistic credit/private debt	39,948	-	39,948	-
Separate account debt funds	<u>580,143</u>	<u>-</u>	<u>580,143</u>	<u>-</u>
Total debt investments	<u>701,699</u>	<u>81,608</u>	<u>620,091</u>	<u>-</u>
Total investments by fair value	<u>\$ 1,367,652</u>	<u>\$ 747,561</u>	<u>\$ 620,091</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)
(In thousands)

	December 31, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity securities:				
Commingled large cap equity funds	\$ 751,530	\$ -	Daily	None
Commingled international equity funds	399,051	-	Daily	None
Commingled emerging market equity funds	<u>240,813</u>	<u>-</u>	Daily, monthly	None
Total equity investments measured at the NAV	<u>1,391,393</u>	<u>-</u>		
Debt securities—				
Commingled debt funds	<u>351,757</u>	<u>-</u>	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	<u>351,757</u>	<u>-</u>		
Absolute return:				
Direct lending	49,421	127,796	Bi-annually	60 plus days
Distressed securities	7,930	-	Not eligible	N/A
Credit long	43,109	-	Quarterly	3–30 days
Credit long/short	-	-	Quarterly	3–60 days
Hedge funds of funds	366,713	-	Quarterly	70 days
Event driven	-	2,093	Quarterly	60–120 days
Global tactical asset allocation	-	-	Daily, monthly	3–30 days
Market neutral	-	-	Quarterly	3–60 days
Multistrategy	<u>-</u>	<u>-</u>	Quarterly	3–60 days
Total absolute return measured at the NAV	<u>467,174</u>	<u>129,889</u>		
Venture capital	1,473	3,600	Not eligible	N/A
Private equity—private equity partnerships	392,945	247,967	Not eligible	N/A
Commingled real estate funds	92,901	55,178	Not eligible	N/A
Real assets:				
Commingled commodities fund	133,493	-	Not eligible	N/A
Energy	42,713	21,295	Not eligible	N/A
Infrastructure	22,371	73,700	Not eligible	N/A
Shipping	<u>-</u>	<u>678</u>	Not eligible	N/A
Total real assets measured at the NAV	<u>198,577</u>	<u>95,673</u>		
Short term investments measured at the NAV	<u>116,004</u>	<u>-</u>		
Total investments measured at the NAV	<u>3,012,224</u>	<u>\$ 532,307</u>		
Total investments at fair value	<u>\$ 4,379,876</u>			

Investments measured at readily determined fair value (FV)
(In thousands)

	December 31, 2024	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity securities:				
Separate account large-cap equity funds	\$ 242,164	\$ 242,164	\$ -	\$ -
Separate account small-cap equity funds	268,151	268,151	-	-
Separate account international equity funds	146,528	146,528	-	-
Separate account small—real estate investments trusts	<u>37,013</u>	<u>37,013</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>693,856</u>	<u>693,856</u>	<u>-</u>	<u>-</u>
Debt securities:				
Mutual funds	60,148	60,148	-	-
Separate account—opportunistic credit/private debt	46,248	-	46,248	-
Separate account debt funds	<u>641,850</u>	<u>-</u>	<u>641,850</u>	<u>-</u>
Total debt investments	<u>748,246</u>	<u>60,148</u>	<u>688,098</u>	<u>-</u>
Total investments by fair value	<u>\$ 1,442,102</u>	<u>\$ 754,004</u>	<u>\$ 688,098</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)
(In thousands)

	December 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity securities:				
Commingled large cap equity funds	\$ 707,296	\$ -	Daily	None
Commingled international equity funds	357,082	-	Daily	None
Commingled emerging market equity funds	<u>183,367</u>	<u>-</u>	Daily, monthly	None
Total equity investments measured at the NAV	<u>1,247,745</u>	<u>-</u>		
Debt securities—				
Commingled debt funds	<u>280,403</u>	<u>-</u>	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	<u>280,403</u>	<u>-</u>		
Absolute return:				
Direct lending	63,894	59,377	Bi-annually	60 plus days
Distressed securities	8,349	-	Not eligible	N/A
Credit long	40,015	-	Quarterly	3–30 days
Credit long/short	-	-	Quarterly	3–60 days
Hedge funds of funds	325,053	-	Quarterly	70 days
Event driven	-	2,093	Quarterly	60–120 days
Global tactical asset allocation	-	-	Daily, monthly	3–30 days
Market neutral	-	-	Quarterly	3–60 days
Multistrategy	<u>-</u>	<u>-</u>	Quarterly	3–60 days
Total absolute return measured at the NAV	<u>437,311</u>	<u>61,470</u>		
Venture capital	316	4,575	Not eligible	N/A
Private equity—private equity partnerships	358,236	203,440	Not eligible	N/A
Commingled real estate funds	<u>84,469</u>	<u>46,322</u>	Not eligible	N/A
Real assets:				
Commingled commodities fund	80,803	-	Not eligible	N/A
Energy	54,657	23,553	Not eligible	N/A
Infrastructure	9,484	59,773	Not eligible	N/A
Shipping	<u>-</u>	<u>678</u>	Not eligible	N/A
Total real assets measured at the NAV	<u>144,944</u>	<u>84,004</u>		
Short term investments measured at the NAV	<u>93,441</u>	<u>-</u>		
Total investments measured at the NAV	<u>2,646,865</u>	<u>\$ 399,811</u>		
Total investments at fair value	<u>\$ 4,088,967</u>			

Concentration of Credit Risk—Individual investments held by the Plan that represents 5.0% or more of the Plan’s net assets available for benefits at December 31, 2025 and 2024 are as follows:

(In thousands)	2025	2024
Investments at fair value as determined by quoted market prices:		
Independent Franchise Partners	\$ 313,319	\$ 242,164
Blackrock Hedge Index Fund	273,010	257,524
Rhumblin S & P 500 Index Fund	751,530	707,296

Credit Risk—At December 31, 2025 and 2024, the following credit quality rating has been assigned by a nationally recognized rating organization:

(In thousands)				
Quality Rating	2025 Fair Value	Percentage of Fixed Income Portfolio	2024 Fair Value	Percentage of Fixed Income Portfolio
AAA	\$ 37,690	6.53 %	\$ 29,901	5.28 %
AA	4,647	0.80	113,640	20.09
A	30,005	5.20	21,768	3.85
BBB	101,623	17.60	88,544	15.65
BB	35,152	6.09	28,977	5.12
B	51,695	8.95	55,077	9.73
CCC	23,134	4.00	20,526	3.63
Not Rated	<u>211,613</u>	<u>36.65</u>	<u>59,097</u>	<u>10.45</u>
Credit risk debt securities	495,559	85.82	417,530	73.80
U.S. government bonds	<u>81,873</u>	<u>14.18</u>	<u>148,211</u>	<u>26.20</u>
Total fixed income securities	577,432	<u>100.00 %</u>	565,741	<u>100.00 %</u>
Other securities not rated—equity, international funds and foreign corporate bonds	<u>3,802,444</u>		<u>3,523,226</u>	
Total investments	<u>\$ 4,379,876</u>		<u>\$ 4,088,967</u>	

Interest Rate Risk Exceptions—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of sensitivity to interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Modified duration is an indicator of bond price’s sensitivity to a parallel 100 basis point change in interest rates.

Investment Fund (In Thousands)	2025		2024	
	Fair Value	Duration	Fair Value	Duration
Chase	<u>\$ 577,432</u>	6.61	<u>\$ 565,741</u>	5.99 *
Total fixed income securities	577,432		565,741	
Portfolio modified duration		6.61		5.99
Investments with no duration reported	<u>3,802,444</u>		<u>3,523,226</u>	
Total investments	<u>\$ 4,379,876</u>		<u>\$ 4,088,967</u>	

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Some of the Plan’s investment managers will have foreign currency exposure through holdings of foreign securities, currency derivatives or private investments whose revenue will be non-USD based. The Plan also holds investments in American Depositary Receipts (“ADRs”) which are denominated in U.S. dollars and accounted for at fair value.

In addition, the Plan has investments in foreign stocks denominated in foreign currencies. The Plan's foreign currency exposures as of December 31, 2025 and 2024 are as follows (amounts in U.S. dollars, in thousands):

Foreign Currency Holdings in US \$	2025	2024
Australia (Dollar)	\$ 2,839	\$ -
Canadian (Dollar)	12,982	-
Euro	50,913	4,296
Hong Kong (Dollar)	2,425	-
Japanese (Yen)	29,923	8,329
Mexican (Peso)	3,860	-
Singapore (Dollar)	5,616	-
South Korea (Won)	3,856	-
Sweden (Krona)	3,216	-
Swiss Franc	17,203	12,073
United Kingdom (GBP)	<u>34,271</u>	<u>14,690</u>
Total	<u>\$ 167,104</u>	<u>\$ 39,388</u>

4. CONTRIBUTIONS

The financial objective of the Plan is to fund, on an actuarial basis, the retirement and death benefits for eligible MaBSTOA employees and beneficiaries. MaBSTOA contributions to the fund are made annually. Contributions to MaBSTOA require the approval of the MaBSTOA Board.

Employer contributions amounted to \$18.3 and \$189.9 million for the years ended December 31, 2025 and 2024, respectively. Employee contributions amounted to \$34.2 million and \$28.5 million for the years ended December 31, 2025 and 2024, respectively. Contributions made by employees are accounted for in separate accounts maintained for each employee. Annually, these accounts are credited with interest at 5%. Effective April 1, 1990, MaBSTOA began to deduct employee contributions as pretax contributions under Section 414(h) of the Internal Revenue Code.

Pursuant to Section 7.03 of the MaBSTOA Plan, active plan members are permitted to borrow up to 75% of their contributions with interest. In addition, the maximum allowable outstanding loan amount for a vested employee cannot exceed 50% of the present value of the Accrued Vested Benefit (AVB) less the highest outstanding balances of any pension loan (s) within the previous one-year period from the day a new loan is issued. Their total contributions and interest remain intact and interest continues to accrue on the full balance. The participant's accumulated contribution account is used as collateral against the loan. The Plan granted \$6.9 million and \$6.8 million in loans to members during 2025 and 2024, respectively. Loan repayments by members amounted to \$7.4 and \$7.3 million in 2025 and 2024, respectively.

Upon termination of employment before retirement, certain participants are entitled to refunds of their own contributions including accumulated interest less any loans outstanding.

5. NET PENSION LIABILITY

The components of the net pension liability of the Plan at December 31, 2025 and 2024 was as follows (in thousands):

	2025	2024
Total pension liability	\$ 5,120,988	\$ 4,890,418
Fiduciary net position	<u>4,409,813</u>	<u>4,113,785</u>
Net pension liability	<u>\$ 711,175</u>	<u>\$ 776,633</u>
Fiduciary net position as a percentage of the total pension liability	86.11 %	84.12 %

Actuarial Methods and Assumptions—The total pension liability as of December 31, 2025 and 2024 was determined by actuarial valuations as of January 1, 2025 and January 1, 2024, respectively, that was updated to roll forward the total pension liability to year-end. Actuarial valuations are performed annually as of January 1.

The assumptions described below were determined based on an experience analysis covering the period from January 1, 2012 to December 31, 2017. The postretirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020.

Additional information of the latest actuarial valuation follows:

Valuation date	January 1, 2025
Valuation timing	Actuarially determined contributions calculated as of December 31 for the fiscal year and discounted to date payments made. For 2023–2025, discounts reflect timing of prepaid contributions.
Actuarial cost method	Frozen initial liability (FIL) ⁽¹⁾
Amortization method	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized base on expected working lifetime, weighted by salary, of the projected population
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2018– December 31, 2023 reflecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial Assumptions:	
Investment rate of return	6.50%, net of investment related expenses
Projected salary increases	Reflecting general wage, merit and promotion increases for operating and nonoperating members. Varies by years of employment.
Overtime	For operating employees, rates of overtime vary by years of service and are applied to base salary. For non-operating employees, assumed overtime is 3% of base pay regardless of years of the years of service. Overtime is for scheduled and unscheduled overtime. No overtime is applied to members receiving benefits upon death or disability or to members identified as managers.
Cost-of-living adjustments	60% of inflation assumption or 1.35% per annum, if applicable
Inflation	2.25% per annum

Valuation date	January 1, 2024
Valuation timing	Actuarially determined contributions calculated as of December 31 for the fiscal year and discounted to date payments made. For 2023–2024, discounts reflect timing of prepaid contributions.
Actuarial cost method	Frozen initial liability (FIL) ⁽¹⁾
Amortization method	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial Assumptions:	
Investment rate of return	6.50%, net of investment related expenses
Projected salary increases	Reflecting general wage, merit and promotion increases for operating and nonoperating members. Varies by years of employment.
Overtime	For operating employees, rates of overtime vary by years of service and are applied to base salary. For non-operating employees, assumed overtime is 3% of base pay regardless of years of the years of service. Overtime is for scheduled and unscheduled overtime. No overtime is applied to members receiving benefits upon death or disability or to members identified as managers.
Cost-of-living adjustments	60% of inflation assumption or 1.35% per annum, if applicable
Inflation	2.25% per annum

⁽¹⁾ Under this actuarial method, the initial liability has been established by the Entry Age Actuarial Cost Method for determining changes in the Unfunded Actuarial Accrued Liability (UAAL) due to plan provision and assumption changes.

Until the inception of the Tier 6 provisions in 2012, amendments enacted by State legislation in 2000 reflected the most significant changes to the plan and are summarized as follows:

For operating employees (Chapter 10 of the Laws of 2000):

- All operating employees are automatically included in the 2000 55/25 plan.

- Elimination of the 2.3% additional employees' contributions applicable to members of the 55/25 plan.
- Reduction in the Tier 3 and 4 employee basic contribution rates from 3.0% to 2.0%.

For managerial and non-operating employees (Chapter 126 of the Laws of 2000):

- Vesting under the Age 57 plan required only five years of service versus ten.
- As of October 1, 2000, regular Tier 3 and 4 employee contributions ceased after the completion of ten years of service.

For retired members (Chapter 125 of the Laws of 2000):

Automatic cost-of-living adjustments (COLAs). The COLAs apply to retired members as follows:

Retirees at Least age	Retired or Receiving Benefits for at Least
62	5 years
55	10
Disabled retirees	5
Accidental death beneficiaries	5

Initial COLA payable September 30, 2000, based on the first \$18,000 of the maximum retirement allowance.

Thereafter, annual COLAs of 50% of the increase in the consumer price index (CPI), but not less than 1% or more than 3%, of the first \$18,000 of maximum retirement allowance will be payable.

The benefit enhancements, as well as the automatic COLA for retirees, were reflected in the actuarial valuation beginning with the January 1, 2000, valuation.

The Plan adopted several amendments during 2002 as a result of state legislation. Amendments included changes to the definition of active service for Tier 1 and Tier 2 members, extension of the phase-in period from five years to ten years for funding liabilities created by Chapter 125 of the Laws of 2000 and increased accidental disability benefits for Tier 3 and Tier 4 members.

The Plan also adopted the legislative provisions of Chapter 379, which allow current and former members of the Transport Workers Union, Local 100 and Transit Supervisors Organization, Local 106, with an accumulated balance of additional member contributions ("AMC") made in accordance with the MaBSTOA 55/25 Plan enacted in 1994, to apply for a refund of such contributions. The MaBSTOA Board additionally adopted legislative provisions of Chapter 428 of 2016, which provided eligible members a refund of the employee Additional Member Contributions made in the Tier 4 Age 57 and 5 Year Program and the Tier 4 Age 25 and Year 55 Early Retirement Program. AMC refunds amounted to approximately \$0.9 million and \$0.4 million for the years ended December 31, 2025 and 2024.

At December 31, 2025 and 2024, assets were available to fund 86.1% and 84.1%, of the unfunded actuarial accrued liability (UAAL) when measured using the Entry Age Normal Cost Method per GASB 67 and the market value of assets.

Calculation on Money-Weighted Rate of Return—The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month.

Schedule of Calculations of Money-Weighted Rate of Return
(In thousands)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning value—January 1, 2025	\$ 4,113,785	12.00	1.00	\$ 4,668,159
Monthly net external cash flows:				
January	(21,169)	11.50	0.92	(23,900)
February	(21,676)	11.00	0.88	(24,226)
March	(21,676)	9.50	0.79	(23,952)
April	(21,676)	8.50	0.71	(23,711)
May	(21,676)	7.50	0.63	(23,473)
June	(12,709)	6.50	0.54	(13,607)
July	(21,676)	5.50	0.46	(22,974)
August	(21,676)	4.50	0.38	(22,742)
September	(21,676)	3.50	0.29	(22,485)
October	(21,676)	2.50	0.21	(22,259)
November	(21,676)	1.50	0.13	(22,035)
December	(12,873)	0.50	0.04	<u>(12,982)</u>
Ending value—December 31, 2025				<u>\$ 4,409,813</u>
Money-weighted rate of return	13.48 %			

**Schedule of Calculations of Money-Weighted Rate of Return
(In thousands)**

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning value—January 1, 2024	\$ 3,810,475	12.00	1.00	\$ 4,175,744
Monthly net external cash flows:				
January	2,831	11.50	0.92	3,080
February	2,831	11.00	0.88	3,068
March	2,831	9.50	0.79	3,043
April	2,831	8.50	0.71	3,020
May	2,831	7.50	0.63	2,999
June	2,831	6.50	0.54	2,974
July	(13,288)	5.50	0.46	(13,859)
August	(11,889)	4.50	0.38	(12,310)
September	(13,288)	3.50	0.29	(13,645)
October	(13,288)	2.50	0.21	(13,546)
November	(13,288)	1.50	0.13	(13,447)
December	(13,288)	0.50	0.04	<u>(13,336)</u>
Ending value—December 31, 2024				<u><u>\$ 4,113,785</u></u>
Money-weighted rate of return	9.59 %			

Expected Rate of Return on Investments—The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and

by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the December 31, 2025 and 2024 actuarial valuations are summarized in the following table:

Schedule of Long Term Expected Rate of Return for 2025

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	15.50 %	2.33 %
US Treasury Bonds	Bloomberg US Treasury TR USD(1972)	2.50	1.86
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS TR USD	2.50	2.03
US High Yield Bonds	ICE BofA US High Yield TR USD	3.50	3.97
Private Credit	CDL Index	8.00	6.57
US Large Cap Equity	S&P 500 TR USD	21.50	5.47
US Small Cap Equity	Russell 2000 TR USD	5.00	6.52
Foreign Developed Equity	MSCI EAFE NR USD	11.00	6.35
Emerging Market Equity	MSCI EM NR USD	3.50	8.48
Emerging Markets Small Cap Equity	MSCI EM Small NR USD	1.00	8.77
Private Real Estate Property	NCREIF Property	5.00	5.91
Private Equity	Cambridge Associates US Private Equity	8.00	10.51
Infrastructure—Public	S&P Global Infrastructure TR USD	3.00	5.51
Commodities	Bloomberg Commodity TR USD	3.00	3.13
Hedge Funds—MultiStrategy	HFRI: Fund Wtd Composite	7.00	4.03
Total		<u>100.00 %</u>	
Assumed inflation—mean			2.33 %
Assumed inflation—standard deviation			1.47
Portfolio nominal mean return			7.71
Portfolio standard deviation			12.26
Long-term expected rate of return selected by MTA			6.50

* Based on Plan's Investment Policy dated February 2026.

Schedule of Long Term Expected Rate of Return for 2024

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	15.50 %	2.36 %
US Treasury Bonds	Bloomberg US Treasury	2.00	1.85
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS	2.00	1.93
US High Yield Bonds	ICE BofA US High Yield	3.50	4.04
Private Credit	CDL Index	8.00	6.48
US Large Cap Equity	S&P 500	23.00	5.33
US Small Cap Equity	Russell 2000	4.50	6.82
Foreign Developed Equity	MSCI EAFE NR	10.50	6.91
Emerging Market Equity	MSCI EM NR	3.00	9.29
Emerging Markets Small Cap Equity	MSCI EM Small NR	1.00	9.62
Private Real Estate Property	NCREIF Property	5.00	5.93
Private Equity	Cambridge Private Equity	8.00	10.37
Infrastructure—Public	S&P Global Infrastructure	3.00	5.92
Commodities	Bloomberg Commodity	3.00	3.38
Hedge Funds—MultiStrategy	HFRI: Fund Wtd Composite	8.00	4.13
Total		<u>100.00 %</u>	
Assumed inflation—mean			2.30 %
Assumed inflation—standard deviation			1.46
Portfolio nominal mean return			7.77
Portfolio standard deviation			12.25
Long-term expected rate of return selected by MTA			6.50

* Based on Plan's Investment Policy dated February 2025.

Discount Rate—The discount rate used to measure the total liability as of December 31, 2025 and 2024 was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Plans' contributions will be made in accordance with the statutory contributions determined by the Actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the Plan, calculated using the discount rate as of 2025 and 2024; as well as what the Plan's net pension would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate for 2025 and 2024:

	1.00% Decrease 5.5%	Current Discount Rate 6.50%	1% Increase 7.50%
2025 (in thousands)			
Net pension liability	<u>\$ 1,281,299</u>	<u>\$ 711,175</u>	<u>\$ 222,100</u>

2024 (in thousands)	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	<u>\$ 1,328,018</u>	<u>\$ 776,633</u>	<u>\$ 309,745</u>

6. CUSTODIAL AND OTHER PROFESSIONAL SERVICES

JP Morgan Chase Bank is custodian and trustee of plan assets with the exception of Mellon asset management investments in which Mellon Bank N.A. is the custodian. JP Morgan Chase also provides cash receipt and cash disbursement services to the Plan. NEPC reviews the Plan's portfolio, the investment policies as adopted by the Investment Committee and the performance of the Investment Managers. NEPC also provides audit services for the Plan's equity portfolios. Actuarial services were provided to the Plan by Milliman Inc.

7. SUBSEQUENT EVENTS

The Plan has evaluated all subsequent events through July 27, 2026, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2025.

On May 26, 2026, Chapter 58 of the Laws of 2026 was passed as part of the New York State Budget and modifies the contribution rates and overtime ceilings for affected Plan members. Contributions will be reflected in the 2026 financial statements.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE I

MANHATTAN AND BRONX SURFACE TRANSIT
OPERATING AUTHORITY PENSION PLANREQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
(in millions)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 110	\$ 102	\$ 100	\$ 96	\$ 94	\$ 96	\$ 90	\$ 87	\$ 85	\$ 82
Interest	316	302	292	285	274	267	265	256	246	237
Changes of benefit terms	-	13	3	2	-	-	-	-	6	-
Differences between expected and actual experience	80	67	31	(21)	(19)	(1)	9	6	12	14
Changes of assumptions	18	-	-	-	72	-	169	-	-	-
Benefit payments and withdrawals	(294)	(279)	(267)	(258)	(246)	(238)	(221)	(214)	(209)	(188)
Net change in total pension liability	231	205	159	104	175	124	312	135	140	145
Total pension liability—beginning	4,890	4,685	4,526	4,422	4,246	4,123	3,811	3,676	3,536	3,391
Total pension liability—ending (a)	5,121	4,890	4,685	4,526	4,422	4,247	4,123	3,811	3,676	3,536
Plan fiduciary net position:										
Employer contributions	18	190	328	159	156	159	206	205	203	221
Employee contributions	34	29	26	26	25	25	24	22	20	18
Net investment income	538	365	414	(274)	416	56	447	(88)	350	212
Benefit payments and withdrawals	(294)	(279)	(267)	(258)	(246)	(238)	(221)	(214)	(209)	(188)
Administrative expenses	(1)	(1)	(1)	(1)	-	-	-	-	-	-
Net change in plan fiduciary net position	296	304	500	(348)	351	2	456	(75)	364	263
* Plan fiduciary net position—beginning	4,114	3,810	3,310	3,658	3,307	3,300	2,844	2,919	2,555	2,292
Plan fiduciary net position—ending (b)	4,409	4,114	3,810	3,310	3,658	3,302	3,300	2,844	2,919	2,555
Employer's net pension liability—ending (a)-(b)	\$ 711	\$ 776	\$ 875	\$ 1,216	\$ 765	\$ 945	\$ 823	\$ 967	\$ 757	\$ 981
Plan fiduciary net position as a percentage of the total pension liability	86.11 %	84.12 %	81.33 %	73.13 %	82.73 %	77.87 %	80.05 %	74.63 %	79.40 %	72.26 %
Covered payroll	880	871	820	776	808	814	771	767	748	713
Employer's net pension liability as a percentage of covered payroll	80.78 %	89.18 %	106.60 %	156.83 %	94.54 %	115.45 %	106.67 %	126.11 %	101.32 %	137.54 %
* 2021 Plan fiduciary net position—beginning is adjusted for the Plan's 2020 Q4 Private Markets values.										

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MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY PENSION PLAN

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS (in thousands)

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 220,486	\$ 220,697	\$ (211)	\$ 713,280	30.94 %
2017	202,897	202,684	213	747,651	27.11
2018	202,509	205,433	(2,924)	766,562	26.80
2019	209,314	206,390	2,924	771,201	26.76
2020	159,486	159,486	-	813,994	19.59
2021	156,204	156,204	-	807,756	19.34
2022	158,618	158,618	-	775,512	20.45
2023	170,033	328,430	(158,397)	820,468	40.03
2024	183,779	189,884	(6,105)	870,820	21.81
2025	199,134	18,277	180,857	880,382	2.08

(Continued)

**MANHATTAN AND BRONX SURFACE TRANSIT
OPERATING AUTHORITY PENSION PLAN**

SCHEDULE II

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Note to Schedule II:
The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan are as follows:

Valuation Dates	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021
Actuarial cost method	Frozen initial liability (FIL) ⁽¹⁾	Frozen initial liability (FIL) ⁽¹⁾	Frozen initial liability (FIL) ⁽¹⁾	Frozen initial liability (FIL) ⁽¹⁾	Frozen initial liability (FIL) ⁽¹⁾
Amortization method	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population	For FIL bases, 15 years for Fresh Start base as of January 1, 2020. Future gains/losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are on market value of assets	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are on market value of assets	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are on market value of assets	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are on market value of assets	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are on market value of assets
Interest rate	Net rate of 6.5% for 2025, per annum, net of investment expenses	Net rate of 6.5% for 2023, per annum, net of investment expenses	Net rate of 6.5% for 2022, per annum, net of investment expenses	Net rate of 6.5% for 2022, per annum, net of investment expenses	Net rate of 6.5% for 2021, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum
Deaths after retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Separations other than for normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80
Salary increases	Reflecting general wage, merit and promotion increases for operating and nonoperating members. Varies by year of employment.	Reflecting general wage, merit and promotion increases for operating and nonoperating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and nonoperating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and nonoperating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and nonoperating members. Varies by years of employment.
Overtime	For operating employees, rates of overtime vary by years of service. For non-operating employees, assumed overtime is 3% of base pay regardless of the years of service. Overtime is for scheduled and unscheduled overtime. No overtime is applied to members receiving benefits upon death or disability or to members identified as managers.	For operating employees, rates of overtime vary by years of service. For non-operating employees, assumed overtime is 3% of base pay regardless of the years of service. Overtime is for scheduled and unscheduled overtime. No overtime is applied to members receiving benefits upon death or disability or to members identified as managers.	For operating employees, rates of overtime vary by years of service. For non-operating employees, assumed overtime is 3% of base pay regardless of the years of service. Overtime is for scheduled and unscheduled overtime. No overtime is applied to members receiving benefits upon death or disability or to members identified as managers.	For operating employees, rates of overtime vary by years of service. For non-operating employees, assumed overtime is 3% of base pay regardless of the years of service. Overtime is for scheduled and unscheduled overtime. No overtime is applied to members receiving benefits upon death or disability or to members identified as managers.	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than overtime cap
Cost-of-living adjustments	60% of inflation assumption or 1.35% per annum if applicable ⁽²⁾	60% of inflation assumption or 1.35% per annum if applicable ⁽²⁾	60% of inflation assumption or 1.35% per annum if applicable ⁽²⁾	60% of inflation assumption or 1.35% per annum if applicable ⁽²⁾	60% of inflation assumption or 1.35% per annum if applicable ⁽²⁾
Provision for expenses	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost

⁽¹⁾ Under this actuarial method, the initial liability has been established by the Entry-Age Actuarial Cost Method for determining changes in the Unfunded Actuarial Accrued Liability (UAA) due to plan provision and assumption changes.

⁽²⁾ Assumes a long-term consumer price inflation assumption of 2.5% per annum, compounded annually.

(Continued)

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**MANHATTAN AND BRONX SURFACE TRANSIT
OPERATING AUTHORITY PENSION PLAN**

SCHEDULE II

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Note to Schedule II:
The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan are as follows:

Valuation Dates	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Actuarial cost method	Frozen initial liability (FIL) ⁽¹⁾	Frozen initial liability (FIL) ⁽¹⁾	Frozen initial liability (FIL) ⁽¹⁾	Frozen initial liability (FIL) ⁽¹⁾	Frozen initial liability (FIL) ⁽¹⁾
Amortization method	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets
Interest rate	Net rate of 6.5% for 2020, per annum, net of investment expenses	Net rate of 6.5% for 2019, per annum, net of investment expenses	Net rate of 7.0% for 2018, per annum, net of investment expenses	Net rate of 7.0% for 2017, per annum, net of investment expenses	Net rate of 7.0% for 2016, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.5% per annum	2.5% per annum	2.5% per annum
Deaths after retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Separations other than for normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan. All members are assumed to retire by age 80
Salary increases	Reflecting general, merit and promotion increases of 3.5% to 4.0% per year for operating and non-operating employees, respectively. Larger increases are assumed in the first 5 years of a member's career.	Reflecting general, merit and promotion increases of 3.5% to 4.0% per year for operating and non-operating employees, respectively. Larger increases are assumed in the first 5 years of a member's career.	Reflecting general, merit and promotion increases of 3.5% to 4.0% per year for operating and non-operating employees, respectively. Larger increases are assumed in the first 5 years of a member's career.	Reflecting general, merit and promotion increases of 3.5% to 4.0% per year for operating and non-operating employees, respectively. Larger increases are assumed in the first 5 years of a member's career.	In general, merit and promotion increases plus assumed general wage increases of 3.5% to 15.0% for operating employees and 4.0% to 7.0% for nonoperating employees per year, depending on years of service
Overtime	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than overtime cap	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than overtime cap	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than overtime cap	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than overtime cap	Except for managerial employees, 8.5% of base salary for operating employees and 2.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than overtime cap
Cost-of-living adjustments	60% of inflation assumption or 1.35% per annum if applicable (2)	60% of inflation assumption or 1.35% per annum if applicable (2)	55% of inflation assumption or 1.375% per annum if applicable (2)	55% of inflation assumption or 1.375% per annum if applicable (2)	55% of inflation assumption or 1.375% per annum if applicable (2)
Provision for expenses	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost

⁽¹⁾ Under this actuarial method, the initial liability has been established by the Entry Age Actuarial Cost Method for determining changes in the Unfunded Actuarial Accrued Liability (UAAI) due to plan provision and assumption changes.

⁽²⁾ Assumes a long-term consumer price inflation assumption of 2.5% per annum, compounded annually.

(Concluded)

MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY PENSION PLAN

SCHEDULE III

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The following table displays the annual money-weighted rate of return calculated net of investment expense for the Plan for:

Fiscal Year Ended December 31	Annual Money-Weighted Rate of Return
2016	9.16 %
2017	13.67
2018	(3.01)
2019	15.71
2020	1.84 *
2021	12.71
2022	(7.56)
2023	11.85
2024	9.59
2025	13.48

* The Net Money-Weighted Rate of Return was revised from 1.70% to 1.84%, based on subsequent information received for the Plan's Private Market investments fourth quarter, in the first year of the adoption of GASB 84.

Metropolitan Transportation Authority Defined Benefit Pension Plan

(A Fiduciary Component Unit of the Metropolitan
Transportation Authority)

Financial Statements as of and for the Years Ended
December 31, 2025 and 2024, Supplemental Schedules,
and Independent Auditor's Report

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of Pensions
Metropolitan Transportation Authority Defined Benefit Pension Plan

Opinion

We have audited the accompanying statements of fiduciary net position of the Metropolitan Transportation Authority Defined Benefit Pension Plan (the "Plan") as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in the Employers' Net Pension Liability and Related Ratios-Schedule I; Schedule of Employer Contributions-Schedule II; and Schedule of Investment Returns-Schedule III be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

July 27, 2026

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

This management’s discussion and analysis of the Metropolitan Transportation Authority Defined Benefit Pension Plan (the “Plan”) financial performance provides an overview of the Plan’s financial activities for the years ended December 31, 2025 and 2024. It is meant to assist the reader in understanding the Plan’s financial statements by providing an overall review of the financial activities during the two years and the effects of significant changes, as well as a comparison with the prior year’s activity and results. This discussion and analysis may contain opinions, assumptions, or conclusions by the MTA’s management that should not be considered a replacement for, and is intended to be read in conjunction with, the Plan’s financial statements which begin on page 10.

Overview of Basic Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Plan’s financial statements. The basic financial statements are:

- The Statements of Fiduciary Net Position - present the financial position of the Plan at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.
- The Statements of Changes in Fiduciary Net Position - present the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year’s activity as net appreciation (depreciation) in fair value of investments.
- The Notes to Financial Statements - provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan’s accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.
- Required Supplementary Information - as required by the Government Accounting Standards Board (“GASB”), includes the Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment returns.

The accompanying financial statements of the Plan are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB.

CONDENSED FINANCIAL INFORMATION AND ANALYSIS

Fiduciary Net Position December 31, 2025, 2024 and 2023 (Dollars in thousands)

	2025	2024	2023	Increase/(Decrease)			
				2025-2024		2024-2023	
				\$	%	\$	%
Assets:							
Cash and investments	\$ 7,843,352	\$ 7,184,955	\$ 6,564,261	\$ 658,397	9.2 %	\$ 620,694	9.5 %
Receivables and other assets	<u>20,051</u>	<u>15,032</u>	<u>12,318</u>	<u>5,019</u>	<u>33</u>	<u>2,714</u>	<u>22</u>
Total assets	<u>\$ 7,863,404</u>	<u>\$ 7,199,987</u>	<u>\$ 6,576,579</u>	<u>\$ 663,417</u>	<u>9.2</u>	<u>\$ 623,408</u>	<u>9.5</u>
Liabilities:							
Due to broker for securities purchased	\$ 9,359	\$ 11,512	\$ 16,485	\$ (2,153)	(18.7)	\$ (4,973)	(30.2)
Other liabilities	<u>14,042</u>	<u>6,806</u>	<u>6,639</u>	<u>7,236</u>	<u>106.3</u>	<u>167</u>	<u>2.5</u>
Total liabilities	<u>23,401</u>	<u>18,318</u>	<u>23,124</u>	<u>5,083</u>	<u>27.7</u>	<u>(4,806)</u>	<u>(20.8)</u>
Net position restricted for pensions	<u>\$ 7,840,003</u>	<u>\$ 7,181,669</u>	<u>\$ 6,553,455</u>	<u>\$ 658,334</u>	<u>9.2 %</u>	<u>\$ 628,214</u>	<u>9.6 %</u>

December 31, 2025 versus December 31, 2024

Cash and investments at December 31, 2025 were \$7,843.4 million representing an increase of \$658.4 million or 9.2% from 2024. This increase is a result of the appreciation of the Plan's investments and plan contributions, net of benefit payments and expenses during 2025.

Receivables and other assets net of liabilities at December 31, 2025 decreased by \$0.1 million or 1.9% from 2024. The net decrease is due primarily to a decrease in liabilities of \$5.1 million due to broker for securities purchased in the amount of \$2.2 million, an increase in other receivables of \$5.0 million due from broker from the sale of investments offset by an increase in other liabilities of \$7.2 million.

The net position restricted for pensions increased by \$658.3 million or 9.2% in 2025 as a result of the changes noted above.

December 31, 2024 versus December 31, 2023

Cash and investments at December 31, 2024 were \$7,184.9 million representing an increase of \$620.7 million or 9.5% from 2023. This increase is a result of the appreciation of the Plan's investments and plan contributions, which included \$355 million of prepaid 2025 Actuarially Determined Contributions ("ADC"), net of benefit payments and expenses during 2024.

Receivables and other assets net of liabilities at December 31, 2024 increased by \$7.5 million or 69.6% from 2023. The net increase is due primarily to an increase in liabilities of \$4.8 million due to broker for securities purchased in the amount of \$5.0 million, an increase in receivables of \$2.7 million due from broker from the sale of investments offset by a decrease in other liabilities of \$0.2 million.

The net position restricted for pensions increased by \$628.2 million or 9.6% in 2024 as a result of the changes noted above.

Changes in Fiduciary Net Position
For the Years Ended December 31, 2025, 2024 and 2023
(Dollars in thousands)

	2025	2024	2023	Increase/(Decrease)			
				2025-2024		2024-2023	
				\$	%	\$	%
Additions:							
Net investment (loss)/income	\$ 955,020	\$ 633,816	\$ 695,942	\$ 321,204	50.7 %	\$ (62,126)	(8.9)%
Contributions	<u>139,208</u>	<u>399,031</u>	<u>869,624</u>	<u>(259,823)</u>	<u>(65.1)</u>	<u>(470,593)</u>	<u>(54.1)</u>
Total net additions	<u>\$ 1,094,228</u>	<u>\$ 1,032,847</u>	<u>\$ 1,565,566</u>	<u>\$ 61,381</u>	<u>5.9</u>	<u>\$ (532,719)</u>	<u>(34.0)</u>
Deductions:							
Benefit payments	\$ 430,246	\$ 398,888	\$ 374,595	\$ 31,358	7.9	\$ 24,293	6.5
Transfer to New York State and Local Employees Retirement System ("NYSLERS")	467	944	890	(477)	(50.5)	54	6.1
Administrative expenses	<u>5,181</u>	<u>4,801</u>	<u>4,660</u>	<u>380</u>	<u>7.9</u>	<u>141</u>	<u>3.0</u>
Total deductions	<u>435,894</u>	<u>404,633</u>	<u>380,145</u>	<u>31,261</u>	<u>7.7</u>	<u>24,488</u>	<u>6.4</u>
Net increase/(decrease) in net position	658,334	628,214	1,185,421	30,120	4.8	(557,207)	(47.0)
Net position restricted for pensions:							
Beginning of year	<u>7,181,669</u>	<u>6,553,455</u>	<u>5,368,034</u>	<u>628,214</u>	<u>9.6</u>	<u>1,185,421</u>	<u>22.1</u>
End of year	<u>\$ 7,840,003</u>	<u>\$ 7,181,669</u>	<u>\$ 6,553,455</u>	<u>\$ 658,334</u>	<u>9.2 %</u>	<u>\$ 628,214</u>	<u>9.6 %</u>

December 31, 2025 versus December 31, 2024

Net investment income increased by \$321.2 million due to higher net investment gains of \$955.02 million in 2025 versus a net gain of \$633.8 million experienced in 2024.

Contributions decreased by \$259.8 million or 65.1% in 2025 due to ADC Contributions made in 2024 including prepaid 2025 ADC contributions.

Benefit payments increased by \$31.3 million or 7.9% over the prior year due to a continuing trend of increases in the number of retirees and cost-of-living adjustments provided to retirees and beneficiaries.

Administrative expenses increased by \$0.4 million, or 7.9% over 2024. This increase is due primarily to expenses charged in 2025 for various services provided to the Plan.

December 31, 2024 versus December 31, 2023

Net investment income decreased by \$62.1 million due to lower contributions and higher plan expenses in 2024 that resulted in lower net investment gains of \$633.8 million in 2024 versus a net gain of \$695.9 million experienced in 2023.

Contributions decreased by \$470.6 million or 54.1% in 2024 due to prepaid 2024 ADC contributions of \$414.8 million made in 2023 in addition to 2023 ADC contributions paid. Contributions made in 2024 included prepaid 2025 ADC contributions.

Benefit payments increased by \$24.3 million or 6.5% over the prior year due to a continuing trend of increases in the number of retirees and cost-of-living adjustments provided to retirees and beneficiaries.

Administrative expenses increased by \$0.1 million, or 3.0% over 2023. This increase is due primarily to expenses charged in 2024 for various services provided to the Plan.

Economic Factors

Market Overview 2025

In 2025, global markets navigated elevated volatility and evolving policy expectations. Geopolitical tensions and tariff disruptions periodically challenged investor sentiment. However, a shift toward monetary easing, complemented by supportive fiscal measures, such as the “Big Beautiful Bill”, reinforced risk appetite. Against this backdrop global equities delivered solid returns, international markets outperformed the United States, and precious metals emerged as standout performers.

United States (“U.S.”) equities started the year strong but experienced a sharp drawdown following the April 2 tariff announcement, dubbed “Liberation Day”. Markets later recovered as negotiations and temporary pauses reduced fears of prolonged trade tensions. The U.S. dollar weakened over the year, reflecting an extended Federal Reserve easing cycle and narrowing interest-rate differentials relative to other developed economies. This weaker dollar supported international equities and commodities, while periods of geopolitical stress provided only brief upward support for the dollar.

European equity markets outperformed most developed market peers, with several indices posting their best annual returns since the early 2000s. Attractive valuations, foreign inflows, currency effects, and relatively stable economic conditions underpinned performance. Across Asia and emerging markets, results were mixed. Policy stimulus in China and semiconductor-driven earnings growth in Taiwan supported returns, while trade uncertainty and uneven global growth created regional dispersion.

U.S. fixed income benefited from multiple Federal Reserve rate cuts aimed at stabilizing inflation and sustaining growth. Broader bond indices delivered positive returns as interest-rate volatility dampened and yields remained attractive. Yield curves steepened as markets anticipated additional easing. European central banks also had an easing policy, supporting rallies in sovereign debt and investment-grade credit. Emerging market debt performed well in both hard and local currencies.

Commodity performance was mixed. Gold and silver posted notable gains as safe-haven assets amid geopolitical uncertainty. Industrial metals rallied early in the year before moderating, while energy prices remained volatile as supply concerns competed with softer demand expectations.

U.S. Fiscal policy provided meaningful support to the markets through targeted measures, including infrastructure spending, tax incentives, and industrial policy initiatives. These measures acted as a late-cycle tailwind, supporting corporate investment, reinforcing labor market stability, and boosting business sentiment during periods of market stress.

Key Macro Themes of 2025

- A renewed global monetary easing cycle supporting risk assets
- Tariff volatility and trade policy uncertainty driving market stress
- Fiscal stimulus supporting corporate investment and economic activity
- U.S. dollar weakness reshaping global capital flows
- Strong performance in precious metals amid geopolitical risk
- Continued long-term optimism surrounding AI and structural growth trends

United States

U.S. economic growth slowed but remained resilient. Real Gross Domestic Product rose 2.4% in 2025, down from 2.8% in 2024. Fourth-quarter growth fell short of expectations, partly due to an extended government shutdown. Unemployment increased modestly to 4.4% from 4.1% but remained historically low. Inflation continued to ease, with Consumer Price Index ending the year at 2.7% versus 2.9% in 2024, while core inflation declined to 2.6% in 2025 from 3.2% in 2024.

U.S. equities delivered broad gains. Large-cap indices posted double-digit returns (S&P 500: 17.9%, Russell 1000: 17.4%), while mid-caps (S&P 400: 7.5%) and small-caps (Russell 2000: 12.8%) lagged. Growth stocks (Russell 1000 Growth: 18.6%) outperformed value stocks (Russell 1000 Value: 15.9%), and market concentration remained elevated, with the “Magnificent 7” continuing to drive a substantial share of index performance.

Treasury yields were volatile but trended lower as the Federal Reserve implemented three 25 basis point rate cuts. Diversified fixed income (Bloomberg U.S. Aggregate: 7.3%) delivered solid returns, led by convertibles (Bloomberg U.S. Convertibles Index: 16.9%), mortgage-backed securities (Bloomberg MBS Index: 8.6%), high yield bonds (Bloomberg High Yield Index: 8.6%), and Treasury Inflation-Protected Securities (Bloomberg TIPS Index: 7.0%).

International Developed Markets

U.S. dollar weakness provided meaningful support to international equities. International developed markets (MSCI EAFE: 31.2%) significantly outperformed U.S. large caps. Europe (MSCI Europe: 35.4%) and the United Kingdom (MSCI United Kingdom: 35.1%) led performance, while Japan (MSCI Japan: 24.6%) also delivered strong gains. International developed small caps (MSCI EAFE Small Cap: 31.8%) posted similarly robust returns.

Emerging Markets

Emerging market equities also benefited from the U.S. dollar weakness and capital inflows. The broad emerging markets index (MSCI EM: 33.6%) outperformed U.S. equities and matched developed international equity returns, while emerging market small caps (MSCI EM Small Cap: 18.6%) lagged relative to other international indices.

Emerging Markets fixed income performed well. Hard-currency bonds, which are denominated in U.S. dollars, (JPMorgan EMBI Global Diversified: 14.3%) delivered solid returns but trailed the returns of bonds denominated in local-currencies (JPMorgan GBI-EM Global Diversified: 19.3%).

Commodities

Overall commodity returns (Bloomberg Commodity Index: 15.8%) were strong. However, when broken down by sectors, there was mixed performance. Gold (Gold Spot: 64.7%) and silver (Silver Spot: 148.0%), posted very strong gains as safe-haven assets. Energy markets were weaker, with oil (WTI Spot Crude Oil: -20.8%) declining as demand concerns offset supply risks.

Market Outlook – 2026

The first quarter of 2026 saw equity markets trend modestly lower, with losses generally contained to single digits, marking a shift from the broadly positive returns across most asset classes in 2025. Value equities continued to outperform growth, extending the rotation that developed late last year as higher interest rates and more tempered earnings expectations weighed on growth-oriented sectors. Market volatility increased compared to last year, driven by slowing economic momentum, policy uncertainty, and geopolitical risks.

Fixed income markets generated modest positive returns amid continued uncertainty around the path of future interest rates. Mixed economic data and persistent inflation have pushed expectations for rate cuts toward later in the year. International equities remained a relatively bright spot, building on the strong performance in 2025, supported by accommodative policy in Europe and improving conditions in emerging markets.

A key development in 2026 has been the escalation of geopolitical risk, most notably the outbreak of conflict involving the U.S. and Iran in late February. This has contributed to increased market volatility, upward pressure on energy prices, and added uncertainty to the global growth and inflation outlook. Overall, compared to the resilient and optimistic backdrop of 2025, markets in 2026 are exhibiting greater uncertainty and less directional clarity.

Contact Information

This financial report is designed to provide a general overview of the Metropolitan Transportation Authority Defined Benefit Pension Plan's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Metropolitan Transportation Authority, Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004.

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METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

STATEMENTS OF FIDUCIARY NET POSITION AS OF DECEMBER 31, 2025 AND 2024

(In thousands)

	2025	2024
ASSETS:		
Cash	\$ 11,216	\$ 344
Investments at fair value (Notes 2 and 3):		
Investments measured at readily determined fair value	2,499,609	3,750,275
Investments measured at net asset value	<u>5,332,527</u>	<u>3,434,336</u>
Total investments	<u>7,832,136</u>	<u>7,184,611</u>
Receivables:		
Accrued interest and dividends	10,808	10,800
Other receivables	<u>9,244</u>	<u>4,232</u>
Total receivables	<u>20,051</u>	<u>15,032</u>
Total assets	<u>7,863,404</u>	<u>7,199,987</u>
LIABILITIES:		
Due to broker for securities purchased	9,359	11,512
Due to broker for investment fee	3,481	3,009
Due to broker for administrative expenses	542	239
Due to MTA for administrative expenses	3,176	3,187
Other liabilities	<u>6,844</u>	<u>371</u>
Total liabilities	<u>23,401</u>	<u>18,318</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 7,840,003</u>	<u>\$ 7,181,669</u>

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
ADDITIONS:		
Investment income:		
Net realized and unrealized gains	\$ 869,753	\$ 555,464
Dividends	67,202	65,346
Interest	63,778	57,240
	<u>1,000,734</u>	<u>678,050</u>
Less:		
Investment expenses	<u>(45,713)</u>	<u>(44,234)</u>
	<u>955,020</u>	<u>633,816</u>
Contributions:		
Employer:		
Metro-North Commuter Railroad Company	6,368	142,781
Long Island Rail Road Company	7,479	156,198
Metropolitan Transportation Authority Headquarters	3,654	56,300
MTA Bus Company	67,402	-
Staten Island Rapid Transit Operating Authority	7,546	-
Transfer from New York Police Department	3,878	4,216
Employee	<u>42,880</u>	<u>39,536</u>
	<u>139,208</u>	<u>399,031</u>
Total contributions	<u>139,208</u>	<u>399,031</u>
Total additions	<u>1,094,228</u>	<u>1,032,847</u>
DEDUCTIONS:		
Benefits paid to participants	430,246	398,888
Transfer of MTA Police Employer & Employee Contributions to New York State and Local Employees Retirement System ("NYSLERS")	467	944
Administrative expenses	<u>5,181</u>	<u>4,801</u>
	<u>435,894</u>	<u>404,633</u>
Total deductions	<u>435,894</u>	<u>404,633</u>
NET INCREASE IN NET POSITION	658,334	628,214
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	<u>7,181,669</u>	<u>6,553,455</u>
End of year	<u>\$ 7,840,003</u>	<u>\$ 7,181,669</u>

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. PLAN DESCRIPTION

The following brief description of the Metropolitan Transportation Authority (the “Authority”) Defined Benefit Pension Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General—The Plan represents a cost-sharing employer defined benefit pension plan sponsored by the Authority and administered by the Board of Managers of Pensions, covering:

- (a) management employees of the Long Island Rail Road Company (“MTA Long Island Rail Road”) hired after January 1, 1988 not governed by collective bargaining agreements;
- (b) management employees of the Metro-North Commuter Railroad Company (“MTA Metro-North Railroad”) not governed by collective bargaining agreements;
- (c) represented MTA Long Island Rail Road employees hired after January 1, 1988, covered by collective bargaining agreements which provide for participation in the plan effective January 1, 2004;
- (d) certain represented MTA Metro-North Railroad employees covered by collective bargaining agreements which provide for participation in the plan effective on or after January 1, 2004;
- (e) represented and non-represented MTA Long Island Rail Road employees hired prior to January 1, 1988;
- (f) Metropolitan Suburban Bus Authority (“MTA Long Island Bus”) provided public service in Nassau and Queens Counties. The Authority’s Lease and Operating Agreement with Nassau County, dated January 15, 1973, as amended, was terminated effective December 31, 2011. As of January 1, 2012, the MTA Long Island Bus is no longer a member of the MTA Group. Represented and management Metropolitan Suburban Bus Authority (“MTA Long Island Bus”) employees hired prior to January 24, 1983 and any MTA Long Island Bus person employed by the MSBA Employees’ Pension Trust prior to July 29, 1998 under the MSBA Employees’ Pension Plan remained vested employees in the plan;
- (g) represented and management employees of the Staten Island Rapid Transit Operating Authority (“MTA Staten Island Railway”) effective January 1st, 2005;
- (h) certain represented and management employees of MTA Bus Company (“MTA Bus”), including represented and non-represented employees who were formerly employed by Liberty Lines Express, Inc., New York Bus Tours, Inc., Command Bus Company, Green Bus Lines Inc., Jamaica Buses Inc., Triboro Coach Corporation and represented and most non-represented employees formerly employed by Queens Surface Corporation; and
- (i) participants in the MTA Defined Benefit Pension Plan 20 Year Police Retirement program (“MTA Police”).

The Plan contains multiple and distinct benefit structures for MTA Metro-North Railroad and MTA Long Island Rail Road management employees, for MTA Metro-North Railroad and MTA Long Island Rail Road represented employees, MTA Police, MTA Long Island Bus employees and MTA Staten Island Railway employees. In addition, there are multiple but distinct benefit structures for the employees of MTA Bus which are based on the plans covering those employees prior to their becoming MTA Bus employees. MTA Bus non-represented employees and employees represented by the UTLO are covered by separate

programs. Assets and liabilities are pooled and a single cash contribution amount and annual pension cost is determined. The Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(b) of the Internal Revenue Code. Accordingly, the Plan is tax-exempt and is not subject to the provisions of the Employee Retirement Income Security Act (“ERISA”) of 1974.

Membership of the Plan consisted of the following as of January 1, 2025 and 2024, respectively, the date of the latest actuarial valuations:

	2025	2024
Active Plan Members	\$ 20,103	\$ 19,420
Retirees and beneficiaries receiving benefits	12,590	12,291
Alternate Payees	156	-
Vested formerly active members not yet receiving benefits	<u>1,863</u>	<u>1,826</u>
Total	<u>\$ 34,712</u>	<u>\$ 33,537</u>

Funding for the Plan is provided by the Authority, MTA Metro-North Railroad, MTA Long Island Rail Road, MTA Bus and MTA Staten Island Railway which are public benefit corporations that receive a significant portion of their operating and capital financing requirements from New York City, New York State, federal and regional governmental units and from the sale of bonds to the public. Certain funding is made on a discretionary basis. The continuance of funding for the Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

Plan Administration—The Defined Benefit Plan is administered by the Board of Managers of Pensions (“The Board of Managers”) which is comprised of:

- (a) the persons holding the following positions:
 - (i) the Chairman of the MTA;
 - (ii) the MTA Chief Financial Officer;
 - (iii) the MTA Director of Labor Relations; and
 - (iv) the agency head of each participating Employer.
- (b) Designation of Others—Any member of the Board of Managers, serving as such by virtue of holding a position described in (a) of this section, may, by written authorization filed with the Secretary who shall notify the other members of the Board of Managers, designate another individual, not then a member of the Board of Managers, to serve in that member’s stead, in accordance with procedures established with the approval of the Executive Director. Any such authorization may be revoked by the designating member at any time in writing filed in the same manner.
- (c) The Board of Managers shall be the agent for the service of legal process with respect to the Plan. No bond or other security is required in any jurisdiction of the Board of Managers or any member thereof except as required by law.

Pension Benefits—Retirement benefits are paid from the Plan to covered MTA Metro-North Railroad, MTA Staten Island Railway and post -1987 MTA Long Island Rail Road employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirement. A participant is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service who are eligible for a deferred vested benefit are not eligible to receive a service retirement allowance or early retirement allowance. Deferred vested benefits are payable on an unreduced basis on the first day of the month following the participant sixty-second birthday. Effective in 2007, non-represented members and

certain former non-represented members who become (or became) employed by another MTA agency which does not participate in the Plan continue to accrue service credit based on such other MTA employment. Upon retirement, the non-represented member's vested retirement benefit from the Plan will be calculated on the final average salary of the subsequent MTA agency, if higher. Moreover, the Plan benefit will be reduced by the benefit, if any, payable by the other plan based on such MTA agency employment. Such member's disability and ordinary death benefit will be determined in the same way.

Retirement benefits are paid from the Plan under the MTA 20-Year Police Retirement Program. A participant is eligible for service retirement at the earlier of completing 20 years of credited Police service or attainment of age 62. Terminated participants with five years of credited police service, who are not eligible for retirement, are eligible for a deferred benefit. Deferred vested benefits are payable on the first of the month following the participant's attainment of age 55.

Retirement benefits paid from the Plan to covered represented MTA Bus employees include service retirement allowances or early retirement allowances. Under the programs covering all represented employees at Baisley Park, Eastchester, La Guardia, Spring Creek, and Yonkers Depots and the represented employees at College Point Depot, JFK, Far Rockaway a participant is eligible for a service retirement allowance upon termination if the participant has attained age 65 and completed at least 5 years of credited service or if the participant has attained age 57 and completed at least 20 years of credited service. A participant hired prior to June 2009 from Baisley Park, College Point, and La Guardia Depots is eligible for an early retirement allowance if the participant has attained age 55 and completed 20 years of credited service. Terminated participants with 5 or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 65.

The MTA Bus retirement programs covering TWU, ATU and TSO represented employees are fixed dollar plans, i.e., the benefits are a product of credited service and a specific dollar amount.

The retirement benefits for certain former employees of the Alliance Companies¹ are based on a participant's service and final average salary. A normal retirement benefit is payable when the participant attains age 62 with 5 years of service. An early retirement benefit is payable when the participant attains age 55 with 15 years of service. The retirement benefit is payable as a single life annuity or, for married participants, as an unreduced 75% joint and survivor annuity.

MTA Bus non-represented employees and employees represented by the UTLO as of January 1, 2017 will earn benefits under a new set of programs. For service prior to 2017, a component calculated by a flat monthly dollar rate multiplied by years of credited service will be added to a final average salary (FAS) component, based on the platforms provided to similarly situated MaBSTOA Pension Plan members. For service on or after January 1, 2017, the final average salary component platform will be based on date of hire, years of credited service and whether the participant holds an operating or non-operating title. Certain former Liberty Lines employees assigned to the former Liberty Lines bus routes also are eligible for a supplemental plan benefit of 0.75% of final average salary per year of Plan service. TWU Local 100 has been certified as the collective bargaining representative for certain titles previously not represented at MTA Bus. Affected employees will participate in these programs, as set forth in the relevant collective bargaining agreement.

¹ Green Bus Lines, Inc. ("Green"), Command Bus Company, Inc. ("Command"), Triboro Coach Corp. ("Triboro"), and Jamaica Buses, Inc. ("Jamaica") (Green, Command, Triboro and Jamaica), are collectively referred to as the "Transit Alliance Companies".

Reduced early retirement benefits are payable under all platforms. The Tier 6 definition of wages for civilian members includes an overtime ceiling which limits overtime compensation for pension purposes to no more than \$20,958 and \$20,459 for 2025 and 2024, indexed annually thereafter. Any overtime compensation earned in excess of the overtime ceiling is excluded from the final average salary calculation. The Tier 6 definition of wages also excludes wages in excess of the annual salary paid to the New York State Governor, lump-sum payments for deferred compensation, sick leave, accumulated vacation or other credits for time not worked.

TWU, ATU and TSO members who retire after November 16, 2016, and UTLO members and non-represented employees who retire after January 1, 2017 will have their pension benefit increased by a Cost of Living Adjustment (COLA). The COLA is an annual adjustment to the retirement benefit based on the Consumer Price Index (CPI). The following retirees are eligible to receive a COLA: disability retirees, regardless of age, who have been retired for at least 5 years; retirees who are at least age 62 and have been retired for at least 5 years; and retirees who are at least age 55 and have been retired for at least 10 years. Surviving spouses receiving a joint-and-survivor option benefit are eligible to receive 50% of the monthly COLA that would have been paid to the retiree. For TWU, ATU and TSO members, the COLA calculation is based on the first \$18,000 of the retiree's normal retirement benefit. For UTLO members and non-represented employees, the COLA calculation is based on the first \$18,000 of the retiree's final average salary benefit component. The COLA amount may not be less than 1% nor more than 3% in any year. Once COLA payments begin, they continue automatically and increase each September.

Certain MTA Bus employees represented by TWU Local 100 were granted pension service credit for periods of employment at Liberty Lines Express, Inc. prior to January 3, 2005, with the increase in the Plan benefit offset by the benefit accrued under the TWU-Westchester Private Bus Lines Pension Plan.

Pre-1988 MTA Long Island Rail Road participants are eligible for a service retirement allowance upon termination if the participants have either: (a) attained age 65 and completed at least 5 years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age 50 and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with 5 or more years of credited service are eligible for a deferred vested benefit. Pension benefits payable to age 65, where eligible, are calculated at 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earning of each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65 regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is 50%.

Death and Disability Benefits—In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after 10 years of covered MTA Bus service; 10 years of credited service for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented employees, covered MTA Staten Island Railway employees and covered MTA police participants.

The disability retirement allowance for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and final average salary ("FAS") but not less than ⅓ of FAS. Under the MTA 20 Year Police Retirement Program, a disabled participant may be eligible for one of three forms of disability retirement: (a) ordinary disability which is payable if a participant has 10 years of credited Police service and is calculated based on the participant's credited Police service and FAS but not less than ⅓ of FAS; (b) performance of duty, which is payable if a participant is disabled in the performance of duty and is

½ of FAS, and (c) accidental disability, which is payable if a participant is disabled as the result of an on-the-job accidental injury and is ¾ of FAS subject to an offset of Workers' Compensation benefits.

Pursuant to the MTA Bus programs, the disability benefit is the same as the service retirement benefit.

Survivorship benefits for pre-1988 MTA Long Island Rail Road participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than \$5,000 is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Metro-North Railroad, post-1987 MTA Long Island Rail Road or MTA Staten Island Railway employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age sixty-one. A refund of the participant's pension contributions plus interest is also payable to the beneficiary. There is also a post-retirement death benefit which, in the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years. For the Police 20 Year Retirement Program, the death benefit is payable after ninety days of credited MTA Police service, and is equal to three times their salary. For non-Police groups, this death benefit is payable in a lump sum distribution while for Police, the member or the beneficiary can elect to have it paid as an annuity. The MTA Police do not have a post-retirement benefit.

In the MSBA Employees' Pension Plan, there are special spousal benefits payable upon the death of a participant who is eligible for an early retirement benefit, or a normal service retirement benefit, or who is a vested participant or vested former participant. To be eligible, the spouse and participant must have been married at least one year at the time of death. Where the participant was eligible for an early service retirement benefit or was a vested participant or former participant, the benefit is a pension equal to 40% of the benefit payable to the participant as if the participant retired on the date of death. Where the participant was eligible for a normal service retirement benefit, the eligible spouse can elect either the benefit payable as a pension, as described in the prior sentence, or a lump sum payment based on an actuarially determined pension reserve. If there is no eligible spouse for this pension reserve benefit, a benefit is payable to the participant's beneficiary or estate.

Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad or post-1987 MTA Long Island Rail Road employee, a covered MTA Staten Island Railway employee or a covered MTA Police member and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age 18 (or 23, if a student), or if none, to a dependent parent.

For MTA Bus employees, there is varied death benefit coverage under the Plan. For all represented and non-represented MTA Bus employees at Eastchester and Yonkers Depots and represented MTA Bus employees at Baisley Park, College Point, Far Rockaway, JFK, La Guardia and Spring Creek Depots, if a participant dies prior to being eligible for a retirement benefit, the participant's beneficiary may elect to receive a refund of the participant's contributions plus interest.

Moreover, the spouses of the above MTA Bus employees who are vested are entitled to a presumed retirement survivor annuity which is based on a 50% Joint and Survivor annuity. The date as of which such annuity is determined and on which it commences varies among the different programs depending on whether the participants are eligible for retirement and for payment of retirement benefits.

In addition, the spouse of a non-represented MTA Bus employee at Spring Creek, JFK, La Guardia, Baisley Park and Far Rockaway, if such employee is age 55 and has 15 years of service and is a terminated member with a vested benefit which is not yet payable, may elect the presumed retirement survivor annuity or 1/2 the

participant's accrued benefit paid monthly and terminating on the 60th payment or the spouse's death. The spouse of a non-represented MTA Bus employee at Yonkers Depot may also receive a pre-retirement survivor annuity from the supplemental plan. If there is no such spouse, the actuarial equivalent of such annuity is payable.

The dependent children of MTA Bus TWU employees of College Point, Baisley Park, and La Guardia hired prior to June 9, 2009 are also entitled to an annuity based on the spouse's pre-retirement survivor annuity (1/2 of the spouse's annuity is payable to each child, but no more than 100% of the spouse's annuity is payable). In addition, the dependent children of retirees who were MTA Bus employees at these Depots are entitled to an annuity based on the presumed retirement survivor's annuity (25% of the spouse's annuity; but no more than 50% of the spouse's annuity is payable).

On July 22, 2020, the MTA Board adopted a COVID-19 Accidental Death Benefits, providing eligible surviving beneficiaries with the option to elect a monthly annuity in lieu of an ordinary death benefit, in certain programs of the Plan. On July 21, 2021, the MTA Board adopted amendments to extend the COVID-19 Accidental Death Benefits for active members of the Plan whose death was caused by COVID-19 from March 1, 2020 through December 31, 2022.

MTA Bus employees represented by TWU 100, ATU 1181, ATU 1179, and TSO 106 participate in Article 14 of the Plan. Unlike other Articles of the Plan, Article 14 provides a monthly survivor benefit (a Qualified Preretirement Survivor Annuity ("QPSA") to the spouse of an employee who dies while in active service. The MTA Bus COVID-19 Accidental Death Benefit follows the current benefit structure and enhances the existing QPSA benefit. The MTA Board approved this arrangement, subject to collective bargaining, on July 22, 2020. On July 21, 2021, the MTA Board extended the MTA Bus COVID-19 Accidental Death Benefit for active employees whose death was caused by COVID-19 until December 31, 2022.

Retirement benefits establishment and changes for represented employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, retirement benefits adopted and modifications thereto, are presented to the MTA Board and must be accepted and approved by the MTA Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Plan's financial statements are prepared on the accrual basis of accounting under which deductions are recorded when the liability is incurred and additions are recognized in the accounting period in which they are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Contributions from members are recorded when the employer makes payroll deductions from plan members. Employer contributions are recognized when due in accordance with the terms of the Plan. Additions to the Plan consist of contributions (member and employer) and net investment income. Investment purchases and sales are recorded as of trade date.

The accounting and reporting policies of the Plan conform to accounting principles generally accepted in the United States of America (GAAP).

GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), requires the Funds to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements.

New Accounting Standards Adopted—The Plan adopted the following GASB Statement for the year ended December 31, 2025:

GASB Statement No. 102, Certain Risk Disclosures (“GASB 102”), aims to enhance financial reporting by requiring disclosure of risks associated with concentrations (lack of diversity in resource inflows or outflows) and constraints (limitations imposed by external parties or internal governance). This statement addresses the need for transparency regarding risks that could substantially affect the level of services provided by governments.

The adoption of this Statement has no material impact on the financial net position of MTA DB Pension Plan.

Accounting Standards Issued but Not Yet Adopted

GASB Statement No.	GASB Accounting Standard	MTA DB Pension Plan Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Use of Management Estimates—The preparation of the Plan’s financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include fair market value of investments, the annual required contribution and the unfunded actuarial accrued liability.

Benefits—Benefits are recorded when paid.

Contributions—As a condition of participation in the MTA Defined Benefit Pension Plan (“MTADBPP” or the “Plan”), employers and employees are required to contribute to the Plan. The amount of the employer contributions is determined by the Plan actuaries. Employee contribution rates for represented employees are determined by collective bargaining. Employee contribution rates for non-represented employees are set forth in the Plan document as adopted by the MTA Board. If an employee terminates employment with less than 10 (ten) years of credited service in the Plan, the employee may request a refund of his employee contributions with interest. Upon receipt of this refund of contributions, the employee has no claim on any future benefit from the Plan. Employees with more than 10 years of credited service, except for a small group of MTA Bus participants, cannot withdraw their contributions.

Members of the MTA Police Program who have transferred pursuant to Retirement and Social Security Law Section 343 and have not been employed in the MTA Police Program for 15 years may, upon termination of employment, withdraw member contributions. The withdrawal of such transferred police service member contributions shall not terminate membership and rights in the MTA Police Program attributable to Credited Police Service.

Income—Dividend and interest income are recorded when earned.

Securities—Purchases and sales of securities are recorded on a trade-date basis.

Asset Transfers—No assets were transferred to the MTA Defined Benefit Pension Plan for the year 2025.

Administrative Expenses—Administrative expenses of the Plan are paid for by the Plan.

3. CASH AND INVESTMENTS

Investment Committee—The Plan’s policy statement is issued for the guidance of fiduciaries, including the members of the Board and investment managers, in the course of investing the assets of the Trust. The investments of the Trust will be made for the exclusive benefit of the Plan participants and their beneficiaries. Policy guidelines may be amended by the Board upon consideration of the advice and recommendations of the investment professionals.

In order to have a reasonable probability of achieving the target return at an acceptable risk level, the Board has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on, at least, a quarterly basis and will be readjusted when an asset class weighting is outside its target range. The following was the MTA Defined Benefit Pension Plan Board adopted asset allocation policy, which includes assets of the Additional Plan, as of December 31, 2025.

Asset Class	Target Strategic Asset Allocation	Allocation Range	Benchmark Index
Total Equity	50.0 %	40.0%–60.0%	
Domestic Large Cap Equity	23.0 %	18.0%–28.0%	S&P 500 Index
Domestic Small/Mid Cap Equity	4.5 %	0%–9.5%	Russell 2000 Index
Developed International Equity	10.5 %	5.5%–15.5%	MSCI EAFE
Emerging Markets Large Cap Equity	3.0 %	0%–8.0%	MSCI Emerging Markets
Emerging Markets Small Cap Equity	1.0 %	0%–6.0%	MSCI Emerging Markets Small Cap
Private Equity	8.0 %	3.0%–13.0%	C/A Global All PE (Qtr Lag)
Total Fixed Income	31 %	21.0%–41.0%	
US TIPS	2.0 %	0%–7.0%	Bloomberg US TIPS
US Treasury Bonds	2.0 %	0%–7.0%	Bloomberg US Treasury
US Aggregate Bonds	15.5 %	10.5%–20.5%	Bloomberg US Aggregate
US High Yield	3.5 %	0%–8.5%	ICE BofA US High Yield
Private Debt	8.0 %	3.0%–13.0%	50% CS Leveraged Loan/50% ICE BofA Euro HY Constrained
Total Real Assets	11.0 %	1.0%–21.0%	
Public Real Assets	3.0 %	0%–8.0%	SSgA Real Assets Index
Private Real Assets—Natural Resources/Infrastructure	3.0 %	0%–8.0%	CPI + 3.0%
Private Real Estate—Core/Non-Core	5.0 %	0%–10.0%	NCREIF Property Index (Qtr Lag)
Total Multi-Asset	8.0 %	3.0%–13.0%	
Hedge Funds	8.0 %	3.0%–13.0%	HFRI Fund of Funds Index

The Trust’s Policy Index is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the SAA targets set forth in this Policy. The Policy Index is calculated by multiplying the SAA target weight to each asset class by the rate of return of the appropriate market index, as listed above.

*See sub-target allocations and ranges on the following page.

Investment Objective—The investment objective of the funds is to achieve consistent positive real returns and to maximize long-term total return with prudent levels of risk through a combination of income and capital appreciation.

Investment Guidelines—The Board of Pension Managers executes investment management agreements with professional investment management firms to manage the assets of the Plan. The fund managers must adhere to guidelines that have been established to limit exposure to risk.

All investment managers shall be registered advisors under the Investment Advisors Act of 1940.

The Strategic Asset Allocation targets and permissible ranges for eligible asset classes of the Plan are detailed within the Investment Policy Statement (“IPS”). Full discretion, within the parameters of the IPS and in any individual investment policy associated with that allocation, is granted to the Investment Managers regarding the selection of securities and the timing of transactions. For separate accounts, individual manager guidelines and/or exemptions are specified in each approved investment management agreement (“IMA”). Should there be conflicts between the IPS and the IMA, the manager guidelines set forth in the IMA supersede the general guidelines in this Statement. For commingled funds, investment guidelines and/or exemptions are specified in such vehicle’s offering documents and any applicable side letter agreements. Should there be conflicts, the individual vehicle’s investment guidelines supersede the general guidelines in the IPS.

Performance of the Trust will be evaluated on a regular basis. Evaluation will include the degree to which performance results meet the goals and objectives as herewith set forth. Toward that end, the following standards will be used in evaluating investment performance:

- The compliance of each investment manager with the guidelines as expressed herein.
- The extent to which the total rate of return performance of the Trust achieves or exceeds the targeted goals.

Fixed Income Investment Managers - Investment managers are governed by the provisions described in the IPS. The fixed-income portion of the Additional Plan’s assets shall be invested in marketable, fixed income securities, such as:

- Domestic fixed income securities, subject to the guidelines reflected in IPS. Generally defined, the Bloomberg Barclays US Aggregate Bond Index represents the opportunity set for intermediate-term investment grade bonds traded in the United States
- International fixed income securities, subject to the guidelines reflected in IPS. Generally defined, the Citigroup World Government Bond Index represents the opportunity set for international developed market bonds. The J.P. Morgan Emerging Markets Bond Index-Global represents the opportunity set for international emerging market bonds denominated in USD. The J.P. Morgan GBI-EM Global Diversified Index represents the opportunity set for international emerging market bonds denominated in local currency.

These index references are guidelines and do not prohibit investment in securities outside those indexes.

Equity Investment Managers—Investment managers are governed by the provisions described in the IPS. The equity portion of the Additional Plan’s assets shall be invested in marketable securities, such as:

- Domestic equity securities, subject to the guidelines. Generally defined, the Standard & Poor’s 500 and the Russell 3000 Index represents the opportunity set for the Large Cap and Small Cap equities traded in the United States.
- International equity securities, subject to the guidelines. Generally defined, the Morgan Stanley EAFE (Europe, Australasia, and the Far East) Index represents the opportunity set for equities traded in international developed markets. The Morgan Stanley Emerging Markets Index represents the opportunity set for equities traded in international emerging markets.

These index references are guidelines and do not prohibit investment in securities outside those indexes.

Overlay Managers—For a variety of reasons, the investment program may carry large amounts of cash throughout the year. In order to achieve the actuarial assumed returns on the total investment program, the Committee may retain an overlay manager(s). The overlay manager may use exchange traded futures

contracts, Treasuries, and/or Exchange-Traded Funds (ETFs) to expose the cash to the Policy Target Allocation.

In addition, the overlay manager may be utilized for the following:

- Expose un-invested assets of domestic and international equity investment managers to their respective equity benchmarks,
- Assist the Board in rebalancing, transitions, and/or gaining exposure to approved asset classes,
- Invest excess cash into highly liquid short-term investments
- Provide the market (or “beta”) exposures in a portable alpha program.
- The overlay manager shall ensure that all futures positions are fully collateralized, and the manager is prohibited from leveraging any portion of the portfolio.

Alternative Investments Managers—Alternative investments allow the Plan to expand the opportunity set beyond public markets and can be used to enhance overall Plan returns and diversify risk.

Alternative investments are broadly categorized into the following categories:

- Private fixed income
- Real assets
- Real estate
- Absolute return or Hedge Funds
- Private equity
- Venture Capital

Common features of alternative investments are limited liquidity, the use of derivatives, leverage and shorting, lower regulatory oversight, limited transparency, and high fees. Compensating for these risks, these investments offer the potential of diversification and/or higher rates of return over time.

Derivatives Policy—Where appropriate, investment managers may use derivative securities for the following reasons:

- Hedging. To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.
- Creation of Market Exposures. Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.
- Management of Country and Asset Allocation Exposure. Investment managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for these purposes.
- Additional uses of derivatives shall be approved by the Board or set forth in the individual investment guidelines or the offering documents prior to implementation and shall be restricted to those specific investment managers.

Ineligible Investments—Unless specifically approved by the Committee or set forth in the individual investment guidelines of a particular allocation, certain securities, strategies and investments are ineligible for inclusion within separately managed accounts. These are:

- Privately-placed or other non-marketable debt, except securities issued under Rule 144a,
- Lettered, legend or other so-called restricted stock,

- Investments in Russian securities,
- Investments in any securities issued by the Metropolitan Transportation Authority or any of its affiliates,
- Commodities,
- Naked Short sales and short sales not acting as a hedge, and
- Direct investments in private placements, real estate, oil and gas and venture capital.

Investment Valuation—Investments primarily include money market funds, equity securities, United States government securities, corporate bonds and debentures, asset backed securities, mortgage and commercial backed securities, mutual and commingled funds. All investments are registered and held by the trustee under a grantor trust, in the name of the Additional Plan. The values of Additional Plan investments are adjusted to fair value as of the last business day of each month based on quoted market prices or net asset value, which is determined to be a practical expedient for measuring fair value, except for certain cash equivalents, which are stated at cost and approximate market value. Purchases and sales of securities are recorded on a trade-date basis.

Income Recognition—Gains or losses from investment transactions are recognized on a trade date basis. Such investment gains or losses are determined using the average cost method. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Risks and Uncertainties—The Plan's investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term would materially affect the amounts reported in the Plan's financial statements.

The financial markets, both domestically and internationally, have demonstrated significant volatility on a daily basis, which affects the valuation of investments. The Plan utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and with acceptable levels of risk.

GASB Statement No. 72—In year 2015, the Plan adopted GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan have the following recurring fair value measurements as of December 31, 2025 and 2024:

Investments measured at readily determined fair value (FV)
(In thousands)

	December 31, 2025	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity Securities:				
Separate account large-cap equity funds	\$ 575,012	\$ 575,012	\$ -	\$ -
Separate account small-cap equity funds	361,818	361,818	-	-
Separate account small-Real Estate Investments Trusts	290	290	-	-
Separate account—International equity funds	<u>266,112</u>	<u>266,112</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>1,203,232</u>	<u>1,203,232</u>	<u>-</u>	<u>-</u>
Debt Securities				
Mutual funds	146,630	146,630	-	-
Separate account—opportunistic credit/Private debt	70,322	-	70,322	-
Separate account debt funds	<u>1,079,425</u>	<u>-</u>	<u>1,079,425</u>	<u>-</u>
Total debt investments	<u>1,296,377</u>	<u>146,630</u>	<u>1,149,747</u>	<u>-</u>
Total investments by fair value	<u>\$ 2,499,609</u>	<u>\$ 1,349,862</u>	<u>\$ 1,149,747</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)
(In thousands)

	December 31, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Securities:				
Comingled large cap equity funds	\$ 1,318,561	-	Daily	None
Commingled international equity funds	539,227	-	Daily	None
Commingled emerging market equity funds	423,878	-	Daily, monthly	None
Total equity investments measured at the NAV	<u>2,281,666</u>	<u>-</u>		
Debt Securities				
Commingled debt funds	742,525	-	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	<u>742,525</u>	<u>-</u>		
Absolute return:				
Direct lending	137,290	176,893	Bi-annually	60 plus days
Distressed securities	12,298	-	Not eligible	N/A
Credit long	75,035	-	Quarterly	3-30 days
Event driven	-	2,083	Quarterly, Bi-annually	60-120 days
Hedge Funds of funds	819,766	-	Quarterly	70 days
Total absolute return measured at the NAV	<u>1,044,389</u>	<u>178,976</u>		
Venture capital	2,740	6,613	Not eligible	N/A
Private equity—private equity partnerships	578,414	403,810	Not eligible	N/A
Commingled real estate funds	102,472	97,327	Not eligible	N/A
Real assets				
Comingled commodities fund	238,302	-	Quarterly	N/A
Energy	59,537	48,146	Not eligible	N/A
Infrastructure	36,141	99,052	Not eligible	N/A
Shipping	-	934	Not eligible	N/A
Total real assets measured at the NAV	<u>333,980</u>	<u>148,132</u>		
Short term investments measured at the NAV	<u>246,342</u>	<u>-</u>		
Total investments measured at the NAV	<u>5,332,527</u>	<u>834,858</u>		
Total investments at fair value and NAV	<u>\$ 7,832,136</u>			

Investments measured at readily determined fair value (FV)
(In thousands)

	December 31, 2024	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity Securities:				
Separate account large-cap equity funds	\$ 1,681,808	\$ 1,681,808	\$ -	\$ -
Separate account small-cap equity funds	453,878	453,878	-	-
Separate account small-Real Estate Investments Trusts	66,971	66,971	-	-
Separate account—International equity funds	244,562	244,562	-	-
Total equity investments	<u>2,447,219</u>	<u>2,447,219</u>	<u>-</u>	<u>-</u>
Debt Securities				
Mutual funds	98,679	98,679	-	-
Separate account—opportunistic credit/Private debt	85,698	-	85,698	-
Separate account debt funds	1,118,679	-	1,118,679	-
Total debt investments	<u>1,303,056</u>	<u>98,679</u>	<u>1,204,377</u>	<u>-</u>
Total investments by fair value	<u>\$ 3,750,275</u>	<u>\$ 2,545,898</u>	<u>\$ 1,204,377</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)
(In thousands)

	December 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Securities:				
Commingled international equity funds	\$ 638,889	\$ -	Daily	None
Commingled emerging market equity funds	319,423	-	Daily, monthly	None
Total equity investments measured at the NAV	<u>958,312</u>	<u>-</u>		
Debt Securities				
Commingled debt funds	577,676	-	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	<u>577,676</u>	<u>-</u>		
Absolute return:				
Direct lending	145,616	100,220	Bi-annually	60 plus days
Distressed securities	12,780	-	Not eligible	N/A
Credit long	68,749	-	Quarterly	3–30 days
Event driven	-	2,082	Quarterly, Bi-annually	60–120 days
Hedge Funds of funds	566,227	-	Quarterly	70 days
Total absolute return measured at the NAV	<u>793,372</u>	<u>102,302</u>		
Venture capital	<u>581</u>	<u>8,403</u>	Not eligible	N/A
Private equity—private equity partnerships	<u>534,763</u>	<u>322,500</u>	Not eligible	N/A
Commingled real estate funds	<u>247,858</u>	<u>81,059</u>	Not eligible	N/A
Real assets				
Energy	73,890	54,658	Not eligible	N/A
Infrastructure	13,575	71,050	Not eligible	N/A
Shipping	100	934	Not eligible	N/A
Total real assets measured at the NAV	<u>87,565</u>	<u>126,642</u>		
Short term investments measured at the NAV	<u>234,209</u>	<u>-</u>		
Total investments measured at the NAV	<u>3,434,336</u>	<u>\$ 640,906</u>		
Total investments at fair value and NAV	<u>\$ 7,184,611</u>			

Concentration of Credit Risk—Individual investments held by the Plan that represents 5.0% or more of the Plan's net assets available for benefits at December 31, 2025 and 2024 are as follows:

(In Thousands)	2025	2024
Investments at fair value as determined by quoted market prices:		
Independent Franchise Partners	\$ 575,012	\$ 438,671
Blackrock Hedge Index	486,889	464,565
Rhumblin Core Bond *	405,056	-
Rhumblin Large Cap Equity	1,318,561	1,243,137

* The Rhumblin Core Bond Fund was held by the MTA DB Pension Plan in 2024 with an investment value lower than the 5% disclosure requirement.

Credit Risk—At December 31, 2025 and 2024, the following credit quality rating has been assigned by a nationally recognized rating organization:

(In Thousands)	2025	Percentage of	2024	Percentage of
Quality Rating	Fair Value	Fixed Income	Fair Value	Fixed Income
		Portfolio		Portfolio
AAA	\$ 54,908	4.92 %	\$ 53,505	4.57 %
AA	19,157	1.72	200,341	17.13
A	55,856	5.00	43,440	3.72
BBB	173,935	15.57	142,403	12.18
BB	65,841	5.89	50,777	4.34
B	85,272	7.63	96,523	8.25
CCC	41,316	3.70	36,047	3.08
Not Rated	376,507	33.71	104,793	8.96
Credit risk debt securities	872,792	78.14	727,829	62.23
U.S. Government bonds	244,141	21.86	441,718	37.77
Total fixed income securities	1,116,933	100.00 %	1,169,547	100.00 %
Other securities not rated—equity, international funds and foreign corporate bonds	6,715,203		6,015,064	
Total investments	\$ 7,832,136		\$ 7,184,611	

Interest Rate Risk Exceptions—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of sensitivity to interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Modified duration is an indicator of bond price’s sensitivity to a parallel 100 basis point change in interest rates.

Investment Fund (In Thousands)	2025	Duration	2024	Duration
	Fair Value		Fair Value	
JP Morgan Chase	\$ 1,116,933	6.07	\$ 1,169,547	5.12
Total fixed income securities	1,116,933		1,169,547	
Portfolio modified duration		6.07		5.12
Investments with no duration reported	<u>6,715,203</u>		<u>6,015,064</u>	
Total investments	<u>\$ 7,832,136</u>		<u>\$ 7,184,611</u>	

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Some of the Plan’s investment managers will have foreign currency exposure through holdings of foreign securities, currency derivatives or private investments whose revenue will be non-USD based. The Plan also holds investments in American Depository Receipts (“ADRs”) which are denominated in U.S. dollars and accounted for at fair market value.

In addition, the Plan has investments in foreign stocks and denominated in foreign currencies. The Plan’s foreign currency exposures as of December 31, 2025 and 2024 are as follows (amounts in U.S. dollars, in thousands):

Foreign Currency Holdings in US \$	December 31, 2025	December 31, 2024
Australia (Dollar)	\$ 5,053	\$ -
Canadian (Dollar)	23,104	-
Euro	91,281	7,783
Hong Kong (Dollar)	4,317	-
Japanese (Yen)	53,442	15,093
Mexican (Peso)	6,871	-
Singapore (Dollar)	10,003	-
South Korea (Won)	6,873	-
Sweden (Krona)	5,723	-
Swiss Franc	31,108	21,871
United Kingdom (GBP)	<u>61,891</u>	<u>26,595</u>
Total	<u>\$ 299,666</u>	<u>\$ 71,342</u>

Additional Information—The Plan holdings are part of the MTA Master Trust of which the MTA Defined Benefit Plan participates on a percentage basis. The percentage of the Plan ownership for the year ended December 31, 2025 and 2024 were 93.04% and 91.84% % respectively.

	Master Trust Total Plan December 31, 2025	MTA Defined Benefit Plan December 31, 2025	Master Trust Total Plan December 31, 2024	MTA Defined Benefit Plan December 31, 2024
	(In thousands)			
Total Investments:				
Investments measured at readily determined fair value	\$ 2,686,526	\$ 2,499,609	\$ 4,083,505	\$ 3,750,275
Investments measured at the NAV	<u>5,731,285</u>	<u>5,332,527</u>	<u>3,739,494</u>	<u>3,434,336</u>
Total investments measured at fair value	<u>\$ 8,417,811</u>	<u>\$ 7,832,136</u>	<u>\$ 7,822,999</u>	<u>\$ 7,184,611</u>

4. NET PENSION LIABILITY

The components of the net pension liability of the Plan at December 31, 2025 and 2024 were as follows (in thousands):

	December 31, 2025	December 31, 2024
Total pension liability	\$ 9,423,657	\$ 8,756,739
Fiduciary net position	<u>7,840,003</u>	<u>7,181,669</u>
Net pension liability	<u>\$ 1,583,654</u>	<u>\$ 1,575,070</u>
Fiduciary net position as a percentage of the total pension liability	83.19 %	82.01 %

Actuarial Methods and Assumptions—The total pension liability as of December 31, 2025 was determined by an actuarial valuation date of January 1, 2025, that was updated to roll forward the total pension liability to year-end. Actuarial valuations are performed annually as of January 1.

Discount Rate—The discount rate used to measure the total liability as of December 31, 2025 and 2024 was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the 2025 net pension liability of the Plan, calculated using the discount rate of 6.50%; as well as what the Plan's net pension would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

2025 (in thousands)	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$ 2,753,085	\$ 1,583,654	\$ 601,550
2024 (in thousands)	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$ 2,663,898	\$ 1,575,070	\$ 660,734

Additional Important Actuarial Valuation Information

Valuation date	January 1, 2025
Valuation timing	Actuarially determined contributions calculated as of December 31, for the fiscal year and discounted to July 1 to reflect monthly payments throughout the year. For 2023–2025 discounts reflect timing of prepaid contributions.
Actuarial cost method	Frozen Initial Liability cost method
Amortization method	For FIL bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial assumptions:	
Investment rate of return	6.50%, net of investment expenses
Projected salary increases	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.
COLAs	60% of inflation assumption or 1.35%, if applicable
Inflation/Railroad Retirement wage base	2.25%; 3.25%

Valuation date	January 1/1/2024
Valuation timing	Actuarially determined contributions calculated as of December 31, for the fiscal year and discounted to July 1 to reflect monthly payments throughout the year. For 2023–2024 discounts reflect timing of prepaid contributions.
Actuarial cost method	Frozen Initial Liability cost method
Amortization method	For FIL bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015–December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Actuarial assumptions:	
Investment rate of return	6.50%, net of investment expenses
Projected salary increases	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees
COLAs	60% of inflation assumption or 1.35%, if applicable
Inflation/Railroad Retirement wage base	2.25%; 3.25%

Calculation on Money-Weighted Rate of Return—The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash

inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses as of December 31, 2025 and 2024 are as follows:

**2025 Schedule of Calculations of Money-Weighted Rate of Return
(In thousands)**

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value—January 1, 2025	\$ 7,181,669	12.00	1.00	\$ 8,159,747
Monthly net external cash flows:				
January	(32,712)	12.00	1.00	(37,167)
February	(26,362)	11.00	0.92	(29,648)
March	(26,362)	10.00	0.83	(29,309)
April	(26,829)	9.00	0.75	(29,526)
May	(26,362)	8.00	0.67	(28,717)
June	(22,484)	7.00	0.58	(24,213)
July	(20,525)	6.00	0.50	(21,878)
August	(26,595)	5.00	0.42	(28,060)
September	(24,461)	4.00	0.33	(25,514)
October	(26,595)	3.00	0.25	(27,458)
November	(26,595)	2.00	0.17	(27,179)
December	(10,802)	1.00	0.08	(11,075)
Ending Value—December 31, 2025				\$ 7,840,003
Money-Weighted Rate of Return		13.62 %		

**2024 Schedule of Calculations of Money-Weighted Rate of Return
(In thousands)**

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value—January 1, 2024	\$ 6,553,455	12.00	1.00	\$ 7,181,745
Monthly net external cash flows:				
January	19,359	12.00	1.00	21,215
February	19,359	11.00	0.92	21,060
March	19,359	10.00	0.83	20,887
April	19,359	9.00	0.75	20,735
May	19,359	8.00	0.67	20,584
June	22,632	7.00	0.58	23,866
July	(20,838)	6.00	0.50	(21,814)
August	(20,838)	5.00	0.42	(21,655)
September	(20,838)	4.00	0.33	(21,477)
October	(20,838)	3.00	0.25	(21,321)
November	(20,838)	2.00	0.17	(21,165)
December	(20,838)	1.00	0.08	(20,991)
Ending Value—December 31, 2024				\$ 7,181,669
Money-Weighted Rate of Return		9.59 %		

Calculation on Long-Term Expected Rate of Return—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2025 and 2024 are as follows:

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2025

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	15.50 %	2.33 %
US Treasury Bonds	Bloomberg US Treasury TR USD	2.50 %	1.86 %
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS TR USD	2.50 %	2.03 %
US High Yield Bonds	ICE BofA US High Yield TR USD	3.50 %	3.97 %
Private Credit	CDL Index	8.00 %	6.57 %
US Large Cap Equity	S&P 500 TR USD	21.50 %	5.47 %
US Small Cap Equity	Russell 2000 TR USD	5.00 %	6.52 %
Foreign Developed Equity	MSCI EAFE NR TR USD	11.00 %	6.35 %
Emerging Market Equity	MSCI EM NR USD	3.50 %	8.48 %
Emerging Markets Small Cap Equity	MSCI EM Small NR USD	1.00 %	8.77 %
Private Real Estate Property	NCREIF Property	5.00 %	5.91 %
Private Equity	Cambridge Associates US Private Equity	8.00 %	10.51 %
Infrastructure—Public	S&P Global Infrastructure TR USD	3.00 %	5.51 %
Commodities	Bloomberg Commodity TR USD	3.00 %	3.13 %
Hedge Funds—MultiStrategy	HFRI: Fund Wtd Composite	7.00 %	4.03 %
Assumed Inflation—Mean			2.33 %
Assumed Inflation—Standard Deviation			1.47 %
Portfolio Nominal Mean Return			7.71 %
Portfolio Standard Deviation			12.26 %
Long-Term Expected Rate of Return selected by MTA			6.50 %

* Based on the Plan's investment policy dated February, 2026.

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2024

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income (Aggregate)	Bloomberg Barclays Aggregate	15.50 %	2.36 %
US Treasury Bonds	Bloomberg US Treasury	2.00 %	1.85 %
US TIPS (Inflation-Indexed Bonds)	Bloomberg US Treasury US TIPS	2.00 %	1.93 %
US High Yield Bonds	ICE BofA US High Yield	3.50 %	4.04 %
Private Credit	CDL Index	8.00 %	6.48 %
US Large Cap Equity	S&P 500	23.00 %	5.33 %
US Small Cap Equity	Russell 2000	4.50 %	6.82 %
Foreign Developed Equity	MSCI EAFE NR	10.50 %	6.91 %
Emerging Market Equity	MSCI EM NR	3.00 %	9.29 %
Emerging Markets Small Cap Equity	MSCI EM Small NR	1.00 %	9.62 %
Private Real Estate Property	NCREIF Property	5.00 %	5.93 %
Private Equity	Cambridge Private Equity	8.00 %	10.37 %
Infrastructure—Public	S&P Global Infrastructure	3.00 %	5.92 %
Commodities	Bloomberg Commodity	3.00 %	3.38 %
Hedge Funds—MultiStrategy	HFRI: Fund Wtd Composite	8.00 %	4.13 %
Assumed Inflation—Mean			2.30 %
Assumed Inflation—Standard Deviation			1.46 %
Portfolio Nominal Mean Return			7.77 %
Portfolio Standard Deviation			12.25 %
Long-Term Expected Rate of Return selected by MTA			6.50 %

* Based on the Plan's investment policy dated February, 2025.

5. CONTRIBUTIONS

Employer contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the Plan are recognized in the period in which the contributions are due. There are no contributions required under the Metropolitan Suburban Bus Authority Employee's Pension Plan.

The following summarizes the types of employee contributions made to the Plan.

Effective January 1, 1994, covered MTA Metro-North Railroad and MTA Long Island Rail Road non-represented employees are required to contribute to the Plan to the extent that their Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, non-represented employee contributions, if any, were eliminated after 10 years of making contributions to the Plan. MTA Metro-North Railroad employees may purchase prior service from January 1, 1983 through December 31, 1993 and MTA Long Island Rail Road employees may purchase prior service from January 1, 1988 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the Plan been in effect for those years.

Police Officers who became participants of the MTA Police Program prior to January 9, 2010 contribute to that program at various rates. Police Officers who became participants on or after January 9, 2010 but before April 1, 2012 contribute 3% up to the completion of 32 years of service, the maximum amount of service credit allowed. Police Officers who become participants on or after April 1, 2012 contribute 3%, with additional new rates starting April 2013, ranging from 3.5%, 4.5%, 5.75%, to 6%, depending on salary level, for their remaining years of service.

MTA Bus represented participants make contributions in accordance with their respective collective bargaining agreements and arbitration awards. MTA Bus non-represented employees are accessed contributions for their flat rate benefit of \$10.33 for each week for the period from January 1, 2012 through December 31, 2016. Effective January 1, 2017, MTA Bus non-represented operating employee hired prior to April 1, 2012 contribute 2% of gross wages. MTA Bus non-represented non-operating employee hired prior to April 1, 2012 contribute 4.85% of gross wages for ten years of service after January 1, 2017, and then 1.85% gross salary thereafter until retirement. Contributions levels for MTA Bus non-represented employees hired on or after April 1, 2012, which are required until retirement, are determined every year at the beginning of the calendar year, and are based on annual wages during the prior year and the following schedule:

Annual Wages Earned During the Prior Year	Contribution Rate
Up to \$45,000	3.00 %
\$45,001 to \$55,000	3.50 %
\$55,001 to \$75,000	4.50 %
\$75,001 to \$100,000	5.75 %
Greater than \$100,000	6.00 %

In 2017, a reserve was established for fifteen former MTA employees in accordance with Chapter 533 of the Laws of 2015. As of December 31, 2024 and 2023, total transfer in the amounts of \$7.9 million and \$3.6 million, to the New York State and Local Police and Fire Retirement System allowed former MTA Police employees to transfer membership and contributions to the New York State and Local Police and Fire Retirement System from the MTA Defined Benefit Plan.

Covered MTA Metro-North Railroad represented employees and MTA Long Island Rail Road represented employees who first became eligible to be Plan participants prior to January 30, 2008 contribute 3% of salary. MTA Staten Island Railway employees contribute 3% of salary except for represented and non represented employees hired on or after June 1, 2010 who contribute 4%. MTA Staten Island Railway represented employees contribute for either 10 years or 15 years of credited service as per the relevant collective bargaining agreements. MTA Staten Island Railway non represented employees hired after March 25, 2015 are required to contribute for 15 years of credited service. MTA Long Island Rail Road represented employees who became participants after January 30, 2008 contribute 4% of salary. MTA Long Island Rail Road represented employees are required to make the employee contributions for 10 years, if hired before certain dates in 2014 as per collective bargaining agreements. Certain Metro-North represented employees, depending on their collective bargaining agreements, are required to make employee contributions until January 1, 2014, January 1, 2017, June 30, 2017, or the completion of required years of credited service as per the relevant collective bargaining agreements.

Covered MTA Bus represented employees and certain non-represented employees are required to contribute a fixed dollar amount, which varies, by Depot. MTA Bus is required to make significant annual contributions to the MTA Plan on a current basis. Pursuant to the January 1, 2023 actuarial valuations for the MTA Plan, which included amounts for actuarial assets and liabilities relating to both active and retired members for most portions of the former private plans (excepting, for example, members of the Transport Workers Union—New York City Private Bus Lines Pension Trust who were working on school bus routes which did not become part of MTA Bus service), MTA Bus recorded pension expense equal to the valuation annual required contribution of \$67.4 and \$0.00 for the calendar years ended December 31, 2025 and 2024. No employer contributions were paid to the MTA Plan in 2024.

6. ACTUARIAL METHODS AND ASSUMPTIONS

A. Actuarial Valuation Method

The Frozen Initial Liability method was used for determining the actuarial determined contribution comprising the normal cost-plus amortization payments of the frozen unfunded actuarial accrued liability. The Normal Cost equals the present value of future employer normal contributions divided by the average future working lifetime factor. This factor equals the present value of future compensation or for MTA Bus represented members, present value of future general wage increases divided by current compensation or the member count weighted by general wage increases (less certain retirements) and weighted by the present value of benefits for each membership group.

The Entry Age Normal (EAN) method is used for determining changes in the frozen unfunded actuarial accrued liability due to plan provisions and assumption changes. For MTA Bus members with benefits indexed to general wage increases, the entry age normal cost uses assumed general wage increases rather than payroll, which conforms to a method compliant for GASB 67 purposes. For MTA Bus non-represented members where benefits are bifurcated into a past service level dollar component and a future service MaBSTOA benefit component, the EAN normal cost assumes that the MaBSTOA style benefits were in effect for the member's entire career.

For groups where service was reported as of the valuation date, Entry Age is based on an effective date of hire equal to the valuation date less provided service plus any purchased service, but not reflecting any military service purchased.

B. Asset Valuation Method

The Asset Valuation method smooths gains and losses over a 5-year period. The formula for the asset valuation method is as follows:

$$\text{Actuarial Value of Assets} = MV_t - .8UR_1 - .6UR_2 - .4UR_3 - .2UR_4$$

Where

MV_t = Market Value of assets as of the valuation date.

UR_n = Unexpected return during the nth year preceding the valuation date. The unexpected return for a year equals the total investment return minus the total expected return. The total expected return equals the market value of assets at the beginning of the year plus the weighted net cash flow during the year multiplied by the expected rate of return.

The resulting value cannot be less than 80% or greater than 120% of the market value of assets.

The market value of assets is adjusted for any contributions made in the current year attributable to a prior year less any contributions made in a prior year and attributable to a future year, determined for each Agency independently.

C. Actuarial Assumptions Universal to all Groups

The assumptions described below were primarily determined based on an experience analysis covering the period from January 1, 2012 to December 31, 2017, with certain assumptions modified subsequently. The mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020.

Interest—6.50% per annum, compounded annually, net of investment expenses.

Railroad Retirement Wage Base—3.25% per year.

Consumer Price Index—2.25% per year.

Cost of Living Increases—60% of inflation assumption or 1.35% per annum, compounded annually for Police and MTA Bus members eligible for a cost of living adjustment.

Provision for Expenses—Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior two year's reported administrative expenses.

Valuation Compensation—The valuation compensation is equal to the annualized base salary as of December 31, 2023 as provided by the MTA adjusted for wage increases granted after the valuation date but retroactive to earlier periods, multiplied by the assumed salary increases for the year. Salary increases are assumed to occur on average at mid-year. Retroactive wage adjustments are as follows:

MTA Metro-North represented employees:

- 3.0% (union codes 2, 6, 7, 9, 11, 16, 19, 26, 49, 59, 72, 73), 8.478% (union codes 5, 13, 25, 75, 76), 9.532% (union codes 3, 20, 21), or 13.137% (union codes 8, 15).
- Long Island Railroad represented employees: 3.0% (union codes 02A, 02B, 03A, 03B, 05A, 07A, 07B, 07C, 09A, 10A, 10B, 10C, 10D, 10E, 10F, 10G, 10I, 10J, 10L, 11A, 11B, 14A, 15A, 15B, 16A, 16C, 16D, 17A thru 17H, 20A, 20B, 24A, 24B).
- SIRTAA represented employees: 3.0% (union codes S2, S3, S4, S8) or 13.137% (union codes S5, S7).

Vacation Pay Retirement Load—Earnings in a member's last year of employment is increased for accrued vacation time. A maximum of 240 hours may be accrued increasing a member's final year's pensionable earnings by at most approximately 11.5% of base compensation. The adjustment represents the percentage of the 240 hour accrued vacation maximum, varies by years of service, and is applied upon retirement. This load is applied to all members, except MTA Bus Company and MTA Police.

Years of Service	Accrued Vacation Load		Percentage of 240 Hour Maximum
	Percentage of 240 Hour Maximum	Years of Service	
5	15.00 %	13	55.00 %
6	20.00	14	60.00
7	25.00	15	65.00
8	30.00	16	70.00
9	35.00	17	75.00
10	40.00	18	80.00
11	45.00	19	85.00
12	50.00	20+	90.00

Mortality—Preretirement and postretirement healthy annuitant rates are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As a generational table, it reflects mortality improvements both before and after the measurement date.

Preretirement: Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Active Members of Transit and TBTA Ordinary and Accidental Death (no projection scale is applied to the Accidental Death table).

Postretirement Healthy Lives: Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Service Retirees for Housing Police and Transit Police.

Postretirement Disabled Lives: PRI-2012 Disabled Annuitant mortality table for males and females. For Police, the Mortality Rates for NYC Disabled Retirees for Housing Police and Transit Police.

Postretirement Disabled Lives: PRI-2012 Disabled Annuitant mortality table for males and females. For Police, the Mortality Rates for NYC Disabled Retirees for Housing Police and Transit Police.

Post-termination Death Benefits—For current inactive participants eligible for post-retirement death benefits, an amount of \$25,000 (\$10,000 for certain M.S.B.A. inactive participants) is assumed to be payable at death. For current terminated vested members, \$100,000 is assumed to be payable at death prior to retirement.

Benefit Adjustments for Retirees: For members that retired in the past two years, a 2% load was applied to benefits to account for potential increases when the benefits are finalized (3% for management members of Long Island Rail Road or Metro-North Railroad).

In addition, the following loads were applied to recent retirees to account for wage increases that are effective retroactively but have not yet been reflected in the benefit calculation.

Group	Years of Retirement				
	2020	2021	2022	2023	2024
Metro-North ACRE	2.50 %	7.00 %	9.50 %	12.00 %	12.00 %
MetroNorth Other Represented	0.00	2.75	5.00	7.25	8.00
Long Island Rail Road Represented	0.00	0.00	0.00	0.50	1.75
SIRTOA—Represented	0.00	0.00	0.00	0.50	1.75
Police	0.00	0.00	5.25	0.00	0.50

Participant Data—Benefits were estimated for vested members who terminated during the past year and prior years if no benefit was provided. If transferred to another agency within MTA, but no longer receiving service accruals, wrap around benefit was estimated by increasing vested benefit by 3.5% per year until date first eligible for unreduced retirement reflecting all service and if applicable, adjusted benefit percentage from 1.67% to 2.0%.

Service for MTA Police, MTA Metro-North Railroad and MTA Long Island Rail Road represented and management members is based on the sum of credited service, purchased service and military service provided by MTA.

For inactive MTA Police, MTA Metro-North and MTA Long Island Rail Road represented and management participants, future offsets for Railroad Retirement benefits are estimated and assumed to occur at age 62 or age 60 if the member had accrued 30 years of service, unless disabled or it appears the offset has occurred. For inactive Long Island Rail Road Pension participants, offsets for Railroad Retirement benefits are estimated and assumed to occur at the member's age 65. Benefits, net of any Railroad Retirement benefits, are estimated for vested members who terminated during the past year if not provided by the Authority.

If not provided, the maximum retirement allowance was estimated for police and MTA Bus retirees eligible for COLA adjustments.

Benefits Not Valued: COVID-19 Accidental Death Benefit is assumed to have an insignificant cost.

D. Changes in Actuarial Assumptions Universal to all Groups

There are no changes since the prior valuation impacting all groups.

E. Actuarial Assumptions—MTA Defined Benefit Pension Plan—Management

Salary Scale—Salaries are assumed to increase in accordance with the following schedule:

Years of Service	Rate of Increase	Years of Service	Rate of Increase
0	8.00 %	8	4.70 %
1	8.00	9	4.60
2	7.00	10	4.50
3	6.50	11	4.25
4	5.50	12	4.00
5	5.00	13	3.75
6	4.90	14	3.50
7	4.80	15+	3.25

Overtime—None

Termination—Withdrawal rates vary by years of service. Illustrative rates are shown below:

Years of Service	Termination Rate	Years of Service	Termination Rate
0–1	6.00 %	7	2.00 %
2	5.50	8	1.75
3	5.00	9	1.50
4	4.50	10–14	1.25
5	3.00	15–19	1.00
6	2.50	20+	0.50

Retirement—Rates vary by years of service and type of retirement. Rates apply upon benefit eligibility from ages 55 to 79. Certain retirement age is 80. Illustrative rates are shown below:

Years of Service	Reduced Early Retirement	Unreduced Early Retirement
<10	2.00 %	5.00 %
10–19	2.00	10.00
20	5.00	30.00
21–29	5.00	20.00
30	N/A	50.00
31+	N/A	30.00
	1	At age 55, rate is 50.00%

Disability—Rates vary by age and apply at 10 or more years of service until age 64. For Staten Island Railway, rates apply until eligible for normal retirement and completion of 20 years of service. No rates of accidental disability are assumed. Illustrative rates are shown below:

Age	Disability Rate
25	0.045 %
30	0.049
35	0.052
40	0.073
45	0.113
50	0.138
55	0.191
60	0.259
64	0.323

Employee Contributions—No employee contributions have been anticipated for future years.

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

F. Actuarial Assumptions—MTA Defined Benefit Pension Plan—Rail Agencies Represented Employees

Salary Scale—Salaries are assumed to increase based on years of service in accordance with the following schedule:

Years of Service	Termination Rate	Years of Service	Termination Rate
0–1	12.50 %	6	4.25 %
2	11.50	7	4.00
3	10.00	8	3.75
4	10.00	9	3.50
5	6.00	10+	3.25

Overtime—Rates of overtime vary by years of service and Agency. They are applied to base salary in accordance with the following schedule for Long Island Rail Road and Metro-North Railroad. For Staten Island Railway, assumed overtime is 15% of base pay regardless of the years of service. No overtime is applied to members receiving benefits upon death or disability.

Years of Service	Long Island Rail Road		
	Overtime Rate	Years of Service	Overtime Rate
<4	21.00 %	13	31.00 %
4	22.00	14	32.00
5	23.00	15	33.00
6	24.00	16	34.00
7	25.00	17	35.00
8	26.00	18	36.00
9	27.00	19	37.00
10	28.00	20	38.00
11	29.00	21	39.00
12	30.00	22+	40.00

Years of Service	Metro-North Railroad		
	Overtime Rate	Years of Service	Overtime Rate
<4	20.00 %	17	27.75 %
4	21.00	18	28.00
5	22.00	19	28.25
6	23.00	20	28.50
7	24.00	21	28.75
8	25.00	22	29.00
9	25.50	23	29.50
10	26.00	24	30.00
11	26.25	25	30.50
12	26.50	26	31.00
13	26.75	27	32.00
14	27.00	28	33.00
15	27.25	29	34.00
16	27.50	30+	35.00

Termination—Withdrawal rates vary by years of service. Illustrative rates are shown below:

Years of Service	Termination Rate	Years of Service	Termination Rate
0–1	3.50 %	7	1.20 %
2	2.00	8	1.10
3	1.75	9	1.00
4	1.50	10–4	0.75
5	1.40	15–19	0.50
6	1.30	20+	0.50

Retirement—Rates vary by years of service and type of retirement. Rates apply upon benefit eligibility from ages 55 to 79. Certain retirement age is 80. Illustrative rates are shown below:

Years of Service	Reduced Early Retirement		Unreduced Early Retirement	
<10	2.00 %		5.00 %	
10–19	2.00		10.00	
20	5.00		30.00	
21–29	5.00		20.00	
30	10.00	*	50.00	**
31+	N/A		30.00	***

*** At age 55, rate is 50.00%

For Metro-North Non-ACRE represented members hired after the New Participant Date:

* Applies at age 60 to 61

** Applies at age 62

*** At age 62, rate is 50%

Disability—Rates vary by age and gender and apply at 10 or more years of service until age 64. For Staten Island Railway, rates apply until eligible for normal retirement and completion of 20 years of service. Prior to 10 years of service, a rate of 0.025% for accidental disability is assumed for all ages. Illustrative rates are shown below:

Age	Rates of Disability				
	M	F	Age	M	F
20	0.151 %	0.227 %	45	0.246 %	0.372 %
25	0.151	0.227	50	0.447	0.674
30	0.151	0.227	55	0.857	1.285
35	0.164	0.239	60	1.739	2.608
40	0.183	0.277	64	2.366	3.549

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

G. Actuarial Assumptions—MTA 20-Year Police Retirement Program

Salary Scale—Salary increases vary by year and reflect longevity increases. Illustrative rates are shown below.

Years of Service	Rate of Increase	Years of Service	Rate of Increase
0–1	12.5 %	9	8.75 %
2	15.5	10–13	3.25
3	13.0	14	8.75
4	20.5	15–18	3.25
5	13.0	19	8.75
6	8.0	20–23	3.25
7	6.0	24	8.75
8	4.0	25+	3.25

Overtime—Rates of overtime vary by years of service. They are applied to base salary in accordance with the following schedule. No overtime is applied to members receiving benefits upon death or disability.

Years of Service	Overtime Rate	Years of Service	Overtime Rate
<4	20.00 %	9	26.00 %
4	21.00	10	27.00
5	22.00	11	28.00
6	23.00	12	29.00
7	24.00	13	30.00
8	25.00	14+	30.00

Termination—Withdrawal rates vary by years of service. Illustrative rates are shown below:

Years of Service	Termination Rate
<5	2.50 %
5–9	0.25
10+	0.00

Retirement—Rates vary by age and years of service. Rates apply upon benefit eligibility from up to age 61. Certain retirement age is 62. Illustrative rates are shown below:

Age	Years of Service at Retirement		
	20	21–28	29+
<50	20.00 %	7.50 %	20.00 %
50–54	30.00	15.00	20.00
55–61	30.00	20.00	25.00

Disability—Ordinary rates vary by age and apply between 10 and 20 years of service. A rate of 0.025% for accidental disability is assumed for all ages and service periods. Illustrative rates are shown below:

Age	Ordinary	Age	Ordinary
25	0.1132 %	45	0.7311 %
30	0.1318	50	1.0608
35	0.1856	55	1.3329
40	0.4283	60	1.4149

Benefits Not Valued—Railroad benefit offset.

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

H. Actuarial Assumptions—MSBA Employees Pension Plan

Benefit Estimates—Due to the insignificant number of active employees, benefits are estimated based on plan provisions and actuarial assumptions used for management benefits, except for the overtime assumption. No railroad offset is assumed.

Overtime—Members are assumed to earn overtime equal to the following percentage of their rates of pay:

Years of Service	Rate
Under 25 years of service	17.00 %
25 to 29 years of service	20.00
30 or more years of service	23.00

Changes in Actuarial Assumptions Except as noted in Universal Assumption section, there are no further changes.

I. Actuarial Assumptions—MTA Long Island Rail Road Pension Plan/Plan for Additional Pensions

Salary Scale—Rates of pay are assumed to increase at a rate of 3.0% per annum.

Overtime/unused Vacation Pay—Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.

Termination—Withdrawal rates vary by age. Illustrative rates are shown below:

Age	Rate	Age	Rate
20	2.12 %	45	0.96 %
25	1.64	50	0.80
30	1.44	55	0.60
35	1.36	60	0.00
40	1.16	65	0.00

Retirement—Assumed retirement rate varies by year of eligibility.

Eligibility Period	Rate of Retirement
First Year	40 %
Years 2–4	33
Years 5	37
Years 6–7	35
Years 8–9	33
Years 10–15	55
Years 16 and above	100

Terminated vested participants are assumed to retire upon first eligibility or attained age if later.

Interest on Employee Contributions—Assumed to be 3.5% per year for future years.

Participant Data—Benefits under the Plan are frozen and based on information provided by MTA Headquarters, Consolidated Pensions.

Benefits Not Valued—Disability benefits since all active plan participants are eligible for retirement.

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

J. Actuarial Assumptions—MTA Bus

Salary Scale for Non-represented Employees and other Article 22 members—Salaries are assumed to increase at 3.25% for Article 18 members and in accordance with the following schedule for other non-represented employees and other Article 22 members:

Years of Service	Rate of Increase	Years of Service	Rate of Increase
0	6.00 %	12	3.90 %
1	7.00	13	3.80
2	6.50	14	3.70
3	6.25	15	3.60
4	6.00	16	3.50
5–9	4.50	17	3.40
10	4.30	18	3.30
11	4.10	19+	3.25

Overtime—None

General Wage Increase (GWI)—The benefit level and contribution rate are assumed to increase 2.75% each year based on the anniversary of the last actual or assumed scheduled increase for TWU Local 100, ATU 1179, ATU 1181 and TSO represented employees. The benefit level for ATU 1179, ATU 1181, and TSO represented employees are assumed to follow the same increase pattern as TWU Local 100.

Termination—Withdrawal rates vary by years of service, employee type and operating/non-operating distinction. Illustrative rates are shown below:

For represented employees:

Year of Service	Termination Rate	Year of Service	Termination Rate
0	14.00 %	5–9	2.25 %
1	6.00	10–14	1.75
2	3.00	15-1 9	1.25
3	2.75	20+	1.00
4	2.50	-	-

For non-represented employees:

Year of Service	Operating	Non-Operating
0	13.00 %	8.50 %
1	6.00	8.50
2	3.50	7.50
3	3.00	6.50
4	2.50	5.00
5-9	2.25	3.00
10-14	1.75	2.00
15-19	1.25	1.50
20+	1.00	1.00/0.50

* 1% applies if less than age 50 and 0.5% applies if age 50 and older

Retirement—Rates vary by age, service, employee type, Tier, Operating/Non-operating distinction, and retirement eligibility. Rates apply upon benefit eligibility until age 79. Certain retirement age is 80. Terminated vested members are assumed to retire at first eligibility for an unreduced benefit. Illustrative rates are shown below:

For represented members:

Age	Years of Service at Retirement		
	<10	10-19	20+
57	N/A	N/A	25.00 %
58-61	N/A	N/A	20.00
62-64	N/A	N/A	30.00
65-79	5.00	30.00	30.00

For certain former non-represented employees of Alliance Companies (Article 18):

Age	Retirement Rate
55-56	6 %
57-58	8
59	9
60-61	13
62	25
63-64	15
65	100

For non-grandfathered non-represented employees:

Tier	Operating/Non-operating	Age	<10	1—19	20	21-24	25	26+
4	Operating	55–56	N/A	N/A	N/A	N/A	40 %	30 %
4	Operating	57–61	N/A	N/A	N/A	N/A	40	25
4	Operating	62–79	5 %	15 %	30 %	20 %	40	30
4	Non-operating	57–79	5	10	25	25	25	25
6	Operating	55–56	N/A	N/A	N/A	N/A	40	30
6	Operating	57–62	N/A	N/A	N/A	N/A	40	25
6	Operating	63–79	N/A	15	30	20	40	30
6	Non-operating	55–59	N/A	0.5	1	1	1	1
6	Non-operating	60–61	N/A	1	2	2	2	2
6	Non-operating	62	N/A	3	6	6	6	6
6	Non-operating	63–79	N/A	10	25	25	25	25

For grandfathered non-represented employees:

For employees hired prior to January 1, 2017, retirement conditions are modified to reflect a single commencement date at the earliest eligible retirement date among former MTA Bus Article 14,15,16,17, and 19 provisions and MaBSTOA-style provisions. Retirement rates for these members reflect a phase-in of retirement rates used as of January 1, 2017 under the prior benefit structure and the retirement rates used under the current benefit structure.

Disability—Rates vary by age, employee type and apply at 10 or more years of service until eligibility for retirement for represented employees and until eligible for unreduced retirement and completion of 20 years of service for non-represented employees. Illustrative rates are shown below:

For represented employees:

Age	Disability Rate	Age	Disability Rate
20	0.250 %	45	0.678 %
25	0.270	50	0.827
30	0.292	55	1.145
35	0.314	60	1.552
40	0.440	64	1.938

For non-represented employees:

Age	Disability Rate	Age	Disability Rate
20	0.042 %	45	0.113 %
25	0.045	50	0.138
30	0.049	55	0.191
35	0.052	60	0.259
40	0.073	64	0.323

Marriage—80% of members are assumed to be married with wives 3 years younger than males.

Interest on Employee Contributions—Future years assumed to be 0.25% greater than inflation or 2.5% per year for represented employees and for the accumulated balances as of December 31, 2016 for non-represented employees.

Benefits Not Valued—Former Article 15 represented members who may be eligible for reduced retirement at attainment of age 55 and completion of 20 years of service is expected to have an insignificant cost.

The \$2,500 post-retirement death benefit for represented members is not valued since premiums are paid outside of the Plan Trust.

The \$10,000 post-retirement death benefit for former Queens Surface, Jamaica and Triboro Bus Service non-represented Employees (former Article 15) is not valued since premiums are paid outside of the Plan Trust.

The accidental death and dismemberment benefit for former Queens Surface, Jamaica and Triboro Bus Service non-represented Employees (former Article 15) is not valued as the costs are paid outside of the Plan Trust.

Form of Payment—Normal Form, except that all former Liberty Lines Bus non-represented employees (former Article 13) members are assumed to elect the lump sum payment option. Lump sums valued using lump sum mortality table published by the IRS and a 4.5% assumed interest rate.

Changes in Actuarial Assumptions—Except as noted in Universal Assumption section, there are no further changes.

7. CUSTODIAL AND OTHER PROFESSIONAL SERVICES

JP Morgan Chase Bank is the custodian and trustee of plan assets. JP Morgan Chase also provides cash receipt and cash disbursement services to the Plan. NEPC reviews the Plan's portfolio, the investment policies as stipulated by the Board of Managers and the performance of the Investment Managers. NEPC also provides audit services for the Plan's equity portfolios. Actuarial services were provided to the Plan by Milliman Inc.

8. SUBSEQUENT EVENTS

The Plan has evaluated all subsequent events through July 27, 2026, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2025. Chapter 58 of the Laws of 2026 was passed as part of the New York State Budget and modifies the contribution rates and overtime ceilings for affected Plan members. Contributions will be reflected in the 2026 financial statements.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

**METROPOLITAN TRANSPORTATION AUTHORITY
DEFINED BENEFIT PENSION PLAN**

SCHEDULE I

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
(In thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 260,511	\$ 242,996	\$ 230,704	\$ 220,423	\$ 213,674	\$ 213,495	\$ 173,095	\$ 162,273	\$ 148,051	\$ 138,215
Interest	572,343	541,036	515,016	485,878	455,230	427,672	387,193	358,118	335,679	308,009
Changes of benefit terms	-	10,126	349	-	-	-	-	61,890	76,511	73,521
Differences between expected and actual experience	116,422	85,003	23,934	95,172	20,656	92,019	35,935	75,744	(27,059)	86,809
Changes of assumptions	148,354	-	5,490	-	113,662	-	690,958	-	10,731	-
Benefit payments and withdrawals	(430,713)	(399,832)	(375,485)	(351,857)	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)
Net change in total pension liability	666,918	479,330	400,008	449,616	477,749	439,350	1,022,196	415,676	310,937	396,931
Total pension liability—beginning	8,756,739	8,277,409	7,877,401	7,427,785	6,950,036	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946
Total pension liability—ending (a)	9,423,657	8,756,739	8,277,409	7,877,401	7,427,785	6,950,036	6,510,686	5,488,490	5,072,814	4,761,877
Plan fiduciary net position:										
Employer contributions	92,450	355,279	831,320	400,648	396,144	394,986	344,714	338,967	321,861	280,768
Member contributions	46,758	43,752	38,304	34,471	33,832	32,006	31,504	29,902	31,027	29,392
Net investment income	955,020	633,817	695,942	(464,023)	639,374	92,044	647,264	(150,422)	516,153	247,708
Benefit payments and withdrawals	(430,713)	(399,832)	(375,485)	(351,857)	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)
Administrative expenses & Transfer to investments	(5,181)	(4,801)	(4,660)	(4,334)	(3,513)	(3,660)	(3,408)	(3,152)	(4,502)	(3,051)
Net change in plan fiduciary net position	658,334	628,214	1,185,421	(385,095)	740,364	221,540	755,089	(27,054)	631,563	345,194
Plan fiduciary net position—beginning	7,181,669	6,553,455	5,368,034	5,753,129	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777
Plan fiduciary net position—ending (b)	7,840,003	7,181,669	6,553,455	5,368,034	5,753,129	5,005,764	4,779,569	4,024,480	4,051,534	3,419,971
Employer's net pension liability—ending (a)-(b)	\$ 1,583,654	\$ 1,575,070	\$ 1,723,954	\$ 2,509,367	\$ 1,674,656	\$ 1,944,272	\$ 1,731,117	\$ 1,464,010	\$ 1,021,280	\$ 1,341,906
Plan fiduciary net position as a percentage of the total pension liability	83.19 %	82.01 %	79.17 %	68.14 %	77.45 %	72.13 %	73.48 %	73.33 %	79.87 %	71.82 %
Covered payroll	\$ 2,536,089	\$ 2,383,299	\$ 2,349,672	\$ 2,113,336	\$ 1,970,242	\$ 1,996,960	\$ 1,996,090	\$ 1,984,629	\$ 1,805,156	\$ 1,724,219
Employer's net pension liability as a percentage of covered payroll	62.44 %	66.09 %	73.37 %	118.74 %	85.00 %	97.01 %	86.49 %	73.77 %	56.58 %	77.83 %

In accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2014.
2021 Plan fiduciary net position—beginning is adjusted for the Plan's 2020 Q4 Private Markets values.

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

SCHEDULE II

Required Supplementary Information Schedule of Employer Contributions (In thousands)

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)		Covered Payroll	Contribution as a % of Covered Payroll
2016	\$ 290,415	\$ 280,768	\$ 9,647		\$ 1,724,219	16.28 %
2017	316,916	321,861	(4,945)		1,805,156	17.83 %
2018	331,566	338,967	(7,401)		1,984,629	17.08 %
2019	349,928	344,714	5,214		1,996,090	17.27 %
2020	392,921	394,986	(2,065)		1,996,960	19.78 %
2021	394,366	396,144	(1,778)		1,970,242	20.11 %
2022	404,245	400,648	3,597		2,113,336	18.96 %
2023	416,538	831,320	(414,782)	*	2,349,672	35.38 %
2024	434,841	355,279	79,562	**	2,383,299	14.91 %
2025	460,734	92,450	368,284	***	2,536,089	3.65 %

* Excess for 2023 reflects a prepaid contribution toward the 2024 Actuarially Determined Contribution.

** For 2024, MTA made contributions towards the 2025 actuarially determined contribution.

*** For 2025, MTA made remaining contributions towards the 2025 actuarially determined contribution that were not covered by contributions made in prior years.

(Continued)

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS

Note to Schedule II: The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan for are as follows:				
Valuation Dates	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022
Actuarial cost method	Frozen initial liability (FUI) (1)	Frozen initial liability (FUI) (1)	Frozen initial liability (FUI) (1)	Frozen initial liability (FUI) (1)
Amortization method	For FUI bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FUI cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.	For FUI bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FUI cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.	For FUI bases, 15 years remaining for the Fresh start base including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FUI cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.	For FUI bases, 18 years for the Fresh start base as of January 1, 2020 and period specified in current valuation report for specific plan change bases. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FUI cost method amortized based on expected working lifetime, weighted by salary or service of the projected population for each group and further weighted by total present value of benefits for each group.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Interest rate	Net rate of 6.50% for 2024, per annum, net of investment expenses	Net rate of 6.50% for 2024, per annum, net of investment expenses	Net rate of 6.50% for 2023, per annum, net of investment expenses	Net rate of 6.50% for 2021, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.25% per annum	2.25% per annum
Railroad retirement wage base	3.25% per year	3.25% per year	3.25% per year	3.25% per year
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA-sponsored pension plan members from January 1, 2015-December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.
Separations other than for normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.
Salary increases	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for TWU MTA Bus hourly employees
Overtime	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Cost-of-living adjustments	60 % of inflation assumption or 1.35% per annum, if applicable	60 % of inflation assumption or 1.35% per annum, if applicable	1.35% per annum (2)	1.35% per annum (2)
Provision for expenses	An average of the prior two years' administrative charges added to the normal cost	An average of the prior two years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost

(1) Under this actuarial method, the initial liability has been established by the Entry Age Actuarial Cost Method for determining changes in the Unfunded Actuarial Accrued Liability (UAAAL) due to plan provision and assumption changes.
(2) Assumes a long-term consumer price inflation assumption of 2.5% per annum, compounded annually.

(Continued)

METROPOLITAN TRANSPORTATION AUTHORITY DEFINED BENEFIT PENSION PLAN

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF EMPLOYER CONTRIBUTIONS

Note to Schedule II:

The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan for areas follows:

Valuation Dates	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Actuarial cost method	Frozen initial liability (FILI) (1)	Frozen initial liability (FILI) (1)	Frozen initial liability (FILI) (1)	Frozen initial liability (FILI) (1)	Frozen initial liability (FILI) (1)
Amortization method	For FIL bases, 18 years for the Fresh start base as of January 1, 2020 and period specified in current valuation report for specific plan change bases. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, period specified in current valuation report for specific plan change bases. Fresh start base as of January 1, 2020 will be determined based on the Plan's unfunded Entry Age Normal liability less amortization balances remaining plan change bases. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For FIL bases, period specified in current valuation report. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Interest rate	Net rate of 6.50% for 2020, per annum, net of investment expenses	Net rate of 6.50% for 2019, per annum, net of investment expenses	Net rate of 7.0% for 2018, per annum, net of investment expenses	Net rate of 7.0% for 2017, per annum, net of investment expenses	Net rate of 7.0% for 2016, per annum, net of investment expenses
Inflation	2.25% per annum	2.25% per annum	2.5% per annum	2.5% per annum	2.5% per annum
Railroad retirement wage base	3.25% per year	3.25% per year	3.5% per year	3.5% per year	3.5% per year
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA
Separations other than for normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.	Tables based on recent experience. Rates vary by age, years of service at retirement and Tier/Plan.
Salary increases	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for TWU MTA Bus hourly employees	Varies by years of employment, and employee group; 2.75% General Wage Increases ("GWI") for TWU MTA Bus hourly employees	Varies by years of employment, and employee group; 3.0% General Wage Increases ("GWI") for TWU MTA Bus hourly employees	Varies by years of employment, and employee group; 3.0% General Wage Increases ("GWI") for TWU MTA Bus hourly employees	Varies by years of employment, and employee group; 3.0% General Wage Increases ("GWI") for TWU MTA Bus hourly employees
Overtime	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Cost-of-living adjustments	1.35% per annum (2)	1.35% per annum (2)	1.375% per annum (2)	1.375% per annum (2)	1.375% per annum (2)
Provision for expenses	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost	An average of the prior three years' administrative charges added to the normal cost

- (1) Under this actuarial method, the charges added to the normal cost in the Unfunded Actuarial Liability (UAL) due to plan provision and assumption changes.
(2) Assumes a long-term consumer price inflation assumption of 2.5% per annum, compounded annually.

(Concluded)

METROPOLITAN TRANSPORTATION AUTHORITY

DEFINED BENEFIT PENSION PLAN

SCHEDULE III

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

The following table displays annual money-weighted rate of return, net of investment expense.

Fiscal Year Ending D12/31/2026	Net Money-Weighted Rate of Return
2016	7.97 %
2017	14.94
2018	(3.67)
2019	16.06
2020	2.05 *
2021	12.67
2022	(8.01)
2023	11.70
2024	9.59
2025	13.62

* The Net Money-Weighted Rate of Return was revised from 1.91% to 2.05%, based on subsequent information received for the Plan's Private Market investments fourth quarter, in the first year of the adoption of GASB 84.

Calculation on Long-Term Expected Rate of Return—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2025.

INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT

The Audit Committee of the
Metropolitan Transportation Authority

We have performed the procedures enumerated in the accompanying Exhibit A on the Metropolitan Transportation Authority (the "MTA") Office of the Inspector General's budget accountability for the year ended December 31, 2025 ("the subject matter"). The MTA Office of the Inspector General (the "IG") is responsible for the subject matter.

The MTA, the IG, and the Auditor General of the MTA have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the specified parties in evaluating the subject matter.

We make no representation regarding the appropriateness of the procedures either for the purpose for which our report has been requested or for any other purpose. Accordingly, this report may not be suitable for either the purpose of which this report has been requested or for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are included in the accompanying Exhibit A.

We were engaged by the MTA, the IG, and the Auditor General of the MTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the MTA, the IG, and the Auditor General of the MTA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the MTA, the IG, and the Auditor General of the MTA, and is not intended to be, and should not be, used by anyone other than these specified parties.

July 15, 2026

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EXHIBIT A

The procedures and the associated findings are as follows:

1. We utilized a random number generator to randomly select five employees from the MTA Headquarters - IG payroll register for the month of December 2025 and we compared each individual's salary to an approved Personnel Action Form obtained from the IG management ("management").

We found no exceptions as a result of the procedures.

2. We utilized a random number generator to randomly select two terminated employees from the listing of terminated employees for the year ended December 31, 2025 and obtained each individual's Personnel Action Form to confirm the termination. We inspected the payroll register subsequent to each employee's termination and inspected these employees were removed from the payroll register.

We found no exceptions as a result of the procedures.

3. We compared the IG's total payroll per the payroll register for the month of December 2025 to the MTA's monthly expense report for the month of December 2025 and observed they agreed.

We found no exceptions as a result of the procedures.

4. We utilized a random number generator to randomly select five purchases made during the year from the IG's general ledger for the year ended December 31, 2025. For each purchase, we obtained from management the related requisitions and purchase orders and observed an approver's sign off.

We found no exceptions as a result of the procedures.

5. We utilized a random number generator to randomly select fifteen disbursements from the IG's General Fund for the year ended December 31, 2025 and compared the selected disbursements to supporting documentation including invoices, purchase orders and cancelled checks obtained from management. For each selected disbursement, we observed the reimbursement recorded agreed to the invoice, purchase order, and cancelled check and was also signed off by management as evidence of authorization.

We found no exceptions as a result of the procedures.

6. We utilized a random number generator to randomly select five petty cash vouchers from the IG's general ledger for the last quarter ended December 31, 2025, and obtained the respective voucher from management. For each selection, we observed the voucher was approved and signed off by management in accordance with IG Petty Cash Policy.

We found no exceptions as a result of the procedures.

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7. We compared the cash balance per the Cash Inspector General Fund's bank reconciliation for the month of December 2025 to the Authority's general ledger. We observed that there was a difference of \$824. We noted that the difference is a result of the interest earned and outstanding checks recorded by the Authority.
8. We utilized a random number generator to randomly select five employee reimbursements from the IG listing of employees' reimbursements for the year ended December 31, 2025. We observed the reimbursements were supported by invoices, purchase orders, bank statements, reimbursement applications or refund requisitions provided by management. We also utilized a random number generator to randomly select five employee expense reports from the IG listing of employee expenses reports for the year ended December 31, 2025 and observed the expense reports were supported by invoices, purchase orders, and proof of payment such as bank statements.

We found no exceptions as a result of the procedures.

9. We obtained a listing of fixed asset additions for the year ended December 31, 2025 from management. We noted none during the year.

We found no exceptions as a result of the procedures.

10. We inquired of management whether there were any fixed asset disposals made during the year ended December 31, 2025 for the IG, and management indicated there were none.
11. We recalculated the depreciation expense amount for all fixed assets with depreciation expense recorded in the IG's general ledger for the month of December 2025 that were in excess of \$1,000.

We found no exceptions as a result of the procedures.

12. We compared the IG's general ledger depreciation expense for the month of December 2025 to the MTA's general ledger and found them to be in agreement.

We found no exceptions as a result of the procedures.

13. We compared the IG's total monthly expense report to the MTA's total monthly expense report for the month of December 2025. We observed that there was a difference of \$2,759. We were informed the difference is a direct result of professional service contracts and utilities incurred during the year that are required for the MTA's year-end accrual process.
14. We obtained from management the IG's 2025 total expense budget and the actual total expenditures for the year ended December 31, 2025. We compared these reports and observed that total actual expenditures were less than the IG's 2025 total expense budget by \$5,058,440.

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**Metropolitan
Transportation Authority**
(A Component Unit of the State of New York)

Independent Auditor's Review Report

Interim Financial Statements as of and
for the Three-Month Period Ended March 31, 2026

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(A Component Unit of the State of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE-MONTH PERIODS
ENDED MARCH 31, 2026 AND 2025**

(\$ In Millions, except as noted)

FINANCIAL REPORTING ENTITY

The Metropolitan Transportation Authority ("MTA" or "MTA Group") was established under the New York Public Authorities Law and is a public benefit corporation and a component unit of the State of New York whose mission is to continue, develop, and improve public transportation and to develop and implement a unified public transportation policy in the New York metropolitan area. The financial reporting entity consists of subsidiaries and affiliates, considered component units of the MTA, because the Board of the MTA serves as the overall governing body of these related entities.

The Reporting entity includes the MTA agencies and Fiduciary Funds:

(1) the MTA is comprised of the following:

- Metropolitan Transportation Authority Headquarters ("MTAHQ") provides support in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services to the related groups listed below.
- The Long Island Rail Road Company ("MTA Long Island Rail Road") provides passenger transportation between New York City ("NYC") and Long Island.
- Metro-North Commuter Railroad Company ("MTA Metro-North Railroad") provides passenger transportation between NYC and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in New York State ("NYS") and New Haven and Fairfield counties in Connecticut.
- Staten Island Rapid Transit Operating Authority ("MTA Staten Island Railway") provides passenger transportation on Staten Island.
- First Mutual Transportation Assurance Company ("FMTAC") provides primary insurance coverage for certain losses, some of which are reinsured, and assumes reinsurance coverage for certain other losses.
- MTA Construction and Development Company ("MTA Construction and Development"), formerly called MTA Capital Construction Company, provides oversight for the planning, design and construction of current and future major MTA system-wide expansion projects.
- MTA Bus Company ("MTA Bus") operates certain bus routes in areas previously served by private bus operators pursuant to franchises granted by the NYC.
- New York City Transit Authority ("MTA New York City Transit") and its subsidiary, Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA"), provide subway and public bus service within the five boroughs of New York City.
- Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels" or "TBTA") operates seven toll bridges, two tunnels, and the Battery Parking Garage, all within the five boroughs of New York City.
- MTA Grand Central Madison Operating Company ("MTA GCMOC") operates and maintains the infrastructure and structures supporting Long Island Rail Road access into Grand Central Terminal.
- MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Construction and Development, MTA Bus, MTA New York City Transit, MTA Bridges and Tunnels, and MTA GCMOC collectively are referred to herein as MTA. MTA Long Island Rail Road and MTA Metro-North Railroad are referred to collectively as the Commuter Railroads.

The MTA provides transportation services in the New York metropolitan area, operations of seven bridges and two tunnels within New York City and primary insurance coverage to the MTA related entities. The MTA engages in Business-Type Activities. The financial results of the MTA are reported as consolidated financial statements.

(2) The Fiduciary Funds are comprised of Pension and Other Employee Benefit Trust Funds:

- Pension Trust Funds:
 - MTA Defined Benefit Pension Plan
 - The Long Island Rail Road Company Plan for Additional Pensions ("Additional Plan")

- Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA Plan”)
- Metro-North Commuter Railroad Cash Balance Plan (“MNR Cash Balance Plan”)
- Other Employee Benefit Trust Funds
 - MTA Other Postemployment Benefits Plan (“OPEB Plan”)

OVERVIEW OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

This report consists of: Management’s Discussion and Analysis (“MD&A”), Consolidated Interim Financial Statements, Fiduciary Funds Financial Statements, Notes to the Consolidated Interim Financial Statements, Required Supplementary Information, Supplementary Information - Combining Fiduciary Fund Financial Statements, and Supplementary Information.

Management’s Discussion and Analysis

This MD&A provides a narrative overview and analysis of the financial activities of the Metropolitan Transportation Authority and its consolidated subsidiaries and affiliates (the “MTA” or “MTA Group”) as of March 31, 2026 and December 31, 2025 and for the three-month periods ended March 31, 2026 and 2025. For financial reporting purposes, the subsidiaries and affiliates of the MTA are blended component units. This management discussion and analysis is intended to serve as an introduction to the MTA Group’s consolidated interim financial statements. It provides an assessment of how the MTA Group’s position has improved or deteriorated and identifies the factors that, in management’s view, significantly affected the MTA Group’s overall financial position. It may contain opinions, assumptions, or conclusions by the MTA Group’s management that must be read in conjunction with, and should not be considered a replacement for, the consolidated interim financial statements.

The Consolidated Interim Financial Statements

The Consolidated Interim Statements of Net Position provide information about the nature and amounts of resources with present service capacity that the MTA Group presently controls (assets), consumption of net assets by the MTA Group that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the MTA Group has little or no discretion to avoid (liabilities), and acquisition of net assets by the MTA Group that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position.

The Consolidated Interim Statements of Revenues, Expenses and Changes in Net Position provide information about the MTA’s changes in net position for the period then ended and accounts for all of the period’s revenues and expenses, measures the success of the MTA Group’s operations during the year and can be used to determine how the MTA has funded its costs.

The Consolidated Interim Statements of Cash Flows provide information about the MTA Group’s cash receipts, cash payments and net changes in cash resulting from operations, noncapital financing, capital and related financing, and investing activities.

The Fiduciary Funds Financial Statements

Fiduciary funds are used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. Fiduciary funds are not reported in the MTA’s consolidated financial statements because the resources of those funds are not available to support the MTA’s own programs. The MTA’s fiduciary funds are collectively reported as Pension and Other Employee Benefit Trust Funds.

The Statements of Fiduciary Net Position presents financial information about the assets, liabilities, and the fiduciary net position held in trust of the fiduciary funds of the MTA.

The Statements of Changes in Fiduciary Net Position presents fiduciary activities of the fiduciary funds as additions and deductions to the fiduciary net position.

Notes to the Consolidated Interim Financial Statements

The notes provide information that is essential to understanding the consolidated interim financial statements, such as the MTA Group’s accounting methods and policies, details of cash and investments, employee benefits, long-term debt, lease transactions, future commitments and contingencies of the MTA Group, and information about other events or developing situations that could materially affect the MTA Group’s financial position.

Required Supplementary Information

The required supplementary information provides information about the changes in the net pension liability and net other postemployment benefits (“OPEB”) liability, employer contributions for the OPEB and pension plans, actuarial assumptions used to calculate the net pension liability and net OPEB liability, historical trends, and other required supplementary information related to the MTA Group’s cost-sharing multiple-employer defined benefit pension plans.

Supplementary Information - Combining Fiduciary Funds Financial Statements

The supplementary information combining fiduciary funds financial statements includes the combining statements of fiduciary net position and the combining statements of changes in fiduciary net position which provides financial information on each fiduciary fund in which the MTA is functioning as a trustee for another party. The MTA's fiduciary funds are categorized as Pension and Other Employee Benefit Trust Funds.

Supplementary Information

The supplementary information provides a series of reconciliations between the MTA Group's financial plan and the consolidated statements of revenues, expenses and changes in net position.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The following sections discuss the significant changes in the MTA Group's financial position as of March 31, 2026 and December 31, 2025 and for the three-month periods ended March 31, 2026 and 2025. An analysis of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, the information contained within the summaries of the consolidated interim financial statements and the various exhibits presented were derived from the MTA Group's consolidated interim financial statements.

Total Assets and Deferred Outflows of Resources, Distinguishing Between Capital Assets, Other Assets and Deferred Outflows of Resources

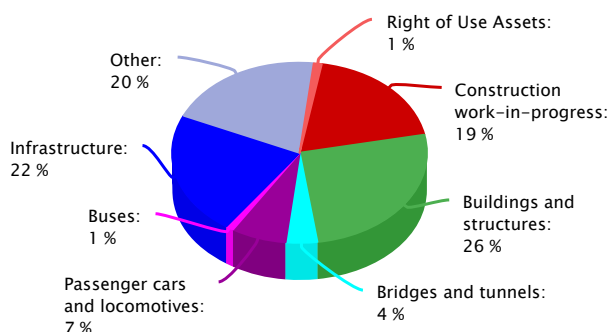
Capital assets include, but are not limited to: bridges, structures, tunnels, construction of buildings and the acquisition of buses, equipment, passenger cars, locomotives, right-of-use assets for leases on building, office space, storage space, equipment and vehicles and intangible right-to-use assets for subscription-based information technology arrangements ("SBITA").

Other assets include, but are not limited to: cash, restricted and unrestricted investments, State and regional mass transit taxes receivables, and receivables from New York State. This also includes the receivable from leases of MTA's land, building, station concession, equipment, and right-of-way to third parties.

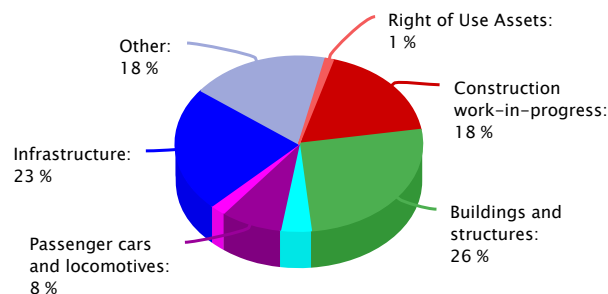
Deferred outflows of resources reflect: changes in fair values of hedging derivative instruments that are determined to be effective, unamortized loss on debt refunding and deferred outflows from pension and OPEB.

(In millions)	March 31, 2026	December 31, 2025	Increase / (Decrease)
Capital assets — net (see Note 6)	\$ 99,594	\$ 99,312	\$ 282
Other assets	24,190	23,915	275
Total Assets	123,784	123,227	557
Deferred outflows of resources	8,162	7,225	937
Total assets and deferred outflows of resources	<u>\$ 131,946</u>	<u>\$ 130,452</u>	<u>\$ 1,494</u>

Capital Assets, Net – March 31 2026



Capital Assets, Net – December 31, 2025



Significant Changes in Assets and Deferred Outflows of Resources Include:

March 31, 2026 versus December 31, 2025

- Net capital assets increased by \$282, or 0.3%. There was an increase in construction in progress of \$1,293, an increase in other assets of \$3 primarily from improvements to building at 2 Broadway, and an increase in right-of-use assets of \$1. These increases were offset by an increase in accumulated depreciation and amortization of \$1,015.

Some of the more significant Infrastructure projects contributing to the net increase included:

- MTA Metro-North Railroad continued network expansion work for Penn Station Access.
- MTA Long Island Rail Road continued investment in M9A passenger railcars and Dual-Mode locomotive procurement.
- MTA Metro-North Railroad continued improvement for station rehabilitation and construction work for various projects relating to signals, depots and yards, track and structures, and investment in M9A passenger railcars.
- MTA Long Island Rail Road infrastructure improvements including track and signal rehabilitations and replacements.
- MTA New York City Transit continued ongoing investments in new subway cars, Station Components Investments, Second Avenue Subway, and New Hybrid Locomotives.
- MTA Bridges and Tunnels continued reconstruction of the Upper-Level Approach of Verrazano-Narrows Bridge and suspended Span Retrofit Painting on Robert F. Kennedy Bridge.
- Other assets increased by \$275, or 1.1%. The major items contributing to this change include:
 - A net increase in receivables of \$387, primarily from state and regional taxes.
 - An increase of \$97 from other non-current receivables primarily due to a settlement insurance claim.
 - An increase of \$37 from derivative fuel hedge assets due to the change in the economic exposure.
 - An increase of \$26 from other non-current assets primarily due to capital funding requisitions.
 - An increase of \$24 from material and supplies.
 - An increase of \$4 from derivative assets.

Offsetting the increases were:

- A net decrease of \$102 in investments primarily due to decreases in current unrestricted investments of \$1,429 and non-current restricted investments of \$1,029 offset by increases of \$2,356 in current restricted investments.
- A decrease of \$88 in other customer receivables.
- A net decrease in restricted and unrestricted cash of \$48.
- A net decrease in allowance for doubtful accounts of \$48 primarily due to estimated unpaid CRZ tolls.
- A decrease in prepaid expenses and other current assets of \$12.
- A decrease of \$2 in Other current receivables

Deferred outflows of resources increased by \$937, or 13.0%, primarily attributed to net increases in deferred outflows related to net contributions to pensions and other post-employment benefits of \$990 offset by decreases in the loss on debt refunding of \$41 primarily from PMT bonds and decrease in the fair value of derivative instruments of \$12 as a result of market movements.

Total Liabilities and Deferred Inflows of Resources, Distinguishing Between Current Liabilities,

Non-Current Liabilities and Deferred Inflows of Resources

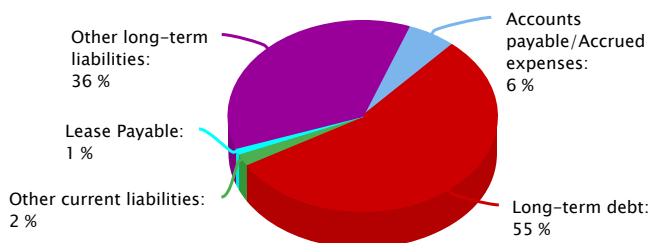
Current liabilities include: accounts payable, accrued expenses including current portion of compensated absences, current portion of long-term debt, pollution remediation liabilities, unredeemed fares and tolls, the current portion of long-term lease liability, and other current liabilities.

Non-current liabilities include: long-term debt, claims for injuries to persons, post-employment benefits, long-term lease liability, compensated absences, and other non-current liabilities.

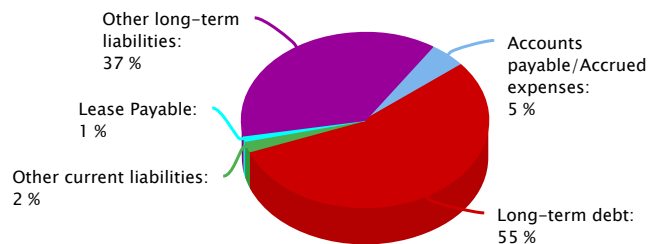
Deferred inflows of resources reflect unamortized gains on debt refunding and deferred inflows related to leases, pensions, and OPEB.

(In millions)	March 31, 2026	December 31, 2025	Increase / (Decrease)
Current liabilities	\$ 8,856	\$ 8,704	\$ 152
Non-current liabilities	85,174	84,351	823
Total liabilities	94,030	93,055	975
Deferred inflows of resources	9,552	9,559	(7)
Total liabilities and deferred inflows of resources	\$ 103,582	\$ 102,614	\$ 968

Total Liabilities – March 31, 2026



Total Liabilities – December 31, 2025



Significant Changes in Liabilities and Deferred Inflows of Resources Include:

March 31, 2026 versus December 31, 2025

- Current liabilities increased by \$152, or 1.7%. The increase was primarily due to:
 - An increase of \$556 in accrued interest mainly due to the timing of interest payments on long-term debt.
 - A net increase of \$136 in employee related expenses.
 - An increase of \$105 in accounts payable mainly due to the timing of vendor payments and other payables.
 - An increase in other accrued expenses of \$94.

Offsetting the increases were:

- A decrease of \$314 in capital accruals primarily for New York City Transit Authority.
- A decrease of \$225 in unearned revenues, primarily due to timing of New York State's funding towards the MTA Capital Program and the processing of capital payments.
- A decrease of \$128 in the current portion of long term debt primarily due to the decrease in MTA Bridges and Tunnels General Revenue Bonds in the amount of \$22, Payroll Mobility Tax Bonds of \$100 and MTA Transportation Revenue Bonds of \$6.
- A decrease of \$45 in accrued expenses.
- A decrease of \$20 in estimated liability from injuries to persons.
- A net decrease of \$7 in other current liabilities.
- Non-current liabilities increased by \$823, or 1.0%. This increase was mainly due to:
 - An increase in the non-current portion of long-term debt of \$739 mainly as a result of issuance of Payroll Mobility Tax Senior Lien Refunding Bonds, Series 2026A-1.
 - An increase of \$80 in estimated liability arising from injuries to persons primarily for long term personal injury claims for MTA Metro North Railroad and MTA Bus.
 - An increase of \$26 in contract retainage payable due to increased capital construction activity.
 - An increase of \$7 in compensated absences.
 - An increase of \$3 in Financed Purchase.
 - An increase of \$2 in pollution remediation projects and \$2 in derivative liabilities with off market elements.

Offsetting the increases were:

- A decrease of \$10 and \$9 in subscription-based information technology arrangements and leases payable, respectively, due to expiring contracts that were not renewed.
- A decrease of \$9 in leases derivative liabilities.
- A decrease of \$7 in other long-term liabilities.
- A decrease of \$1 in loans payable.

- Deferred inflows of resources decreased by \$7, or 0.1% primarily attributed to decreases in deferred inflows from leases.

Total Net Position, Distinguishing Between Net Investment in Capital Assets, Restricted Amounts, and Unrestricted Amounts

(In millions)	March 31, 2026	December 31, 2025	Increase / (Decrease)
Net investment in capital assets	\$ 46,115	\$ 46,147	\$ (32)
Restricted for debt service	1,532	893	639
Restricted for claims	242	231	11
Restricted for other purposes	6,082	5,560	522
Unrestricted	(25,607)	(24,993)	(614)
Total Net Position	<u>\$ 28,364</u>	<u>\$ 27,838</u>	<u>\$ 526</u>

Significant Changes in Net Position Include:

March 31, 2026 versus December 31, 2025

On March 31, 2026, total net position increased by \$526, or 1.9%, when compared with December 31, 2025. This change is a result of net non-operating revenues of \$3,300, appropriations, grants and other receipts externally restricted for capital projects of \$293, which was offset by operating losses of \$3,067.

The net investment in capital assets decreased by \$32, or 0.1%. Funds restricted for debt service, claims and other purposes increased by \$1,172, or 17.5% in the aggregate, mainly due to scheduled debt service payments. Unrestricted net position decreased by \$614, or 2.5%.

Condensed Consolidated Interim Statement of Revenues, Expenses and Changes in Net Position

(In millions)	Three-Month Period Ended March 31, 2026	2025	Increase / (Decrease)
Operating revenues			
Passenger and tolls	\$ 2,056	\$ 1,962	\$ 94
Other	229	235	(6)
Total operating revenues	<u>2,285</u>	<u>2,197</u>	<u>88</u>
Non-operating revenues			
Grants, appropriations and taxes	2,411	1,778	633
Other	1,384	538	846
Total non-operating revenues	<u>3,795</u>	<u>2,316</u>	<u>1,479</u>
Total revenues	<u>6,080</u>	<u>4,513</u>	<u>1,567</u>
Operating expenses			
Salaries and wages	1,934	1,822	112
Retirement and other employee benefits	1,095	963	132
Postemployment benefits other than pensions	215	210	5
Depreciation and amortization	1,015	966	49
Other expenses	1,093	1,062	31
Total operating expenses	<u>5,352</u>	<u>5,023</u>	<u>329</u>
Non-operating expenses			
Interest on long-term debt	494	503	(9)
Other net non-operating expenses	1	1	-
Total non-operating expenses	<u>495</u>	<u>504</u>	<u>(9)</u>
Total expenses	<u>5,847</u>	<u>5,527</u>	<u>320</u>
Income (loss) before appropriations, grants and other receipts externally restricted for capital projects	233	(1,014)	1,247
Appropriations, grants and other receipts externally restricted for capital projects	293	837	(544)
Change in net position	526	(177)	703
Net position, beginning of period	27,838	20,194	7,644
Net position, end of period	<u>\$ 28,364</u>	<u>\$ 20,017</u>	<u>\$ 8,347</u>

Revenues and Expenses, by Major Source:

Period ended March 31, 2026 versus 2025

- Total operating revenues increased by \$88, or 4.0%. The increase was mainly due to the fare and toll increases, which took effect on January 4, 2026, and increased ridership on trains and subways. Fare and toll revenues increased by \$40 and \$54, respectively. Other operating revenues decreased by \$6 due to higher advertising revenues and higher paratransit reimbursement subsidy in 2025.
- Total non-operating revenues increased by \$1,479, or 63.9%.
 - Grants, appropriations, and taxes increased by \$633 primarily due to increases in Payroll Mobility Tax subsidies of \$588, Urban Tax subsidies of \$66, Mortgage Recording Tax subsidies of \$10, NYC Assistance Fund of \$5, Operating Assistance - 18-B program of \$2 and Build America Bond subsidy of \$1. These increases were offset by decreases in MTA Aid Trust Account subsidies of \$20, Mass Transportation Trust Fund subsidies of \$17, Internet Sales Tax of \$1 and Mansion Tax of \$1.
 - Other non-operating revenues increased by \$846, primarily due to receipt of casino license fees from NYS's Gaming Commission of \$1,000, a subsidy increase from Connecticut Department of Transportation of \$9, an increase in operating subsidies recoverable from NYC of \$5, and an increase in station maintenance, operation and use assessments of \$4. These increases were offset by a decrease of \$180 in FTA reimbursement due to timing in submission of grant requisition.
- Labor costs increased by \$249, or 8.3% due to a \$112 increase in salaries and wages and a net increase of \$137 in employee benefits, including post-retirement benefits.
- Non-labor operating costs increased by \$80, or 3.9%. The variance was primarily due to:
 - An increase in depreciation and amortization of \$49 primarily due to new assets placed into service.
 - An increase in electric power of \$40 due to rate increases.
 - An increase in insurance of \$18.
 - An increase in professional service contracts of \$14.
 - An increase in maintenance and other operating contracts of \$11.
 - An increase in paratransit service contracts of \$10.
 - An increase in fuel of \$2.
 - An increase in pollution remediation projects of \$2.

These increases were offset by the following decreases:

- A decrease in other operating expenses of \$62 primarily due to MTA Construction and Development payroll expense reimbursement.
- A decrease in claims of \$3.
- A decrease in material and supplies of \$1.
- Total net non-operating expenses decreased by \$9, or 1.8%, primarily due to a decrease in interest on long-term debt.
- Appropriations, grants and other receipts externally restricted for capital projects decreased by \$544, or 65.0% mainly due to timing of requisitioning for Federal and State grants.

Economic Conditions

Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. The MTA consists of urban subway and bus systems, suburban rail systems, bridge and tunnel facilities, all of which are affected by a myriad of economic forces. To achieve maximum efficiency and success in its operations, the MTA must identify economic trends and continually implement strategies to adapt to changing economic conditions.

Preliminary MTA system-wide ridership for first quarter 2026 remained below the pre-pandemic level, with paid ridership 171 million trips (-39%) below 2019 first quarter ridership. The first quarter of 2026 fell below the paid ridership during the first quarter of 2025 by 4 million (-1%). For the first quarter of 2026 compared with the first quarter of 2025, MTA New York City Transit subway paid ridership increased by 7 million trips (2.4%), MTA New York City Transit bus paid ridership decreased by 10 million trips (-12%), MTA Long Island Rail Road paid ridership increased by 603 thousand trips (3.8%), MTA Metro-North

Railroad paid ridership increased by 351 thousand trips (2.2%), MTA Bus paid ridership decreased by 2 million trips (-9.8%), and MTA Staten Island Railway paid ridership increased by 5 thousand trips (0.8%). Paid vehicle traffic at MTA Bridges and Tunnels facilities for the first quarter of 2026 was below 2019 levels by 560 thousand crossings (-0.7%), and TBTA traffic in the first quarter, compared with the first quarter of 2025, was down 2 million crossings (-2.6%). The first quarter of 2026, for both ridership and traffic, was adversely impacted by two major snowstorms, on January 25, 2026 when 11.4 inches of snow fell and on February 23rd, 2026 when 10.9 inches of snow fell based on measurements taken in Central Park.

Seasonally adjusted non-agricultural employment in New York City for the first quarter was lower in 2026 than in 2025 by 8 thousand jobs (-0.2%). On a quarter-to-quarter basis, New York City employment lost 24 thousand jobs (-0.5%), breaking the trend of twenty-month consecutive quarterly increases.

National economic growth, as measured by Real Gross Domestic Product (“RGDP”), increased at an annualized rate of 2.0% in the first quarter of 2026 and 0.5% in fourth quarter 2025, according to the most recent estimate released by the Bureau of Economic Analysis. The increase in real GDP in the fourth quarter primarily reflected increases in investment, exports, consumer spending, and government spending. Imports, which are a subtraction in the calculation of GDP, increased. The increase in investment reflected increases in equipment, intellectual property products, and private inventory investment that were partly offset by decreases in residential and nonresidential structures. Within equipment, the increase primarily reflected an increase in information processing equipment (notably, computers and peripheral equipment). The increase in intellectual property products primarily reflected an increase in software. The decrease in residential structures was led by new single-family units and brokers’ commissions. Single-family units decreased and the decrease in nonresidential structures was led by manufacturing structures.

The New York City metropolitan area’s price inflation rate, as measured by the Consumer Price Index for All Urban Consumers (“CPI-U”), was above the national average in the first quarter of 2026, with the metropolitan area index increasing 3.4% while the national index increased 2.7% when compared with the first quarter of 2025. Regional prices for energy products increased 8.2% while national prices for energy products increased 4.3%. In the metropolitan area, the CPI-U exclusive of energy products increased by 3.1%, while nationally inflation exclusive of energy products increased 2.6%. The New York Harbor spot price for conventional gasoline increased by 13.5% from an average price of \$2.08 per gallon to an average price of \$2.37 per gallon between the first quarters of 2025 and 2026.

In its announcement on April 29, 2026, the Federal Open Market Committee (“FOMC”) maintained its target for the Federal Funds rate at the 3.50% to 3.75% range. Prior to the April 29th decision, the FOMC lowered the target rate range six consecutive times since September 18, 2024, reducing the target from a 5.25% to 5.50% range to a 4.75% to 5% range, to a 4.5% to 4.75% range on November 7, 2024, to a 4.25% to 4.5% range on December 18, 2024, to a 4.0% to 4.25% range on September 17, 2025, to a 3.75% to 4% range on October 29, 2025 and to a 3.5% to 3.75% range on December 10, 2025. In assessing the appropriate stance of monetary policy, the FOMC will continue to monitor the implications of incoming information for the economic outlook. The Committee is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee’s goals. The Committee’s assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

MRT collections in the first quarter of 2026 were higher than the first quarter of 2025 by \$14 million (13.6%). Average monthly receipts in the first quarter of 2026 were \$24 million (-37.6%) lower than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues during the Great Recession. MTA’s Urban Tax receipts during the first quarter of 2026—which are derived from commercial real estate transactions and mortgage recording activity within New York City and can vary significantly from quarter to quarter based on the timing of exceptionally high-priced transactions—were \$84 million (65.9%) higher than receipts during the first quarter of 2025. Average monthly receipts in the first quarter of 2026 were \$3 million (-3.9%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

Results of Operations

MTA Bridges and Tunnels – For the three months ended March 31, 2026, operating revenue from tolls totaled \$805.0, which was \$55.0, or 7.3%, higher than the first three months of 2025. Paid traffic for the first quarter of 2026 totaled 75.3 million crossings, which was 2.0 million, or 2.6 % lower than the first quarter of 2025. Gradually increasing traffic volumes from January to March follow regular patterns as we pass the colder months and head into spring.

MTA New York City Transit – For the three months ended March 31, 2026, revenue from fares was \$897, an increase of \$30, or 3.4%, compared to March 31, 2025. For the same comparative period, total operating expenses were higher by \$236, or 7.6%, totaling \$3,319 for the three months ended March 31, 2026.

MTA Long Island Rail Road – Total operating revenue for the three months ended March 31, 2026 was \$168, which was higher by \$7, or 4.3%, compared to three months ended March 31, 2025. For the same comparative period, operating expenses were higher by \$25, or 3.9%, totaling \$669 for the three months ended March 31, 2026.

MTA Metro-North Railroad – For the three months ended March 31, 2026, operating revenues totaled \$161, an increase of \$5, or 2.9%, compared to March 31, 2025. During the same period, operating expenses increased by \$25, or 4.9%, to \$522. For the three months ended March 31, 2026, fare revenue increased by 4.0%, to \$152, compared to the three months ended March 31, 2025. Passenger fares accounted for 94.04% and 93.21% of operating revenues in 2026 and 2025, respectively. The remaining revenue represents collection of rental income from stores in and around passenger stations and revenue generated from advertising.

The MTA receives the equivalent of four quarters of Metropolitan Mass Transportation Operating Assistance (“MMTOA”) receipts each year, with the state advancing the first quarter of each succeeding calendar year’s receipts in the fourth quarter of the current year. This results in little or no Metropolitan Mass Transportation Operating Assistance receipts being received during the first quarter of each calendar year. The MTA has made other provisions to provide for cash liquidity during this period. During April 2024, the State appropriated \$2.99 billion in MMTOA funds. There has been no change in the timing of the State’s payment of, or MTA’s receipt of, Dedicated Mass Transportation Trust Fund (“MTTF”) receipts, which MTA anticipates will be sufficient to make monthly principal and interest deposits into the Debt Service Fund for the Dedicated Tax Fund Bonds. The total MRT for the period ended March 31, 2026 was \$114 compared to \$104 at March 31, 2025.

Capital Programs

At March 31, 2026, \$7,461 had been committed and \$732 expended for the combined 2025-2029 Capital Programs and the 2025-2029 MTA Bridges and Tunnels Capital Program, and \$38,514 had been committed and \$19,774 had been expended for the combined 2020-2024 Capital Programs and the 2020-2024 MTA Bridges and Tunnels Capital Program.

The MTA Group has ongoing capital programs, which except for MTA Bridges and Tunnels are subject to the approval of the Metropolitan Transportation Authority Capital Program Review Board (“CPRB”) and are designed to improve public transportation in the New York Metropolitan area.

2025-2029 Capital Program – Capital programs totaling \$65,400 covering the years 2025-2029 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2025–2029 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2025–2029 Transit Capital Program”) were originally approved by the MTA Board on September 25, 2024. The capital programs were subsequently disapproved by the Capital Program Review Board (“CPRB”) on December 24, 2024, because fund sources for the plan had not yet been fully identified. The capital program totaling \$3,000 for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2025–2029 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board on September 25, 2024 and was not subject to CPRB approval. On May 28, 2025, the MTA Board approved the resubmitted capital programs. This resubmission was subsequently approved by the CPRB on June 17, 2025.

The approved 2025-2029 Capital Programs provided \$68,400 in capital expenditures. The combined funding sources for the 2025–2029 MTA Capital Programs and the 2025-2029 MTA Bridges and Tunnels Capital Program, include \$31,500 in Payroll Mobility Tax new revenue source (MTA Capital Lockbox), \$9,700 in MTA bonds and PAYGO, \$14,000 in Federal funds, \$4,200 in State of New York funding, \$3,000 in City of New York funding, \$3,000 from additional MTA self-funding, and \$3,000 in MTA Bridges and Tunnels dedicated funds.

2020-2024 Capital Program – Capital programs totaling \$54,799 covering the years 2020-2024 for: (1) the commuter railroad operations of the MTA conducted by MTA Long Island Rail Road and MTA Metro-North Railroad (the “2020–2024 Commuter Capital Program”), (2) the transit system operated by MTA New York City Transit and its subsidiary, MaBSTOA, the MTA Bus Company, and the rail system operated by MTA Staten Island Railway (the “2020–2024 Transit Capital Program”) were originally approved by the MTA Board on September 25, 2019. The capital programs were subsequently submitted to the Capital Program Review Board (“CPRB”) on October 1, 2019 and approved on January 1, 2020. The capital program for the toll bridges and tunnels operated by MTA Bridges and Tunnels (the “2020–2024 MTA Bridges and Tunnels Capital Program”) was approved by the MTA Board on September 25, 2019 and was not subject to CPRB approval. On December 15, 2021, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$535 million to support the Penn Station Access project. On July 27, 2022 the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$108 million to reflect addition of new projects, additional support for existing projects and changes to existing project budgets. The capital programs were subsequently submitted to the CPRB on August 1, 2022 and approved on August 30, 2022. On June 27, 2023, the MTA Board approved an amendment primarily to reflect \$678 million in budget transfers from the core agencies to support Network Expansion’s Penn Station Access project. The amendment to the capital programs was subsequently submitted to the CPRB, and deemed approved on July 31, 2023. The revised 2020-2024 MTA Bridges and Tunnels Capital Program totaling \$3,327 as last approved by the MTA Board on July 27, 2022, remain unchanged and is not subject to CPRB approval. On October 30, 2024, the MTA Board approved an amendment to increase the 2020-2024 Capital Program by \$120.9 million received from MTA’s capital funding partners to support Penn reconstruction, Interborough Express project, and Second Avenue Subway West. This amendment was submitted to the CPRB and deemed approved on December 9, 2024. On October 29, 2025, the MTA Board approved an amendment to recognize additional federal funding for Penn Station Access, savings from the Congestion Pricing infrastructure project, and other practical changes that resulted in a net decrease to the program by \$131 million. The amendment

to the capital programs was submitted to the CPRB and deemed approved on December 2, 2025.

The last approved 2020-2024 Capital Programs provided \$55,432 in capital expenditures. The combined funding sources for the 2020-2024 MTA Capital Programs and the 2020-2024 MTA Bridges and Tunnels Capital Program, include \$15,000 in Central Business District tolling sources, \$10,000 in new revenue sources, \$6,043 in MTA bonds and PAYGO, \$3,251 in MTA Bridges and Tunnels dedicated funds, \$14,750 in Federal funds, \$3,159 in State of New York funding, \$3,052 in City of New York funding, and \$177 in other contributions.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2025 MTA November Financial Plan (the “November Plan” or “Plan”), which includes the 2025 November Forecast, the 2026 Final Proposed Budget and a Financial Plan for the years 2026 to 2029, updates the 2025 July Financial Plan (the “July Plan”), which included the 2025 Mid-Year Forecast and the 2026 Preliminary Budget.

The November Plan remains balanced through 2026 with deficits of \$160 in 2027, \$243 in 2028, and \$306 in 2029. In comparison, the July Plan was balanced through 2026, with deficits of \$345 in 2027, \$354 in 2028, and \$428 in 2029. The February Plan was also balanced through 2026 and included deficits of \$378 in 2027 and \$419 in 2028. Compared with the July Plan, the November Plan is \$419 favorable over the Plan period. Plan-to-plan changes reflect Agency updates—including savings from new Operating Efficiencies, New Needs, Farebox and Toll Revenue, and other Agency reestimates—as well as Subsidy receipts and Debt Service expense re-forecasts.

The July Plan included additional farebox and toll revenues from proposed fare and toll rate and policy changes for implementation in January 2026. With MTA Board approval in September 2025, the additional revenue projected from these actions, which were represented below-the-line in the July Plan, have been incorporated into Agency financial plans. Overall, farebox and toll revenues, compared with the July Plan, are \$20 favorable over the Plan period.

Compared with the July Plan, Debt Service expense is \$161 favorable.

The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and City Subsidy for Paratransit, is \$11 higher than in the July Plan, driven primarily by higher service expenses due to increased ridership. While the City’s contribution to Paratransit is currently legislated at 80 percent of expenses, there is a contribution cap of 50 percent plus \$165. As a result, the City’s contribution is less than 80 percent and is further reduced each year as expenses continue to increase.

Other Agency baseline operating expenses are \$319 higher than in the July Plan. Major expense changes include Workers’ Compensation, FELA and Pension, which are \$378 unfavorable due to higher actuarial re-estimates, and Electric Power and Fuel, which are \$95 unfavorable due to rate and price increases. Health & Welfare expenses are \$532 favorable stemming from 2025 vacancy savings and higher prescription drug credits.

From 2009 through 2022, the MTA identified and captured about \$3.2 billion in annually recurring savings. In 2023, the MTA committed to achieving an additional \$500 in annually recurring cost savings through operating efficiencies, which was attained by the end of 2025 with initiatives ranging from insourcing functions like cleaning, using reliability data to tailor maintenance frequencies, and standardizing work practices to improve productivity.

Savings targets from new operating efficiencies are being introduced in this Plan. While the 2023 operating efficiencies focused primarily on operations at NYC Transit, Long Island Rail Road, Metro-North Railroad and Bridges and Tunnels, new operating efficiencies will also include MTA Headquarters as shared services have recently been centralized as part of the MTA consolidation efforts to standardize practices and seize economies of scale. Initiatives have been identified to capture savings for 2026 and subsequent years.

Revenues from Taxes and State and Local Subsidies are unchanged from the July Plan.

Consistent with prior Plans, this Plan proposes, effective March 2027 and March 2029, biennial fare and toll rate changes to generate a 4 percent yield increase in farebox and toll revenues.

The Plan also reflects re-timing of the Penn Station Access project. Full completion of the project, which extends Metro-North’s New Haven Line to reach Penn Station with four new accessible stations in the Bronx, has experienced delays due to coordination issues with Amtrak for work on its right-of-way. The full completion of the project, originally scheduled for 2027, is now expected to be delayed until 2030. MTA is planning to provide about 30 percent of the original scheduled service to three of the four new Bronx stations. This interim plan, which is predicated on cooperation by Amtrak, could result in shifts in operating budget spending, lowering net costs over the Plan period.

MTA expects a further delay in the reimbursement of direct COVID-related expenses through the Federal Emergency Management Agency (“FEMA”). In the July Plan, reimbursements were anticipated in 2025 and 2026, while the February Plan assumed the reimbursement would be received earlier. In this Plan, the reimbursement is expected over the 2026 to 2028 period. Tolling through the Congestion Relief Zone (“CRZ”) Tolling Program began in January 2025. CRZ net revenue, dedicated to the 2020-

2024 MTA Capital Program, is deposited into the Capital Lockbox Fund, and does not impact the bottom line of the Plan.

The November Plan presents a balanced budget through 2026, with deficits in 2027, 2028 and 2029.

Dedicated tax receipts. Almost 45 percent of operating revenues that are necessary to cover operating budget expenses are derived from dedicated taxes, and an economic slowdown or recession could adversely impact MTA's ability to cover costs.

FEMA COVID reimbursement. As of May 27th, 2026, the MTA has received reimbursements totaling \$590 from the FEMA for direct COVID-related expenses incurred during the pandemic. The 2025 November and 2026 February Financial Plans had assumed reimbursements of \$200 in each of 2026, 2027 and 2028. The MTA is still \$9.846 short of the combined \$600 assumed in the financial plan but expects to receive the remaining balance of the \$600 reimbursement before the end of 2026.

Casino revenue. Three casino projects received their final approval from NYS's Gaming Commission in December 2025. The first of the three casino licenses of \$500 was received in December 2025; the 2025 November Financial Plan had assumed this first license payment would have been received in 2026. The other two casino license fees of \$500 each were received in January 2026; the 2025 November Financial Plan had assumed one license fee of \$500 in 2027 and the other \$500 in 2028. These receipts are timing-related and have been reflected in the 2026 February Financial Plan.

Approval and implementation of fare and toll yield increases. The Plan includes fare and toll rate increases proposed for March 2027 and March 2029. These increases are expected to generate additional revenues over the Plan period.

Labor agreements. Major collective bargaining agreements expire over the course of the Plan period, and the Plan assumes annual wage increases at the conclusion of existing agreements.

City paratransit reimbursements. The net cost of Paratransit service, which reflects paratransit service contracts and other expenses, Paratransit fare revenue, Urban Tax receipts dedicated to Paratransit, and City Subsidy for Paratransit, continues to increase. Under current State law, the City's responsibility for reimbursing paratransit expenses reduces from a cap of 50 percent plus \$165 to 50 percent in July 2027 through June 2030, when the State law requiring City contribution expires. Beginning in July 2030, City reimbursement would revert to City reimbursement being the lesser of one-third of net costs or twenty percent more than the prior year's reimbursement. The Plan assumes a continuation of an 80 percent contribution from the City, and without an extension of State law maintaining the 80 percent reimbursement, deficits will increase.

Financials are unchanged from the November Plan, which was adopted by the MTA Board in December 2025. The February Plan reflects the inclusion of MTA Adjustments that were presented in the November Plan and adopted by the Board, including:

- MTA Operating Efficiencies for various new initiatives that have been identified and are being implemented in 2026:
- Re-timing of Penn Station Access.

Minor technical adjustments with no material impact have also been incorporated into this Plan.

The February Plan continues to present a balanced budget annually through 2026. Detailed explanations of the programs and assumptions supporting this Plan can be found in the 2025 November Plan.

More detailed information on the February Plan can be found in the MTA 2026 Adopted Budget - February Financial Plan 2026-2029 at www.MTA.info.

Tropical Storm Sandy Update

The total allocation of emergency relief funding from the Federal Transit Administration ("FTA") to MTA in connection with Superstorm Sandy to date is \$5.90 billion, including \$1.599 billion allocated on September 22, 2014, through a competitive resiliency program. A total of \$5.90 billion in FTA Emergency Relief Funding has been executed: seven repair/local priority resiliency grants totaling \$4.55 billion and seventeen competitive resiliency grants totaling \$1.26 billion. As of March 31, 2026, MTA has drawn down a total of \$4.61 billion in grant reimbursement for eligible operating and capital expenses. The balance of funds to be drawn down from all twenty-four 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. At MTA and Amtrak's request, in April 2018, FTA transferred \$13.5 million of MTA's emergency relief allocation to the Federal Railroad Administration ("FRA") to allow Amtrak to execute a portion of MTA Long Island Rail Road's Competitive Resilience scope.

Labor Update

At the end of the first quarter of 2026, the MTA employs approximately 74,413 people on a full-time basis, more than 90% of whom are represented by labor unions. Throughout the quarter, labor negotiations continued with unsettled bargaining groups, and two new labor agreements were ratified by the MTA Board. The ensuing paragraphs will describe the overall status of collective bargaining at MTA agencies through March 31, 2026.

MTA Long Island Rail Road – At the end of the first quarter of 2026, MTA Long Island Rail Road has approximately 7,470 employees. Approximately 6,767 of these employees are represented by 10 different unions in 18 bargaining units.

At present, the MTA Long Island Rail Road has ratified new labor agreements for the 2023-2026 period with approximately 50% of its represented workforce. And, after intensive labor negotiations -- and at the conclusion of the first railroad strike since 1994-- the MTA Long Island Rail Road has, as of May 18, 2026, also reached a tentative agreement with all its other represented employees [1].

By the end of the first quarter of 2026, approximately half of the MTA Long Island Rail Road's represented population had settled new agreements with the Railroad for the 2023-2026 period. The first new agreement for the 2023-2026 round of collective bargaining was reached in the final quarter of 2023: in December 2023, the MTA Board approved a 38-month labor agreement with MTA Long Island Rail Road's largest labor union, the Sheet Metal and Rail Transportation Union, which represents approximately 2,970 employees in the Transportation Division. Virtually identical agreements were subsequently reached with several other unions at MTA Long Island Rail Road [2] and, through the end of the first quarter 2026, approximately 50% of the railroad's represented population was covered by these agreements.

The initial agreements reached with MTA Long Island Rail Road unions for the 2023-2026 period contain the same provisions. Running from June 16, 2023 through August 15, 2026 (38 months), they provide wage increases of 3.0%, 3.0% and 3.50%, effective each June 16. The final increase (3.5%) is 0.25% higher than Financial Plan expectations, but the additional cost, compared with the Financial Plan, is partly offset by a 2-month extension of the contract period. The other important contract provisions are an increase in new hire employee health care contributions from 2% to 3% of straight-time wages; and the conversion of the existing dental and vision plan to a new plan with the same coverage provided to MTA Long Island Rail Road managers.

Through the first quarter of this year and into the second, MTA Long Island Rail Road had not yet reached new agreements with its other unions, which represent approximately the remaining 50% of its union workforce. Its five unsettled unions had chosen not to accept the agreement terms described above, and each filed for mediation under the authority of the National Mediation Board (NMB) in January and February 2024 [2]. Ensuing mediation, however, did not produce settlements, and in August of 2025, the NMB released the MTA Long Island Rail Road and the unsettled unions, finding that a continuation of the NMB's mediation efforts at that time would be unlikely to result in voluntary agreements. Although the MTA Long Island Rail Road accepted the NMB's offer to submit the dispute to arbitration, the unions rejected that option.

After the parties' release from mediation, collective bargaining progressed in the fall of 2025 and in the first quarter of 2026 through hearings by two Presidential Emergency Boards (PEB 253 and 254, respectively), empaneled, as prescribed in the Railway Labor Act ("RLA") to prevent a strike by investigating the dispute and recommending new settlement terms. Although both MTA Long Island Rail Road and the coalition of unions submitted proposals with the same pattern-based wages for the first three years of a new agreement, their disagreement was centered on the demand by the unions for a fourth contract year that would include a wage increase above the MTA Financial Plan; furthermore, the unions were unwilling to concede to the savings measures proposed by the railroads that would offset higher than expected wage increases and ensure Financial Plan consistency.

The non-binding recommendation of PEB 253 on October 17, 2025, included the established wage pattern for the first three years that was acceptable to both sides; but it also included an additional year of contract duration and a gross wage increase of 4.5% in 2026, which the MTA and MTA Long Island Rail Road rejected. After passage of a statutory "cooling off period", the coalition of unions requested the establishment of a second Presidential Emergency Board, which evaluated the parties' competing proposals in January 2026.

On March 16, 2026, Presidential Emergency Board (PEB 254) -- tasked by statute with choosing between the parties' last and best final offers in their entirety, rather than recommending a resolution that included some parts of the selected proposal but not others, selected the unions' offer [3]. Furthermore, the PEB rejected the Railroad's proposed work rule changes by which productivity savings could be used to fund the combination of a fourth-year wage increase and a productivity increase applied to all rates of pay [4].

Like the first PEB report, PEB 253 was also non-binding on the parties. After issuance of the report, an additional sixty-day "cooling off" period elapsed with no agreement having been reached, and on 12:01 a.m. on May 16, the unions chose to go on strike, as permissible by law under the RLA at that point in the process. The strike--the first since 1994 for either of the MTA commuter railroads--lasted three days, until May 18, 2026, when the MTA announced that the parties had at last agreed to a settlement. Ultimately, the parties have emerged with a tentative agreement that provides fair wage increases while safeguarding the MTA's financial integrity [5]. The agreement will be advanced during this second quarter of 2026 for union ratification and for MTA Board approval.

MTA Metro-North Railroad -- At the end of the first quarter of 2026, MTA Metro-North Railroad employs approximately 6,430 people. Among these are approximately 5,523 employees represented by ten different unions. Through the first quarter of 2026, Metro-North has reached labor agreements with approximately 60% of its represented workforce.

The first agreements reached with unions at MTA Metro-North Railroad for the current round of collective bargaining were approved by the MTA Board in the final quarter of 2024. The two agreements cover Conductors and Assistant Conductors represented by the Association of Commuter Rail Employees, Division 1 through May 1, 2027; and Locomotive Engineers covered by the Association of Commuter Rail Employees, Division 9 through February 28, 2027). In January 2025, a similar

agreement between the railroad and the International Brotherhood of Electrical Workers was approved by the MTA Board and will run through June 21, 2027.

Each of these agreements covers an unsettled portion of the 2019-2023 bargaining round, providing wage increases for that unsettled period that are identical to the wages received by all other railroad unions over the same time span. Going forward from 2023, the agreements include annual wage increases of 4.0%, 4.0% and 4.2%, compounding to 12.70% above 2023 levels. While these increases exceed the wage rises anticipated by the MTA Financial Plan for the current bargaining round, the unanticipated cost will be fully offset by the recurring savings from the agreements' other new provisions; and the net going-out cost will thereby remain consistent with Plan expectations. Important savings will derive from an increase in all employees' health care contributions from the current 2% of regular wages to 3%; from additional contract extensions; and from a set of new work rules, long sought by MTA management both to reduce overtime costs and to contribute to operational efficiencies, especially by allowing greater flexibility in the deployment of labor. In September 2025, similar agreements for the 2023-2026 bargaining round were reached with Sheet Metal, Air, Rail Transportation Union – Mechanical & Engineering Division, and the National Conference of Firemen & Oilers, that included annual wage increases of 4.0%, 4.0% and 4.2% during the forty-one (41) month terms, the same increase to all employees' health and welfare contributions, and various work rule changes driven to reduce overtime and expand operating flexibilities.

In April 2025, Metro-North entered new agreement terms with the Transport Workers Union ("TWU"), Locals 2001 and 2055, covering approximately 605 members. The agreement, spanning the three-year period from November 1, 2023, through October 31, 2026 provides wage increases of 3.0% for the first year, 3.0% for the second year and 3.5% for the third year. These increases and the net costs of the agreement's other provisions are consistent with the 2023-2026 labor agreements that were passed last year with five Long Island Railroad unions, and that now cover approximately 50% of MTA Long Island Rail Road's represented population. For Metro-North, this agreement reiterates the 3%, 3%, 3.5% as a recognized wage pattern for bargaining units that are unwilling or unable to negotiate significant work rule savings to offset the excess financial cost of the higher (4.0%, 4.0%, 4.2%) wage pattern. Subsequently, similar agreements were reached in July 2025 with the Association of Commuter Rail Employees, Division 113 covering Rail Traffic Controllers, and the Association of Commuter Rail Employees, Division 37 covering Power Directors.

Most recently in December 2025, the MTA Board ratified an additional labor agreement like the MNR TWU agreement ratified in April. The new agreement, covering approximately 95 Supervisory employees in the International Brotherhood of Electrical Workers – Supervisory unit, is 37 months long, running from April 3, 2023 through September 2, 2026. It provides wage increases of 3.0% for 2023, 3.0% for 2024, and 3.5% for 2025.

At Metro-North, negotiations continue with its other unions whose terms are now all amendable; and the employees represented by those unions are looking forward to new agreements for the 2023-2026 period.

MTA Headquarters – At the end of the first quarter of 2026, MTA Headquarters employs approximately 5,637 people, of whom 3,443 are union members [6]. In the first quarter, no new agreements were reached, with most existing agreements having now expired. Both agreements with the MTA Police unions-- the Police Benevolent Association (with more than 1,300 members) and the Commanding Officers Association (with 33 members)-- expired on April 15, 2024; and all three bargaining units of the Transportation Communications Union, which cover IT titles, Business Service Center titles and Procurement titles expired in 2024 (with the BSC and Procurement titles having expired on May 31, 2024; and the IT titles on February 29, 2024).

MTA New York City Transit and MaBSTOA – At the end of the first quarter of 2026, MTA New York City Transit and MaBSTOA employs approximately 47,745 people, 46,327 of whom are represented by 14 unions with 23 bargaining units.

In 2023, the MTA Board approved a 36-month labor agreement between the New York City Transit Authority, MaBSTOA, MTA Bus and approximately 37,000 hourly operating employees represented by the Transport Workers Union, Local 100. Spanning the 36-month period, from May 16, 2023 through May 15, 2026, the agreement provides general wage increases of 3.0% for 2023, 3.0% for 2024, and 3.5% for 2025 (9.8%, in total). It also provides an Essential Worker cash bonus of \$3,000 in the first contract year and a supplemental Essential Worker cash bonus of \$1,000 in the second year, along with the enhancement of certain other employee benefits. Among important savings measures, the agreement institutes TWU Enhanced Retiree Benefits coverage, by which all post-65 Medicare eligible retirees and their eligible dependents will be placed into an alternative health plan. The net economic value of the agreement has informed the MTA's financial assumptions for growth in labor costs for a majority of represented bargaining units, and it is expected that most of the MTA's represented employees will reach future settlements that are consistent with these expectations.

Since the ratification of the TWU Local 100 agreement in 2023, several agreements following a similar economic pattern [7] have, in fact, been reached with other unions at MTA New York City Transit and MaBSTOA, and by the end of the first quarter, more than 80% of the Authorities' represented population are covered under such pattern-following agreements.

Two new labor agreements went into effect during the first quarter of 2026. First, in January, the MTA Board approved a multi-party agreement with more than 900 members of the United Transit Leadership Organization [8]. The agreement will run from January 1, 2025 through February 15, 2027, providing wage increases of 3.0% and 3.5% in 2025 and 2026, respectively. Also in January, an agreement was approved with 14 members of the Doctors Council. The five-year agreement spans the period

March 1, 2022 through February 28, 2027.

At MTA New York City Transit and MaBSTOA, negotiations continue with groups whose agreements remain unsettled post-2023.

MTA Bus – At the end of the first quarter of 2026, MTA Bus has 4,010 employees, approximately 3,891 of whom are represented by five different unions (now including the United Transit Leadership Organization) and six bargaining units. The largest of these is TWU Local 100, whose more than 2,000 members were co-parties to the agreement approved by the MTA Board in July 2023 and whose current agreement will run through May 15, 2026. Subsequent labor agreements have also been reached with other bargaining units of TWU Local 100 (covering Administrative, Professional and Technical titles) and with the Amalgamated Transportation Union (Locals 1181 and 1179). More than 90% of MTA Bus Company’s represented employees are under effective labor agreements at the end of the first quarter.

MTA Bridges and Tunnels – At the end of the first quarter, MTA Bridges and Tunnels has 774 employees, approximately 563 of whom are represented by three different labor unions (four bargaining units). No new agreements with B&T unions were reached during the first quarter. Agreements with the Superior Officers Benevolent Association (representing around 100 active employees) and with AFSCME DC 37 Local 1655 (with an active membership of around 20) remain in effect, with both agreements expiring in November 2026; meanwhile, agreements with the Authority’s other two bargaining groups—District Council 37 Local 1931, representing Maintainers and City Custodial Assistants; and Bridge and Tunnel Officers, represented by the Bridge and Tunnel Officers Benevolent Association, have expired, and their membership will be seeking new agreement terms going forward.

MTA Staten Island Railway – At the end of the first quarter of 2026, MTA Staten Island Railway had 402 employees, approximately 383 of whom are represented by five different unions (six bargaining units). No new labor agreements have been reached this year, and by the end of the first quarter, all agreements (which covered the 2019-2023 period) have expired. Going forward, the unions will therefore be looking for new agreement terms.

[1] The tentative (as yet unratified) agreement is with employees represented by the Transportation Communications Union, the Brotherhood of Railroad Signalmen, the International Brotherhood of Electrical Workers, the Brotherhood of Locomotive Engineers and Trainmen and the International Association of Machinists.

[2] These unions are: the Independent Railway Supervisors Association (IRSA); the National Conference of Firemen and Oilers (NCFO); the Sheet Metal Workers International Association (SMART-SMW); and the Sheet Metal, Air, Rail and Transportation Workers Union – Yardmasters (SMART-Y);

[3] Once again, the best and final offers of the Railroad and the unions both included wage increases of 3.0%, 3.0% and 3.5% for the first three years. The union’s offer, however, included a fourth contract year with a 5.0% wage increase.

[4] The MTA Long Island Rail Road offer included a fourth-year wage increase of 3.0% in 2026; a separate Productivity Increase of 1.5% applied to all rates of pay, effective upon ratification of the proposed agreement; and a term of 50.5 months in duration.

[5] At the time of this writing, because the agreement has not yet been ratified by either the union membership or the MTA Board, its details have not been made public.

[6] This number includes “matrixed” employees who work at MTAHQ but are on the payroll of another agency.

[7] The economic pattern is similar in terms of wage increases and net recurrent costs relative to base labor costs, though specific provisions differ by bargaining unit.

[8] This multi-party agreement included MTA New York City Transit/MaBSTOA, MTA Bus, MTAHQ and MTA Staten Island Railway.

(A Component Unit of the State of New York)

**CONSOLIDATED INTERIM STATEMENT OF NET POSITION AS OF MARCH 31, 2026
AND CONSOLIDATED STATEMENT OF NET POSITION AS OF DECEMBER 31, 2025**

(\$ In millions)

	Business-Type Activities	
	March 31, 2026	December 31, 2025
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
CURRENT ASSETS:		
Cash unrestricted (Note 3)	\$ 791	\$ 596
Cash restricted (Note 3)	751	994
Unrestricted investments (Note 3)	10,239	11,668
Restricted investments (Note 3)	5,359	3,004
Restricted investments held under financed purchase obligations (Notes 3 and 10)	100	99
Receivables:		
Station maintenance, operation, and use assessments	222	167
State and regional mass transit taxes	600	254
Mortgage Recording Tax receivable	40	45
State and local operating assistance	8	5
Other receivable from New York City and New York State	202	237
Due from Build America Bonds	1	-
Receivable from federal and state government	406	383
Customer	1,365	1,453
Other	58	60
Less allowance for doubtful accounts	(881)	(833)
Total receivables — net	2,021	1,771
Materials and supplies	848	824
Prepaid expenses and other current assets (Note 2)	259	234
Total current assets	20,368	19,190
NON-CURRENT ASSETS:		
Capital assets (Note 6):		
Land and construction work-in-progress	19,525	18,232
Other capital assets (net of accumulated depreciation and amortization)	80,069	81,080
Restricted investments (Note 3)	2,934	3,967
Restricted investments held under financed purchase obligations (Notes 3 and 10)	318	314
Other non-current receivables	518	422
Other non-current assets	52	22
Total non-current assets	103,416	104,037
TOTAL ASSETS	123,784	123,227
DEFERRED OUTFLOWS OF RESOURCES:		
Accumulated decreases in fair value of derivative instruments (Note 7)	69	81
Loss on debt refunding (Note 7)	106	147
Deferred outflows related to pensions (Note 4)	1,865	1,875
Deferred outflows related to OPEB (Note 5)	6,122	5,122
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,162	7,225
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 131,946	130,452

See notes to the basic interim financial statements.

(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENT OF NET POSITION AS OF MARCH 31, 2026 AND CONSOLIDATED STATEMENT OF NET POSITION AS OF DECEMBER 31, 2025

(\$ In millions)

	Business-Type Activities	
	March 31, 2026	December 31, 2025
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 698	\$ 593
Accrued expenses:		
Interest	855	299
Salaries, wages and payroll taxes	499	363
Current portion - compensated absences	788	781
Current portion — retirement and death benefits	24	31
Current portion — estimated liability from injuries to persons (Note 12)	902	922
Capital accruals	551	865
Other accrued expenses	1,177	1,128
Total accrued expenses	4,796	4,389
Current portion — loan payable (Note 7)	508	509
Current portion — long-term debt (Note 7)	1,570	1,698
Current portion — pollution remediation projects (Note 15)	30	30
Derivative fuel hedge liability (Note 17)	-	6
Unearned revenues	1,254	1,479
Total current liabilities	8,856	8,704
NON-CURRENT LIABILITIES:		
Net pension liability (Note 4)	5,890	5,890
Estimated liability arising from injuries to persons (Note 13)	6,440	6,360
Net OPEB liability (Note 5)	19,575	19,575
Loan payable (Note 7)	41	42
Long-term debt (Note 7)	50,075	49,336
Lease payable (Note 8)	851	860
Subscription-Based Information Technology Arrangements (Note 9)	66	76
Financed purchase (Note 10)	253	250
Compensated absences	826	819
Pollution remediation projects (Note 15)	170	168
Contract retainage payable (Note 16)	613	587
Derivative liabilities (Note 7)	90	97
Other long-term liabilities (Note 16)	284	291
Total non-current liabilities	85,174	84,351
TOTAL LIABILITIES	94,030	93,055
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to leases (Note 8)	470	477
Deferred inflows related to pensions (Note 4)	510	510
Deferred inflows related to OPEB (Note 5)	8,572	8,572
TOTAL DEFERRED INFLOWS OF RESOURCES	9,552	9,559
NET POSITION:		
Net investment in capital assets	46,115	46,147
Restricted for debt service	1,532	893
Restricted for claims	242	231
Restricted for capital program	6,082	5,560
Unrestricted	(25,607)	(24,993)
TOTAL NET POSITION	28,364	27,838
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 131,946	\$ 130,452

See notes to the basic interim financial statements.

(Concluded)

(A Component Unit of the State of New York)

**CONSOLIDATED INTERIM STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025**

(\$ In millions)

	Business-Type Activities	
	March 31, 2026	March 31, 2025
OPERATING REVENUES:		
Fare revenue	\$ 1,254	\$ 1,214
Vehicle toll revenue	802	748
Rents, freight, and other revenue	229	235
Total operating revenues	<u>2,285</u>	<u>2,197</u>
OPERATING EXPENSES:		
Salaries and wages	1,934	1,822
Retirement and other employee benefits	1,095	963
Postemployment benefits other than pensions (Note 5)	215	210
Electric power	190	150
Fuel	60	58
Insurance	19	1
Claims	96	99
Paratransit service contracts	178	168
Maintenance and other operating contracts	229	218
Professional service contracts	124	110
Pollution remediation projects (Note 15)	3	1
Materials and supplies	172	173
Depreciation and amortization (Note 2 and Note 6)	1,015	966
Other	22	84
Total operating expenses	<u>5,352</u>	<u>5,023</u>
OPERATING INCOME (LOSS)	<u>(3,067)</u>	<u>(2,826)</u>
NON-OPERATING REVENUES (EXPENSES):		
Grants, appropriations and taxes:		
Tax-supported subsidies — NYS:		
Mass Transportation Trust Fund subsidies	136	153
Payroll Mobility Tax subsidies	1,627	1,039
MTA Aid Trust Account subsidies	47	67
Internet sales tax subsidies	83	84
Tax-supported subsidies — NYC and Local:		
Mortgage Recording Tax subsidies	114	104
Urban Tax subsidies	190	124
Real Estate Transfer Tax	106	107
Other subsidies:		
Operating Assistance - 18-B program	7	5
Build America Bond subsidy	2	1
New York City Assistance Fund	99	94
Total grants, appropriations and taxes	<u>2,411</u>	<u>1,778</u>

(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025

(\$ In millions)

	Business-Type Activities	
	March 31, 2026	March 31, 2025
Connecticut Department of Transportation	67	58
Subsidies paid to Dutchess, Orange, and Rockland Counties	(1)	(1)
Interest on long-term debt and leases (Note 2)	(494)	(503)
Station maintenance, operation and use assessments	55	51
Operating subsidies recoverable from NYC	145	140
Federal Transit Administration reimbursement	1	181
Commercial gaming license fee	1,000	-
Investment income and other net non-operating revenues	116	108
Net non-operating revenues	3,300	34
GAIN / (LOSS) BEFORE APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	233	(1,014)
APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS	293	837
CHANGE IN NET POSITION	526	(177)
NET POSITION— Beginning of period	27,838	20,194
NET POSITION — End of period	<u>\$ 28,364</u>	<u>\$ 20,017</u>

See notes to the basic interim financial statements.

(Continued)

(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025
(\$ In millions)

	Business-Type Activities	
	March 31, 2026	March 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Passenger receipts/tolls	\$ 2,063	\$ 1,946
Rents and other receipts	411	335
Payroll and related fringe benefits	(2,995)	(3,084)
Other operating expenses	(1,295)	(935)
Net cash used by operating activities	(1,816)	(1,738)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants, appropriations, and taxes	2,063	1,201
Operating subsidies from CDOT	60	60
Subsidies paid to Dutchess, Orange, and Rockland Counties	(10)	(8)
Net cash provided by noncapital financing activities	2,113	1,253
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
MTA bond proceeds	-	908
MTA Bridges and Tunnels bond proceeds	1,643	2,671
MTA bonds refunded/reissued	(452)	(779)
Federal and local grants	906	1,007
Other capital financing activities	(712)	843
Payment for capital assets	(2,127)	(1,556)
Debt service payments	(493)	(63)
Receipts from leases	17	18
Payments related to leases	(28)	(26)
Net cash (used by) / provided by capital and related financing activities	(1,246)	3,023
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of long-term securities	(6,780)	(3,471)
Sales or maturities of long-term securities	5,841	3,756
Net sales (purchases) or maturities of short-term securities	1,488	(2,412)
Earnings on investments	137	99
Net cash provided by / (used by) investing activities	686	(2,028)
NET (DECREASE) INCREASE IN CASH	(263)	510
CASH — Beginning of period	1,590	1,780
CASH — End of period	\$ 1,327	\$ 2,290

See notes to the basic interim financial statements.

(A Component Unit of the State of New York)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025
(\$ In millions)

	Business-Type Activities	
	March 31, 2026	March 31, 2025
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss (Note 2)	\$ (3,067)	\$ (2,834)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	1,015	974
Net increase in payables, accrued expenses, and other liabilities	201	77
Net increase / (decrease) in receivables	61	(121)
Net (decrease) / increase in materials and supplies and prepaid expenses	(26)	166
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (1,816)</u>	<u>\$ (1,738)</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Noncash investing activities:		
Interest expense includes amortization of net (premium) / discount (Note 2)	\$ (3)	\$ (244)
Total Noncash investing activities	<u>(3)</u>	<u>(244)</u>
Noncash capital and related financing activities:		
Capital assets related liabilities	1,535	1,187
Interest expense for leases	16	45
Interest income from leases	5	5
Total Noncash capital and related financing activities	<u>1,556</u>	<u>1,237</u>
TOTAL NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 1,553</u>	<u>\$ 993</u>

See notes to the basic interim financial statements.

(A Component Unit of the State of New York)

STATEMENTS OF FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

AS OF DECEMBER 31, 2025 AND 2024

(\$ In thousands)

	Fiduciary Activities	
	December 31, 2025	December 31, 2024
ASSETS:		
Cash	\$18,243	\$3,954
Receivables:		
Employee loans	31,065	30,500
Participant and union contributions	281	411
Investment securities sold	5,351	2,719
Accrued interest and dividends	39,698	29,383
Other receivables	9,758	4,298
Total receivables	86,153	67,311
Investments at fair value/NAV:	-	-
Equity securities	5,802,839	5,649,730
Fixed income securities	5,120,250	4,497,028
Other Alternative investments*	3,443,567	3,257,463
Total Investments at fair value/NAV	14,366,656	13,404,221
Total assets	\$14,471,052	\$13,475,486
LIABILITIES:		
Accounts payable and accrued liabilities	\$9,967	\$9,275
Payable for investment securities purchased	19,763	20,633
Accrued benefits payable	265	236
Accrued postretirement death benefits (PRDB) payable	6,051	5,728
Accrued 55/25 Additional Members Contribution (AMC) payable	167	1,098
Other liabilities	7,356	854
Total liabilities	43,569	37,824
NET POSITION:		
Restricted for pensions	12,910,520	12,005,080
Restricted for postemployment benefits other than pensions	1,516,963	1,432,582
Restricted for other employee benefits	-	-
Total net position	14,427,483	13,437,662
Total liabilities and net position	\$14,471,052	\$13,475,486

*Other Alternative investments include Opportunistic, Real assets, Real estate, Absolute return, Private equity and Short-term investment.

See notes to the basic interim financial statements.

(A Component Unit of the State of New York)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(\$ In thousands)

	Fiduciary Activities	
	December 31, 2025	December 31, 2024
ADDITIONS:		
Contributions:		
Employer contributions	\$ 990,705	\$ 1,497,809
Implicit rate subsidy contribution	63,850	66,606
Participant rollovers	3,878	4,216
Member contributions	77,154	68,087
Total contributions	1,135,587	1,636,718
Investment income:		
Net appreciation / depreciation in fair value of investments	1,462,104	937,028
Dividend income	112,401	111,106
Interest income	158,083	142,830
Less: Investment expenses	75,994	76,119
Investment income, net	1,656,594	1,114,845
Other additions:		
Total additions	2,792,181	2,751,563
DEDUCTIONS:		
Benefit payments and withdrawals	1,731,378	1,689,577
Implicit rate subsidy payments	63,850	66,606
Transfer to other plans	467	944
Administrative expenses	6,665	6,389
Total deductions	1,802,360	1,763,516
Net increase in fiduciary net position	989,821	988,047
NET POSITION:		
Beginning of year	13,437,662	12,449,615
End of year	<u>\$ 14,427,483</u>	<u>\$ 13,437,662</u>

See notes to the basic financial statements.

(A Component Unit of the State of New York)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025

(\$ In millions, except as noted)

1. BASIS OF PRESENTATION

Reporting Entity — The Metropolitan Transportation Authority (“MTA”) was established in 1965, under Section 1263 of the New York Public Authorities Law, and is a public benefit corporation and a component unit of the State of New York (“NYS”) whose mission is to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York metropolitan area.

These consolidated interim financial statements are of the Metropolitan Transportation Authority (“MTA”), including its related groups (collectively, the “MTA Group”), which are listed below. The Business-Type activities in these consolidated financial statements purport the operations of the MTA Group.

Metropolitan Transportation Authority and Related Groups (Component Units)

- Metropolitan Transportation Authority Headquarters (“MTAHQ”) provides support in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services to the related groups listed below.
- The Long Island Rail Road Company (“MTA Long Island Rail Road”) provides passenger transportation between New York City (“NYC”) and Long Island.
- Metro-North Commuter Railroad Company (“MTA Metro-North Railroad”) provides passenger transportation between NYC and the suburban communities in Westchester, Dutchess, Putnam, Orange, and Rockland counties in NYS and New Haven and Fairfield counties in Connecticut.
- Staten Island Rapid Transit Operating Authority (“MTA Staten Island Railway”) provides passenger transportation on Staten Island.
- First Mutual Transportation Assurance Company (“FMTAC”) provides primary insurance coverage for certain losses, some of which are reinsured, and assumes reinsurance coverage for certain other losses.
- MTA Construction and Development (“MTA Construction and Development”) provides oversight for the planning, design and construction of current and future major MTA system-wide expansion projects.
- MTA Bus Company (“MTA Bus”) operates certain bus routes in areas previously served by private bus operators pursuant to franchises granted by the City of New York.
- MTA Grand Central Madison Operating Company (“MTA GCMOC”) operates and maintains the infrastructure and structures supporting Long Island Rail Road access into Grand Central Terminal.
- MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, FMTAC, MTA Capital Construction, MTA Bus, and MTA GCMOC collectively are referred to herein as MTA. MTA Long Island Rail Road and MTA Metro-North Railroad are referred to collectively as the Commuter Railroads.
- New York City Transit Authority (“MTA New York City Transit”) and its subsidiary, Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”), provide subway and public bus service within the five boroughs of New York City.
- Triborough Bridge and Tunnel Authority (“MTA Bridges and Tunnels”) operates seven toll bridges, two tunnels, and the Battery Parking Garage, all within the five boroughs of New York City.

The subsidiaries and affiliates, considered component units of the MTA, are operationally and legally independent of the MTA. These related groups enjoy certain rights typically associated with separate legal status including, in some cases, the ability to issue debt. However, they are included in the MTA’s consolidated financial statements as blended component units because of the MTA’s financial accountability for these entities and they are under the direction of the MTA Board (a reference to “MTA Board” means the board of MTAHQ and/or the boards of the other MTA Group entities that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (“GAAP”), the MTA is required to include these related groups in its financial statements. While certain units are separate legal entities, they do have legal capital requirements and the revenues of all of the related groups of the MTA are used to support the organizations as a whole. The components do not constitute a separate accounting entity (fund) since there is no legal requirement to account for the activities of the components as discrete accounting entities.

Therefore, the MTA financial statements are presented on a consolidated basis with segment disclosure for each distinct operating activity. All of the component units publish separate annual financial statements, which are available by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, New York 10004.

Basis of Presentation - Fiduciary Funds – The fiduciary fund financial statements provide information about the funds that are used to report resources held in trust for retirees and beneficiaries covered by pension plans and other employee benefit trust funds of the MTA. Separate financial statements are presented for the fiduciary funds.

The following MTA fiduciary component units comprise the fiduciary activities of the MTA and are categorized within Pension and Other Employee Benefit Trust Funds.

- Pension Trust Funds
 - MTA Defined Benefit Plan
 - The Long Island Rail Road Company Plan for Additional Pensions ("Additional Plan")
 - Manhattan and Bronx Surface Transit Operating Authority ("MaBSTOA Plan")
 - Metro-North Commuter Railroad Company Cash Balance Plan ("MNR Cash Balance Plan")
- Other Employee Benefit Trust Funds
 - MTA Other Postemployment Benefits Plan ("OPEB" Plan)

These fiduciary statements of the fiduciary funds are prepared using the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net position restricted for benefits. Both proprietary funds and fiduciary funds use the economic resources measurement focus. For reporting purposes, the financial results of the MNR Cash Balance Plan are not material and therefore not included in the fiduciary statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying consolidated interim financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The MTA applies Governmental Accounting Standards Board ("GASB") Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section P80, Proprietary Accounting and Financial Reporting.

Accounting Standards Issued but Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the MTA upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Required Year of Adoption
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

Use of Management Estimates — The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of investments, allowances for doubtful accounts, valuation of derivative instruments, incremental borrowing rate, arbitrage rebate liability, accrued expenses and other liabilities, depreciable lives of capital assets, estimated liability arising from injuries to persons, pension benefits and other postemployment benefits. Actual results could differ significantly from those estimates.

Principles of Consolidation — The consolidated interim financial statements consist of MTAHQ, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway, GCMOC, FMTAC, MTA Bus, MTA Construction and Development, MTA New York City Transit (including its subsidiary MaBSTOA), and MTA Bridges and Tunnels for years presented in the financial statements. All related group transactions have been eliminated for consolidation purposes.

Net Position – Restricted and Unrestricted – When both restricted and unrestricted resources are available for use, the MTA normally uses restricted resources first, and then unrestricted resources as needed, unless there are legal requirements to the contrary. The MTA does not have a formal policy with respect to the order in which unrestricted resources are to be used, therefore, in accordance with GASB Statement No. 54, the MTA's unrestricted resources will be used in the following order: committed, assigned, and unassigned. Unrestricted net position may be designated for specific purposes by actions

of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Investments — The MTA Group’s investment policies comply with the New York State Comptroller’s guidelines for such operating and capital policies. Those policies permit investments in, among others, obligations of the U.S. Treasury, its agencies and instrumentalities, and repurchase agreements secured by such obligations. FMTAC’s investment policies comply with New York State Comptroller guidelines and New York State Department of Insurance guidelines.

Investments with a maturity of 12 months or less from the balance sheet date have been classified as current assets in the consolidated interim financial statements. Investments with a maturity beyond 12 months from the balance sheet date are classified as non-current. In addition to days of maturity, Restricted investments are classified as noncurrent and current, based on the use of proceeds in accordance with GASB 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Resources accounted for in the general fund, special revenue funds, and debt service funds are generally expected to be used in current operations or to liquidate current obligations and thus generally are classified as current restricted investments. Conversely, a portion of the resources accounted for in capital projects funds and permanent funds are classified as non-current restricted investments

In accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”), investments are recorded on the consolidated statements of net position at fair value, except for commercial paper, certificates of deposit, and repurchase agreements, which are recorded at amortized cost or contract value. All investment income, including changes in the fair value of investments, is reported as revenue on the consolidated statements of revenues, expenses and changes in net position. Fair values have been determined using quoted market values on March 31, 2026 and December 31, 2025.

Investment derivative contracts are reported at fair value using the income approach.

Materials and Supplies — Materials and supplies are valued at average cost, net of obsolescence reserve at March 31, 2026 and December 31, 2025 of \$294 and \$286, respectively.

Prepaid Expenses and Other Current Assets — Prepaid expenses and other current assets reflect advance payment of insurance premiums as well as 2024 and 2025 projected actuarially determined contributions of MTA-sponsored pension plans for the MTA Defined Benefit Pension Plan, MTA Long Island Rail Road Additional Pension Plan, and MaBSTOA Pension Plan.

Capital Assets — Properties and equipment are carried at cost and are depreciated on a straight-line basis over their estimated useful lives. Expenses for maintenance and repairs are charged to operations as incurred. Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB Statement No. 87, *Leases* (“GASB 87”) are classified as right-to-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”) are classified as intangible right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementations costs, less any incentives received. Accumulated depreciation and amortization are reported as reductions of capital and right-to-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-to-use lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term.

Leases – Per GASB 87, certain lease agreements are classified as financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

Subscription-Based Information Technology Arrangements (“SBITA”) - Per GASB 96, subscriptions to certain information technology (“IT”) software, alone or in combination with tangible capital assets (the underlying IT assets) are recognized as an intangible right-to-use subscription asset with a corresponding subscription liability at the commencement of the subscription term. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the rate charged by the vendor, which may be implicit, or MTA’s incremental borrowing rate if the interest rate is not readily determinable. The amortization of the subscription asset and discount on the subscription liability are both recognized as outflow of resources over the subscription term.

Public-Private and Public-Public Partnerships—Per GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, certain public-private and public-public partnership arrangements (“PPP”) in which a government (“transferor”) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, are classified as financings of the right to use an underlying asset.

Availability Payment Arrangements—Per GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, certain agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset are classified as availability payment arrangements (“APA”). Components of an APA related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract are considered as a financed purchase of the underlying nonfinancial asset. Payments for the operations or maintenance are recognized as outflows of resources as payments become due over the arrangement.

Operating and Non-operating Expenses — Operating and non-operating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating the MTA (e.g., salaries, insurance, depreciation, lease and SBITA amortization, etc.) are reported as operating expenses. All other expenses (e.g. interest on long-term debt, interest on leases and SBITAs, subsidies paid to counties, etc.) are reported as non-operating expenses.

Compensated Absences – Per GASB 101, the MTA has accrued the value (including certain salary-related payments) of vacation, sick, compensatory time and other leave benefits earned by employees to date for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means (if any). Unexpired benefits that are more than likely to be used or settled at separation of service are recognized in the financial statements according to timing of estimated payment.

Pollution remediation projects — Pollution remediation costs have been expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (See Note 15). An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: the MTA is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the MTA is named by a regulator as a responsible or potentially responsible party to participate in remediation; the MTA voluntarily commences or legally obligates itself to commence remediation efforts; or the MTA is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Operating Revenues — Passenger Revenue and Tolls — Revenues from the sale of tickets, tokens, electronic toll collection system, and farecards are recognized as income when tickets or farecards are used. Tickets are assumed to be used in the month of purchase, with the exception of advance purchases of monthly and weekly tickets. When the farecards expire, revenue is recorded for the unused value of the farecards.

MTA Bridges and Tunnel has two toll rebate programs at the Verrazano-Narrows Bridge: the Staten Island Resident (“SIR”) Rebate Program, available for residents of Staten Island participating in the SIR E-ZPass toll discount plan, and the Verrazano-Narrows Bridge Commercial Rebate Program (“VNB Commercial Rebate Program”), available for commercial vehicles making more than ten trips per month using the same New York Customer Service Center (“NYCSC”) E-ZPass account. The VNB Commercial Rebate Program and SIR Rebate Program are funded by the State and MTA.

Capital Financing — The MTA has ongoing programs on behalf of its subsidiaries and affiliates, subject to approval by the New York State Metropolitan Transportation Authority Capital Program Review Board (the “State Review Board”), which are intended to improve public transportation in the New York Metropolitan area.

The federal government has a contingent equity interest in assets acquired by the MTA with federal funds and upon disposal of such assets, the federal government may have a right to its share of the proceeds from the sale. This provision has not been a substantial impediment to the MTA’s operations.

Non-operating Revenues

Operating Assistance — The MTA Group receives, subject to annual appropriation, New York State operating assistance funds that are recognized as revenue after the New York State budget is approved and adopted. Generally, funds received under the New York State operating assistance program are fully matched by contributions from New York City and the seven other counties within the MTA’s service area.

Mortgage Recording Taxes (“MRT”) — Under New York State law, the MTA receives capital and operating assistance through a Mortgage Recording Tax (“MRT-1”). MRT-1 is collected by New York City and the seven other counties within the MTA’s service area, at the rate of 0.25% of the debt secured by certain real estate mortgages. Effective September 2005, the rate was increased from 25 cents per 100 dollars of recorded mortgage to 30 cents per 100 dollars of recorded mortgage.

The MTA also receives an additional Mortgage Recording Tax (“MRT-2”) of 0.25% of certain mortgages secured by real estate improved or to be improved by structures containing one to nine dwelling units in the MTA’s service area. MRT-1 and MRT-2 taxes are recognized as revenue based upon reported amounts of taxes collected.

- MRT-1 proceeds are initially used to pay MTAHQ’s operating expenses. Remaining funds, if any, are allocated 55% to certain transit operations and 45% to the commuter railroads operations. The commuter railroad portion is first used to fund the New York State Suburban Highway Transportation Fund in an amount not to exceed \$20 annually (subject to the monies being returned under the conditions set forth in the governing statute if the Commuter Railroads are operating at a deficit).
- The first \$5 of the MRT-2 proceeds is transferred to the MTA Dutchess, Orange, and Rockland (“DOR”) Fund (\$1.5 each for Dutchess and Orange Counties and \$2 for Rockland County). Additionally, the MTA must transfer to each County’s fund an amount equal to the product of (i) the percentage by which each respective County’s mortgage recording tax payments (both MRT-1 and MRT-2) to the MTA increased over such payments in 1989 and (ii) the base amount received by each county as described above. The counties do not receive any portion of the September 1, 2005 increase in MRT-1 from 25 cents per \$100 of recorded mortgage to 30 cents. As of March 31, 2026, the MTA paid Dutchess, Orange and Rockland Counties the 2025 excess amounts of MRT-1 and MRT-2 totaling \$11.7.
- In addition, MTA New York City Transit receives operating assistance directly from New York City through a mortgage recording tax at the rate of 0.625% of the debt secured by certain real estate mortgages and through a property transfer tax at the rate of one percent of the assessed value (collectively referred to as “Urban Tax Subsidies”) of certain properties.

Mobility Tax — In June of 2009, Chapter 25 of the New York State Laws of 2009 added Article 23, which establishes the Metropolitan Commuter Transportation Mobility Tax (“MCTMT”). The proceeds of this tax, administered by the New York State Tax Department, are to be distributed to the Metropolitan Transportation Authority. This tax is imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district which includes New York City, and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester. This tax is imposed on certain employers that have payroll expenses within the Metropolitan Commuter Transportation District, to pay at a rate of 0.34% of an employer’s payroll expenses for all covered employees for each calendar quarter. The employer is prohibited from deducting from wages or compensation of an employee any amount that represents all or any portion of the MCTMT. The effective date of this tax was March 1, 2009 for employers other than public school districts; September 1, 2009 for Public school districts and January 1, 2009 for individuals. Revenue is recognized monthly and adjusted when received. On May 3, 2023, New York Governor Kathy Hochul approved Senate Bill 4008 which, effective July 1, 2023, increases the top rate for the MCTMT from 0.34% to 0.60% for employees and individuals in certain New York counties and clarifies the application of the tax for limited partners. Mobility Tax is recognized as revenue based upon reported amounts of taxes collected.

Supplemental Aid — In 2009, several amendments to the existing tax law provided the MTA supplemental revenues to be deposited into the AID Trust Account of the Metropolitan Transportation Authority Financial Assistance Fund established pursuant to Section 92 of the State Finance law. These supplemental revenues relate to: 1) supplemental learner permit/license fee in the Metropolitan Commuter Transportation District, 2) supplemental registration fee, 3) supplemental tax on every taxicab owner per taxicab ride on every ride that originated in New York City and terminates anywhere within the territorial boundaries of the Metropolitan Commuter Transportation District, and 4) supplemental tax on passenger car rental. This Supplemental Aid Tax is provided to the MTA in conjunction with the Mobility Tax. Supplemental aid is recognized as revenue based upon reported amounts of taxes collected.

Dedicated Taxes — Under New York State law, subject to annual appropriation, the MTA receives operating assistance through a portion of the Dedicated Mass Transportation Trust Fund (“MTTF”) and Metropolitan Mass Transportation Operating Assistance Fund (“MMTOA”). The MTTF receipts consist of a portion of the revenues derived from certain business privilege taxes imposed by the State on petroleum businesses, a portion of the motor fuel tax on gasoline and diesel fuel, and a portion of certain motor vehicle fees, including registration and non-registration fees. Effective October 1, 2005, the State increased the amount of motor vehicle fees deposited into the MTTF for the benefit of the MTA. MTTF receipts are applied first to meet certain debt service requirements or obligations and second to the Transit System (defined as MTA New York City Transit and MaBSTOA), MTA Staten Island Railway and the Commuter Railroads to pay operating and capital costs. The MMTOA receipts are 0.375% regional sales tax, regional franchise tax surcharge, a portion of taxes on certain transportation and transmission companies, and an additional portion of the business privilege tax imposed on petroleum businesses. MMTOA receipts, to the extent that MTTF receipts are not sufficient to meet debt service requirements, will also be applied to certain debt service obligations, and secondly to operating and capital costs of the Transit System, and the Commuter Railroads.

The State Legislature enacts in an annual budget bill for each state fiscal year an appropriation to the MTA Dedicated Tax Fund for the then-current state fiscal year and an appropriation of the amounts projected by the Director of the Budget of the State to be deposited in the MTA Dedicated Tax Fund for the next succeeding state fiscal year. The assistance deposited

into the MTTF is required by law to be allocated, after provision for debt service on Dedicated Tax Fund Bonds (See Note 7), 85% to certain transit operations (not including MTA Bus) and 15% to the commuter railroads operations. Revenues from this funding source are recognized based upon amounts of tax reported as collected by New York State, to the extent of the appropriation. MMTOA is recognized as revenue based upon reported amounts of taxes collected.

Build America Bond Subsidy — The MTA is receiving cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Series of Bonds issued as “Build America Bonds” and authorized by the Recovery Act. The Internal Revenue Code of 1986 imposes requirements that MTA must meet and continue to meet after the issuance in order to receive the cash subsidy payments. The interest on these bonds is fully subject to Federal income taxation to the bondholder. Revenue is recognized when received.

Congestion Zone Surcharges – In April 2018, the approved 2018-2019 New York State Budget enacted legislation that provided additional sources of revenue, in the form of surcharges and fines, as defined by Article 29-C, Chapter 59 of the Tax Law, to address the financial needs of the MTA. Beginning on January 1, 2019, the legislation imposed the following:

- A surcharge of \$2.75 on for-hire transportation trips provided by motor vehicles carrying passengers for hire (or \$2.50 in the case of taxicabs that are subject to the \$0.50 cents tax on hailed trips that are part of the MTA Aid Trust Account Receipts), other than pool vehicles, ambulance and buses, on each trip that (1) originates and terminates south of and excluding 96th Street in New York City, in the Borough of Manhattan (the “Congestion Zone”), (2) originates anywhere in New York State and terminates within the Congestion Zone, (3) originates in the Congestion Zone and terminates anywhere in New York State, or (4) originates anywhere in New York State, enters into the Congestion Zone while in transit, and terminates anywhere in New York State.
- A surcharge of \$0.75 cents for each person who both enters and exits a pool vehicle in New York State and who is picked up in, dropped off in, or travels through the Congestion Zone.

The Congestion Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services. Congestion zone surcharges are recognized as revenue based upon reported amounts of surcharges collected.

The April 2018 legislation also created the New York City Transportation Assistance Fund, held by MTA. The fund consists of the three sub-accounts, the Subway Action Plan Account, the Outer Borough Transportation Account and the General Transportation Account.

- **Subway Action Plan Account** – Funds in this account may be used exclusively for funding the operating and capital costs, and debt service associated with the Subway Action Plan.
- **Outer Borough Transportation Account** - Funds in this account may be used exclusively for funding (1) the operating and capital costs of, and debt service associated with, the MTA facilities, equipment and services in the counties of Bronx, Kings, Queens and Richmond, and any projects improving transportation connections from such counties to Manhattan, or (2) a toll reduction program for any crossing under the jurisdiction of MTA or MTA Bridges and Tunnels.
- **General Transportation Account** - Funds in this account may be used exclusively for funding the operating and capital costs of MTA. In each case, funds may be used for various operations and capital needs or for debt service and reserve requirements.

Dedicated Revenues - In April 2019, Congestion Relief Zone (“CRZ”) Tolling Program, formerly referred to as the Central Business District Tolling Program or the CBD Tolling Program, was established pursuant to the Traffic Mobility Act, as part of the New York State Budget for Fiscal Year 2019-2020. The CRZ Tolling Program charges a toll for vehicles entering the CRZ, defined as south and inclusive of 60th Street in Manhattan, but excluding the FDR Drive, the West Side Highway, the Battery Park underpass, and any surface roadway portion of the Hugh L. Carey Tunnel connecting to West Street.

The MTA Bridges and Tunnels Board approved a toll rate schedule for the CRZ Tolling Program on March 27, 2024, which was confirmed through a NEPA reevaluation (Reevaluation 1) in June 2024 as meeting all environmental, congestion, reduction, and revenue goals.

On November 14, 2024, following a pause in implementation of the CBDTP, Governor Hochul announced a proposal to proceed with the CBDTP, but with the toll structure and rates that had been adopted by the MTA Bridges and Tunnels Board on March 27, 2024 being phased-in gradually over several years with proportionally lower toll rates for all vehicle classes in the first six-years of the program. In response, the MTA Bridges and Tunnels Board, at its November 18, 2024 meeting, adopted the phase-in approach to the toll rate schedule that it had approved on March 27, 2024

On November 21, 2024, the Federal Highway Administration (“FHWA”) approved Re-evaluation 2 and conferred tolling authority through an agreement pursuant to its Value Pricing Pilot Program. The CBDTP went into effect and tolling commenced on January 5, 2025.

The NYS 2019-20 Enacted Budget also established a Real Estate Transfer Tax (RETT), effective July 1, 2019, which is comprised of an additional base tax and supplemental tax on residential properties located in New York City valued \$2 million or above and on non-residential properties located in New York City valued at \$25 million or above. The NYS 2019-20 also eliminated a tax loophole that had provided an exemption to third-party internet marketplace providers from requiring collection and remittance of New York State and New York City sales taxes on transactions conducted on their sites. Since June 1, 2019, internet marketplace providers have been required to collect and remit New York State and New York City sales taxes from out-of-state retailers on their sites with gross receipts exceeding \$300,000 from sales of tangible property and delivering more than one hundred sales into New York State in the previous four quarters. These sales taxes are collected at the normal State sales tax rate of 4% plus local applicable sales taxes. The legislation does not, however, directly tie the MTA support from these additional State and City sales tax receipts to the actual revenues collected, instead specifying an annual allotment of revenues for the MTA from these taxes. For the New York State sales tax component, on a fiscal year basis, the MTA was allotted \$112.5 million in 2020, \$150 million in 2021, and thereafter an increase of one percent annually. The statutory allotment to the MTA for the New York City sales tax component was legislated at \$127.5 million in 2020 and \$170 million in 2021, followed by annual increases of one percent.

The proceeds from the CRZ Tolling Program, the Internet Tax and RETT will be deposited into the MTA Capital Lockbox Fund (formerly referred to as the Central Business District Tolling Capital Lockbox Fund) and specifically, MTA's 2020-2024 Capital Program Account. Pursuant to Public Authorities Law Section 553-j that was created by the Traffic Mobility Act, monies in the MTA Capital Lockbox Fund may only be used to support the CRZ Tolling Program and financing of the 2020-2024 Capital Program or any successor capital program.

Operating Subsidies Recoverable from Connecticut Department of Transportation ("CDOT") — A portion of the deficit from operations relating to MTA Metro-North Railroad's New Haven line is recoverable from CDOT. Under the terms of a renewed Service Agreement, which began on January 1, 2015, and the 1998 resolution of an arbitration proceeding initiated by the State of Connecticut, CDOT pays 100.0% of the net operating deficit of MTA Metro-North Railroad's branch lines in Connecticut (New Canaan, Danbury, and Waterbury), 65.0% of the New Haven mainline operating deficit, and 54.3% of the Grand Central Terminal ("GCT") operating deficit. The New Haven line's share of the net operating deficit for the use of GCT is a fixed fee, calculated using several years as a base, with annual increases for inflation, and the actual cost of operating GCT's North End Access beginning in 1999. The Service Agreement also provides that CDOT pay 100% of the cost of non-movable capital assets located in Connecticut, 100% of movable capital assets to be used primarily on the branch lines and 65% of the cost of other movable capital assets allocated to the New Haven line. Remaining funding for New Haven line capital assets is provided by the MTA. Capital assets completely funded by CDOT are not reflected in these financial statements, as ownership is retained by CDOT. The Service Agreement provides that final billings for each year be subject to audit by CDOT.

Revenue is recognized according to the calculated operating deficit and is adjusted when the annual bill is completed. The Service Agreement provides that final billings for each year be subject to audit by CDOT. The audits of 2025, 2024 and 2023 billings are in progress.

Reimbursement of Expenses — The cost of operating and maintaining the passenger stations of the Commuter Railroads in New York State is assessable by the MTA to New York City and the other counties in which such stations are located for each New York State fiscal year ending December 31, under provisions of the New York State Public Authorities Law. This funding is recognized as revenue based upon an amount, fixed by statute, for the costs to operate and maintain passenger stations and is revised annually by the increase or decrease of the regional Consumer Price Index.

In 1995, The City ceased reimbursing the Authority for the full costs of the free/reduced fare program for students. Beginning in 1996, the State and The City each began paying \$45 million per annum to the Authority toward the cost of the program. In 2009, the State reduced their \$45 million reimbursement to \$6.3 million. Beginning in 2010, the State increased their annual commitment to \$25.3 million while The City's annual commitment remained at \$45 million. In 2024, The City entered an agreement to increase their annual commitment from \$45 million to \$50.5 million for its fiscal year while The State's annual commitment remained at \$25.3 million. These commitments have been met by both the State and The City in 2024 and 2025.

Prior to April 1995, New York City was obligated to reimburse MTA New York City Transit for the transit police force. As a result of the April 1995 merger of the transit police force into the New York City Police Department, New York City no longer reimburses MTA New York City Transit for the costs of policing the Transit System on an ongoing basis since policing of the Transit System is being carried out by the New York City Police Department at New York City's expense. MTA New York City Transit continues to be responsible for certain capital costs and support services related to such police activities, a portion of which is reimbursed by New York City. MTA New York City Transit received approximately \$1.4 in the three months ended March 31, 2026 and \$3.5 in the three months ended March 31, 2025 from New York City for the reimbursement of transit police costs.

MTAHQ bills MTA Metro-North Railroad through its consolidated services for MTA police costs in the New Haven line of which MTA Metro-North Railroad recovers approximately 65% from CDOT. The amounts billed for the periods ended

March 31, 2026 and 2025 were \$7.9 and \$8.3, respectively. The amounts recovered for the periods ended March 31, 2026 and 2025 were approximately \$5.1 and \$5.4, respectively.

Federal law and regulations require a paratransit system for passengers who are not able to ride the buses and trains because of their disabilities. Pursuant to an agreement between New York City and the MTA, MTA New York City Transit, effective July 1, 1993, assumed operating responsibility for all paratransit service required by the Americans with Disability Act of 1990. Services are provided by private vendors under contract with MTA New York City Transit. New York City reimburses MTA New York City Transit for the lesser of 33% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6% of gross urban tax proceeds as described above or, an amount that is 20% greater than the amount paid by New York City for the preceding calendar year. Fare revenues and New York City's reimbursement aggregated approximately \$144.4 for the three months ended March 31, 2026 and \$143.3 for the three months ended March 31, 2025.

Grants and Appropriations — Grants and appropriations for capital projects are recorded when requests are submitted to the funding agencies for reimbursement of capital expenditures meeting eligibility requirements. These amounts are reported separately after Net Non-operating Revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

Operating and Non-operating Expenses

Operating and non-operating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating the MTA (e.g., salaries, insurance, depreciation, and amortization, etc.) are reported as operating expenses. All other expenses (e.g., interest on long-term debt, subsidies paid to counties, etc.) are reported as non-operating expenses.

Liability Insurance — FMTAC, an insurance captive subsidiary of MTA, provides a liability insurance program (referred to as “ELF”) that insures certain claims in excess of the agencies self-insured retention. Effective October 31, 2025, the self-insured retention limit for MTA New York City Transit and MaBSTOA increased to \$20, MTA Bus increased to \$15, MTA Long Island Rail Road, MTA Metro-North Railroad, and MTA Staten Island Railway remained \$11; the self-insured retention limit for MTAHQ and MTA Bridges and Tunnels remained \$3.2. The maximum amount that the ELF is responsible for arising out of any one occurrence and in the aggregate is the total assets of the ELF program available for claims, but in no event greater than \$50 for all agencies and an additional \$10 for MTA New York City Transit. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On March 31, 2026, the balance of the assets in this program was \$222.13.

MTA also maintains an All-Agency Excess Liability Insurance Policy (“ELP”), which is reinsured through FMTAC. The ELP affords the MTA Group coverage limits of \$342 in excess of the ELF program for a total limit of \$392 (\$342 excess of \$50).

On March 1, 2026, the “nonrevenue fleet” automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for MTA Long Island Rail Road, MTA Staten Island Railway, MTA Police, MTA Metro-North Railroad, MTA Inspector General, MTA Construction & Development Company, and MTA Headquarters. The program limit is \$11 per occurrence on a combined single limit with a \$1 self-insured retention for each accident. A primary limit of \$1 was procured through the commercial marketplace. Excess limits of \$9 were procured through FMTAC.

On March 1, 2025, the “Access-A-Ride” automobile liability policy program was renewed. This program provides third-party auto liability insurance coverage to vendors under the Access-A-Ride contract, to perform services on behalf of MTA New York City Transit. This policy provides a \$3 per occurrence to fund self-insured losses.

On December 15, 2025, FMTAC renewed the primary coverage on the Station Liability and Force Account liability policies at \$11 per occurrence loss for MTA Metro-North Railroad and MTA Long Island Rail Road.

Property Insurance — Effective May 1, 2025, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2025, FMTAC directly insures property damage claims of the Related Entities in excess of a \$25 per occurrence deductible, subject to an annual \$75 aggregate deductible. The total All Risk program annual limit is \$400 per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, London, European, and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 per occurrence. In addition to the noted \$25 per occurrence self-insured deductible, MTA self-insures above that deductible for \$29.577 within the overall \$400 per occurrence property program as follows: \$11.734 (or 23.47%) of the primary \$50 layer, plus \$11.734 (or 23.47%) of the \$50 excess \$50 layer, plus \$6.109 (or 12.22%) of the \$50 excess \$100 layer. The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the \$400 per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of \$100 of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2023-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values.

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

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of \$215 for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance, but not to exceed \$40 for any one occurrence, or (3) 100% of any "certified" terrorism loss which exceeds \$5 and less than the \$200 TRIPRA trigger up to a maximum recovery of \$200 for any one occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$255 for any one occurrence. Recovery under the terrorism policy is subject to a deductible of \$25 for any one occurrence per occurrence and \$75 in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed \$75, future losses in that policy year are subject to a deductible of \$7.5 for any one occurrence. The terrorism coverages expire at midnight on May 1, 2028.

In the event that TRIA is not extended or renewed on or before January 1, 2028, then effective January 1, 2028, coverage will be limited to \$255 for any one occurrence.

Pension Plans — In accordance with the provisions of GASB 68, the MTA recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the MTA's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the measurement date of each of the qualified pension plans. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the year incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the year in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the year in which the difference occurred.

Postemployment Benefits Other Than Pensions — In accordance with the provisions of GASB 75, and GASB Statement No. 85, *Omnibus*, for the OPEB Plan, the MTA recognizes a net OPEB liability, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan.

Changes in the net OPEB liability during the year are recorded as OPEB expense, or as deferred outflows of resources or deferred inflows of resources relating to OPEB depending on the nature of the change, in the year incurred. Changes in net OPEB liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the year in which they are incurred. Projected earnings on qualified OPEB plan investments are recognized as a component of OPEB expenses. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflow of resources as a component of OPEB expense on a closed basis over a five-year period beginning with the year in which the difference occurred.

3. CASH AND INVESTMENTS

Cash - The bank balances are insured up to \$250 thousand in the aggregate by the Federal Deposit Insurance Corporation ("FDIC") for each bank in which funds are deposited. As of March 31, 2026, restricted cash, primarily for capital projects, totaled \$751. Cash, including deposits in transit, consists of the following at March 31, 2026 and December 31, 2025 (in millions):

	March 31, 2026		December 31, 2025	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
FDIC insured or collateralized deposits	\$ 144	\$ 138	\$ 97	\$ 94
Uninsured and not collateralized	1,398	1,300	1,493	1,484
Total Balance	<u>\$ 1,542</u>	<u>\$ 1,438</u>	<u>\$ 1,590</u>	<u>\$ 1,578</u>

All collateralized deposits are held by the MTA or its agent in the MTA's name.

The MTA, on behalf of itself, its affiliates and subsidiaries, invests funds which are not immediately required for the MTA's operations in securities permitted by the NYS Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the MTA will not be able to recover the value of its deposits. While the MTA does not have a formal deposit policy for custodial credit risk, NYS statutes govern the MTA's investment policies. The MTA's uninsured and uncollateralized deposits are primarily held by commercial banks in the metropolitan New York area and are subject to the credit risks of those institutions.

Investments - MTA holds most of its investments at a custodian bank. The custodian must meet certain banking institution criteria enumerated in MTA's Investment Guidelines. The Investment Guidelines also require the Treasury Division to hold at least \$100 of its portfolio with a separate emergency custodian bank. The purpose of this deposit is in the event that the MTA's main custodian cannot execute transactions due to an emergency outside of the custodian's control, the MTA has an immediate alternate source of liquidity.

The MTA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The MTA had the following recurring fair value measurements as of March 31, 2026 and December 31, 2025 (in millions):

Investments by fair value level	March 31, 2026			December 31, 2025		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Debt Securities:						
U.S. treasury securities	\$ 17,863	\$ 17,075	\$ 788	\$ 17,972	\$ 17,190	\$ 782
U.S. government agency	128	-	128	188	-	188
Asset-backed securities	64	-	64	69	-	69
Commercial mortgage-backed securities	173	-	173	180	-	180
Foreign bonds	18	18	-	19	19	-
Corporate bonds	148	148	-	141	141	-
Tax Benefit Lease Investments:						
U.S. treasury securities	155	155	-	154	154	-
U.S. government agency	135	75	60	136	75	61
Repurchase agreements	138	138	-	69	69	-
Total investments by fair value level	<u>18,822</u>	<u>\$ 17,609</u>	<u>\$ 1,213</u>	<u>18,928</u>	<u>\$ 17,648</u>	<u>\$ 1,280</u>
Financed Purchases	128			124		
Total Investments	<u>\$ 18,950</u>			<u>\$ 19,052</u>		

Investments classified as Level 1 of the fair value hierarchy, totaling \$17,609 and \$17,648 as of March 31, 2026 and December 31, 2025, respectively, are valued using quoted prices in active markets. Fair values include accrued interest to the extent that interest is included in the carrying amounts. Accrued interest on investments other than Treasury bills and coupons is included in other receivables on the statement of net position. The MTA's investment policy states that securities underlying repurchase agreements must have a fair value at least equal to the cost of the investment.

U.S. Government agency securities totaling \$188 and \$249, U.S. treasury securities totaling \$788 and \$782, asset-backed securities totaling \$64 and \$69, and commercial mortgage-backed securities totaling \$173 and \$180 as of March 31, 2026 and December 31, 2025, respectively, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing

techniques maintained by a third-party pricing service. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices and indices. Fair value is defined as the quoted fair value on the last trading day of the period. These prices are obtained from a third-party pricing service or our custodian bank.

In connection with certain financed purchases transactions described in Note 11, the MTA has purchased securities or entered into payment undertaking, letter of credit, or similar type agreements or instruments (guaranteed investment contracts) with financial institutions, which generate sufficient proceeds to make basic rent and purchase option payments under the terms of the leases. If the obligors do not perform, the MTA may have an obligation to make the related rent payments.

All investments, other than the investments restricted for financed purchase obligations, are either insured or registered and held by the MTA or its agent in the MTA's name. Investments restricted for financed purchases are either held by MTA or its agent in the MTA's name or held by a custodian as collateral for MTA's obligation to make rent payments under financed purchase obligations. Investments had weighted average yields of 3.60% and 3.86% for the three months ended March 31, 2026 and year ended December 31, 2025, respectively.

Credit Risk — At March 31, 2026 and December 31, 2025, the following credit quality rating has been assigned to MTA investments by a nationally recognized rating organization (in millions):

Quality Rating Standard & Poor's	March 31, 2026	Percent of Portfolio	December 31, 2025	Percent of Portfolio
AAA	\$ 107	1%	\$ 114	1%
AA+	61	0%	61	0%
AA	220	1%	225	1%
A	98	1%	98	1%
A-	6	0%	59	0%
BBB	49	0%	47	0%
Not Rated	190	1%	120	1%
U.S. Government	18,091	96%	18,204	96%
Total	18,822	100%	18,928	100%
Financed Purchases	128		124	
Total investment	<u>\$ 18,950</u>		<u>\$ 19,052</u>	

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice versa. Duration is an indicator of bond price's sensitivity to a 100 basis point change in interest rates.

	March 31, 2026		December 31, 2025	
	Fair Value	Duration (in years)	Fair Value	Duration (in years)
(In millions)				
U.S. treasury securities	\$ 17,863	5.35	\$ 17,972	5.06
U.S. government agency	128	4.43	189	4.68
Tax benefit financed purchase investments	290	4.22	289	4.14
Repurchase agreement	138	-	69	-
Asset-backed securities ⁽¹⁾	64	2.48	69	2.73
Commercial mortgage-backed securities ⁽¹⁾	173	4.42	180	4.43
Foreign bonds ⁽¹⁾	18	5.53	19	5.20
Corporates ⁽¹⁾	148	5.52	141	5.61
Total fair value	18,822		18,928	
Modified duration		5.27		5.01
Investments with no duration reported	128		124	
Total investments	<u>\$ 18,950</u>		<u>\$ 19,052</u>	

⁽¹⁾ These securities are only included in the FMTAC portfolio.

MTA is a public benefit corporation established under the NYS Public Authorities Law. MTA's Treasury Division is responsible for the investment management of the funds of the component units. The investment activity covers all operating and capital funds, including bond proceeds, and the activity is governed by State statutes, bond resolutions and the Board-adopted investment guidelines (the "Investment Guidelines"). The MTA Act currently permits the Related Entities to invest in the following general types of obligations:

- obligations of the State or the United States Government;

- obligations of which the principal and interest are guaranteed by the State or the United States government;
- obligations issued or guaranteed by certain Federal agencies;
- repurchase agreements fully collateralized by the obligations of the foregoing United States Government and Federal agencies;
- certain certificates of deposit of banks or trust companies in the State;
- certain banker's acceptances with a maturity of 90 days or less;
- certain commercial paper;
- certain municipal obligations; and
- certain mutual funds up to \$10 in the aggregate.

The MTA adopted NYS Statutory Requirements with respect to credit risk of its investments, which include, but are not limited to the following sections:

- i. Public Authorities Law Sections 1265(4) (MTA), 1204(19) (MTA New York City Transit Authority) and 553(21) (MTA Bridges and Tunnels);
- ii. Public Authorities Law Section 2925 Investment of funds by public authorities and public benefit corporations; general provisions; and
- iii. State Finance Law Article 15 – EXCELSIOR LINKED DEPOSIT ACT.

MTA Investment Guidelines limit the dollar amount invested in banker acceptances, commercial paper, and obligations issued or guaranteed by certain Federal agencies to \$250 at cost. There are no dollar limits on the purchase of obligations of the United States government, the State or obligations the principal and interest of which are guaranteed by the State or the United States government. Investments in collateralized repurchase agreements are limited by dealer or bank's capital. MTA can invest no greater than \$300 with a bank or dealer rated in Tier 1 (e.g., \$1 billion or more of capital).

FMTAC is created as a MTA subsidiary and is licensed as a captive direct insurer and reinsurer by the NYS Department of Insurance. As such, FMTAC is responsible for the investment management of its funds. The investment activity is governed by State statutes and the FMTAC Board adopted investment guidelines. The minimum surplus to policyholders and reserve instruments are invested in the following investments:

- obligations of the United States or any agency thereof provided such agency obligations are guaranteed as to principal and interest by the United States;
- direct obligations of the State or of any county, district or municipality thereof;
- any state, territory, possession or any other governmental unit of the United States;
- certain bonds of agencies or instrumentalities of any state, territory, possession or any other governmental unit of the United States;
- the obligations of a solvent American institution which are rated investment grade or higher (or the equivalent thereto) by a securities rating agency; and
- certain mortgage backed securities in amounts no greater than five percent of FMTAC's admitted assets.

FMTAC may also invest non-reserve instruments in a broader range of investments including the following general types of obligations:

- certain equities; and
- certain mutual funds.

FMTAC is prohibited from making the following investments:

- investment in an insolvent entity;
- any investment as a general partner; and
- any investment found to be against public policy.

FMTAC investment guidelines do include other investments, but FMTAC has limited itself to the above permissible investments at this time.

4. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the MTA having a minimum useful life of two years and having a cost of more than \$25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. GASB 87 Leases are classified as right-of-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 96, SBITAs are classified as right-to-use assets measured at the present value of subscription payments expected to be made during the subscription term, including any payments made before the commencement of the subscription term, and capitalizable implementation costs, less any incentives received. GASB 94 public-private and public-public partnerships that result in a newly purchased or constructed underlying nonfinancial asset being transferred to the agency are classified as capital assets and recognized at the cost of the underlying asset when the arrangement meets the definition of a service concession arrangement or when ownership transfers to the MTA.

Accumulated depreciation and amortization are reported as reductions of fixed assets and right-of-use assets. Depreciation is computed using the straight-line method based upon estimated useful lives of 25 to 50 years for buildings, 2 to 40 years for equipment, and 25 to 100 years for infrastructure. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less. Right-to-use SBITA assets are amortized over the subscription term. Capital and right-of-use assets consist of the following at December 31, 2024, December 31, 2025 and March 31, 2026 (in millions):

	December 31, 2024	December 31, 2024	Reclassifications	December 31, 2025	December 31, 2025	Reclassifications	March 31, 2026	March 31, 2026
Capital assets not being depreciated:								
Land	\$ 331	\$ -	\$ -	\$ 331	\$ -	\$ -	\$ 331	\$ 331
Construction work-in-progress	14,741	8,969	5,809	17,901	1,299	6	19,194	19,194
Total capital assets not being depreciated	15,072	8,969	5,809	18,232	1,299	6	19,525	19,525
Capital assets being depreciated:								
Buildings and structures	37,018	1,036	-	38,054	(4)	-	38,050	38,050
Bridges and tunnels	4,771	20	-	4,791	-	-	4,791	4,791
Equipment:								
Passenger cars and locomotives	15,905	1,288	46	17,147	-	-	17,147	17,147
Buses	4,148	45	42	4,151	-	-	4,151	4,151
Infrastructure	37,810	1,521	6	39,325	3	-	39,328	39,328
Other	32,710	1,799	42	34,467	4	-	34,471	34,471
Total capital assets being depreciated	132,362	5,709	136	137,935	3	-	137,938	137,938
Less accumulated depreciation:								
Buildings and structures	11,164	893	-	12,057	230	-	12,287	12,287
Bridges and tunnels	1,075	51	-	1,126	13	-	1,139	1,139
Equipment:								
Passenger cars and locomotives	9,221	415	46	9,590	107	-	9,697	9,697
Buses	2,446	212	42	2,616	65	-	2,681	2,681
Infrastructure	15,603	1,107	6	16,704	270	-	16,974	16,974
Other	14,447	1,189	41	15,595	293	-	15,888	15,888
Total accumulated depreciation	53,956	3,867	135	57,688	978	-	58,666	58,666
Total capital assets being depreciated - net	78,406	1,842	1	80,247	(975)	-	79,272	79,272
Capital assets - net	\$ 93,478	\$ 10,811	\$ 5,810	\$ 98,479	\$ 324	\$ 6	\$ 98,797	\$ 98,797

	December 31, 2024	December 31, 2025	December 31, 2026	Reclassifications	Deletions / Reclassifications	Reclassifications	Deletions / Reclassifications	March 31, 2026
Right of Use Assets being amortized:								
Leased buildings and structures	\$ 856	\$ 889	\$ 890	1	-	-	-	890
Leased equipment and vehicles	52	54	54	-	-	-	-	54
Leased other	10	10	10	-	-	-	-	10
Subscription-based IT arrangements	438	499	499	-	-	-	-	499
Total Right-of-Use Assets being amortized	1,356	1,452	1,452	1	-	-	-	1,453
Less accumulated amortization:								
Leased buildings and structures	211	266	279	13	-	-	-	279
Leased equipment and vehicles	46	51	52	1	-	-	-	52
Leased other	6	7	8	1	-	-	-	8
Subscription-based IT arrangements	218	295	317	22	-	-	-	317
Total accumulated amortization	481	619	656	37	-	-	-	656
Right-of-Use Assets being amortized – net	875	833	797	(36)	-	-	-	797
Total Capital Assets, including Right-of-Use Assets, net of depreciation and amortization	\$ 94,353	\$ 99,312	\$ 99,594	288	6	6	6	99,594

Capital assets acquired prior to April 1982 for MTA New York City Transit were funded primarily by New York City with capital grants made available to MTA New York City Transit. New York City has title to a substantial portion of such assets and, accordingly, these assets are not recorded on the books of the MTA. Subsequent acquisitions, which are part of the MTA Capital Program, are recorded at cost by MTA New York City Transit. In certain instances, title to MTA Bridges and Tunnels' real property may revert to New York City in the event the MTA determines such property is unnecessary for its corporate purpose. With respect to MTA Metro-North Rail Road, capital assets completely funded by CDOT are not reflected in MTA's financial statements, as ownership is retained by CDOT.

For certain construction projects, the MTA holds in a trust account marketable securities pledged by third-party contractors in lieu of cash retainages. On March 31, 2026 and December 31, 2025, these securities, which are not included in these interim financial statements, had a fair value of \$142.3 and \$137.1.

As of March 31, 2026, \$1.5 billion is unexpended from the MTA's Capital Program (2005-2029) and \$2.0 billion has been committed.

As of December 31, 2025, \$113.2 billion is unexpended from the MTA's Capital Program (2005-2024) and \$30.5 billion has been committed.

5. EMPLOYEE BENEFITS

Pensions — The MTA Group sponsor and participate in several defined benefit pension plans for their employees, the Long Island Railroad Company Plan for Additional Pensions (the “LIRR Additional Plan”), the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (the “MaBSTOA Pension Plan”), the Metro-North Commuter Railroad Company Cash Balance Plan (the “MNR Cash Balance Plan”), the Metropolitan Transportation Authority Defined Benefit Plan (the “MTA Defined Benefit Pension Plan”), the New York City Employees’ Retirement System (“NYCERS”), and the New York State and Local Employees’ Retirement System (“NYSLERS”). A brief description of each of these pension plans follows:

Plan Descriptions

1. LIRR Additional Plan —

The LIRR Additional Plan is a single-employer defined benefit pension plan that provides retirement, disability and survivor benefits to members and beneficiaries. The LIRR Additional Plan covers MTA Long Island Rail Road employees hired effective July 1, 1971 and prior to January 1, 1988. The LIRR Additional Plan’s activities, including establishing and amending contributions and benefits are administered by the Board of Managers of Pensions. The LIRR Additional Plan is a governmental plan and accordingly, is not subject to the funding and other requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”). The LIRR Additional Plan is a closed plan.

The Board of Managers of Pensions is composed of the Chairman of the MTA, MTA Chief Financial Officer, MTA Director of Labor Relations and the agency head of each participating Employer or the designee of a member of the Board of Managers. The LIRR Additional Plan may be amended by action of the MTA Board. The LIRR Additional Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA’s basic financial statements.

The pension plan has a separately issued financial statement that is publicly available and contains required descriptions and supplemental information regarding the employee benefit plan. The financial statements may be obtained at www.mta.info or by writing to the MTA Deputy Chief, Controller’s Office, 2 Broadway, 15th Floor New York, NY 10004 or at www.mta.info.

2. MaBSTOA Pension Plan —

The MaBSTOA Pension Plan is a cost-sharing multiple-employer defined benefit plan administered by MTA Headquarters and funded by MTA New York City Transit covering employees of MaBSTOA and certain employees of MTAHQ. Prior to January 1, 2020, this was a single employer defined benefit retirement plan covering only MaBSTOA employees. Employees of MaBSTOA and MTAHQ are specifically excluded from participating in the New York City Employees’ Retirement System (“NYCERS”). The Plan provides retirement as well as death, accident and disability benefits in order to afford managerial and non-represented MaBSTOA employees the same pension rights as title employees in the MTA New York City Transit. Effective January 1, 1999, membership in the MaBSTOA Pension Plan is not mandatory for managerial and represented employees.

The Board of Administration, established in 1963, determines the eligibility of employees and beneficiaries for retirement and death benefits. The MaBSTOA Pension Plan assigns authority to the MaBSTOA Board to modify, amend or restrict the MaBSTOA Pension Plan or to discontinue it altogether, subject, however, to the obligations under its collective bargaining agreements. The Board is composed of five members: two representatives from the Transport Workers Union, Local 100 (“TWU”) and three employer representatives. The MaBSTOA Pension Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA’s basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Deputy Chief, Controller’s Office, 2 Broadway, 15th Floor, New York, NY 10004 or at www.mta.info.

3. MNR Cash Balance Plan —

The MNR Cash Balance Plan is a single employer, defined benefit pension plan administered by MTA Headquarters and funded by MTA Metro-North Railroad. The MNR Cash Balance Plan covers non-collectively bargained employees formerly employed by Conrail, who joined MTA Metro-North Railroad as management employees between January 1 and June 30, 1983, and were still employed as of December 31, 1988. Effective January 1, 1989, these management employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the “Management Plan”) and the MNR Cash Balance Plan was closed to new participants. The MNR Cash Balance Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the MNR Cash Balance Plan is tax-exempt.

Further information about the MNR Cash Balance Plan is more fully described in the separately issued financial statements that can be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004 or at www.mta.info.

4. MTA Defined Benefit Pension Plan —

The MTA Defined Benefit Pension Plan is a cost sharing, multiple-employer defined benefit pension plan. The MTA Defined Benefit Pension Plan covers certain MTA Long Island Rail Road non-represented employees hired after January 1, 1988, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 24, 1983, MTA Police, MTA Long Island Railroad represented employees hired after December 31, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway represented and non-represented employees and certain employees of the MTA Bus Company. The MTA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Staten Island Railway and MTA Bus contribute to the MTA Defined Benefit Pension Plan, which offers distinct retirement, disability retirement, and death benefit programs for their covered employees and beneficiaries.

The MTA Defined Benefit Pension Plan is administered by the Board of Managers of Pensions. The MTA Defined Benefit Pension Plan, including benefits and contributions, may be amended by action of the MTA Board. The MTA Defined Benefit Pension Plan is a fiduciary component unit of the MTA and is reflected in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004 or at www.mta.info.

5. NYCERS —

NYCERS is a cost-sharing, multiple-employer retirement system for employees of NYC and certain other governmental units whose employees are not otherwise members of The City's four other pension systems. NYCERS administers the New York City Employees Retirement System qualified pension plan. This plan covers employees of MTA New York City Transit and MTA Bridges and Tunnels.

NYCERS was established by an act of the Legislature of the State of New York under Chapter 427 of the Laws of 1920. NYCERS functions in accordance with the governing statutes contained in the New York State Retirement and Social Security Law ("RSSL"), and the Administrative Code of the City of New York ("ACNY"), which are the basis by which benefit terms and employer and member contribution requirements are established and amended. The head of the retirement system is the Board of Trustees. NYCERS is a fiduciary component unit of The City and is in the Pension and Other Employee Benefit Trust Funds section of The City's Annual Comprehensive Financial Report ("ACFR").

NYCERS issues a publicly available comprehensive annual financial. This report may be obtained by writing to the New York City Employees' Retirement System at 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3724 or at www.nycers.org.

All employees of the Related Group holding permanent civil service positions in the competitive or labor class are required to become members of NYCERS six months after their date of appointment, but may voluntarily elect to join NYCERS prior to their mandated membership date. All other eligible employees have the option of joining NYCERS upon appointment or anytime thereafter. NYCERS members are assigned to a "tier" depending on the date of their membership.

- Tier 1 All members who joined prior to July 1, 1973.
- Tier 2 All members who joined on or after July 1, 1973 and before July 27, 1976.
- Tier 3 Only certain members who joined on or after July 27, 1976 and prior to April 1, 2012.
- Tier 4 All members (with certain member exceptions) who joined on or after July 27, 1976 but prior to April 1, 2012. Members who joined on or after July 27, 1976 but prior to September 1, 1983 retain all rights and benefits of Tier 3 membership.
- Tier 6 Members who joined on or after April 1, 2012.

6. NYSLERS —

NYSLERS is a cost-sharing, multiple-employer defined benefit retirement system. The NYS Comptroller's Office administers the NYSLERS' plan. The net position of NYSLERS is held in the NYS Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the plan. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of NYSLERS. NYSLERS' benefits are established under the provisions of the New York State RSSL. Once a public employer elects to

participate in NYSLERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. This plan covers nonrepresented MTAHQ employees earning less than \$70,000 per year, those nonrepresented MTAHQ employees that do not choose the Voluntary Defined Contribution Plan provided for under RSSL Tier 6 legislation, and employees represented by the International Brotherhood of Teamsters.

NYSLERS is included in NYS's financial report as a pension trust fund. The report can be accessed on the NYS Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-001.

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of tier membership.

Tier 1	All members who joined prior to July 1, 1973.
Tier 2	All members who joined on or after July 1, 1973 and before July 27, 1976.
Tier 3	Generally, certain members who joined on or after July 27, 1976 but before January 1, 2010 and all other members who joined on or after July 27, 1976, but before September 1, 1983.
Tier 4	Generally, members (with certain member exceptions) who joined on or after September 1, 1983, but before January 1, 2010.
Tier 5	Members who joined on or after January 1, 2010, but before April 1, 2012.
Tier 6	Members who joined on or after April 1, 2012.

Benefits Provided

1. LIRR Additional Plan —

Pension Benefits — An eligible MTA Long Island Rail Road employee who retires under the LIRR Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least five years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in: (a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the MTA Long Island Rail Road, subject to the obligations of the MTA Long Island Rail Road under its collective bargaining agreements.

The LIRR Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant's length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings for each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65, regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including any supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

Participants who entered qualifying service before July 1, 1978 are not required to contribute. Participants who entered qualifying service on or after July 1, 1978, are required to contribute 3% of their wages. The MTA Long Island Railroad contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

Death Benefits — Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than five thousand dollars is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Retirement benefits establishment and changes for representative employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, amendments must be approved by the MTA Board.

2. MaBSTOA Pension Plan —

The MaBSTOA Pension Plan provides retirement as well as death, accident, and disability benefits. The benefits provided by the MaBSTOA Pension Plan are generally similar to the benefits provided to MTA New York City Transit participants in NYCERS. Benefits vest after either 5, 10, or 20 years of credited service, depending on the date of

membership.

In 2008, NYCERS had determined that Tier 4 employees are and have been eligible for a post retirement death benefit retroactive to 1986. In June 2012, the MTA Board approved an amendment to the MaBSTOA Pension Plan to provide for incorporation of this benefit.

Chapter 716 of the Laws of 2023 enacted in December 2023 modified the pre-retirement and postretirement ordinary death benefits applicable to Tier 2, 3, 4 and 6 members effective July 1, 2021. This affects the benefits payable after the death of a member who is over age 60. The law lowers the existing age-based reductions, resulting in an increased benefit for eligible beneficiaries.

Chapter 55 of the Laws of 2024, Part KK, extends until December 31, 2026 the exclusion of pensionable earnings above the annual base wages of Tier 6 members for purposes of calculating Basic Member Contributions.

Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the Final Average Salary ("FAS") from five years to three years for certain Tier 6 members.

Tier 1 —

Eligibility and Benefit Calculation: Tier 1 members must be at least age 50 with the completion of 20 years of service to be eligible to collect a service retirement benefit. Generally, the benefit is 1.50% for service before March 1, 1962, plus 2.0% for service from March 1, 1962 to June 30, 1970, plus 2.5% for service after June 30, 1970. The accumulated percentage, up to a maximum of 50%, is multiplied by the member's compensation, which is the greater of earned salary during the year prior to retirement. Once the accumulated reaches 50%, the percentage for each further year of service reverts back to 1.5%. The percentage in excess of 50% is multiplied by the final compensation, which is the highest average earnings over five consecutive years.

Ordinary Disability Benefits — Generally, ordinary disability benefits are provided to eligible Tier 1 members after ten years of service with the benefit equal to the greater of the service retirement percentages or 25% multiplied by final compensation.

Accidental Disability Benefits — The accidental disability benefit to eligible Tier 1 members is equal to 75% of final compensation reduced by 100% of any worker's compensation payments.

Ordinary Death Benefits — For Tier 1 members the amount of the death benefit is a lump sum equal to six months' pay for members with less than 10 years of service; a lump sum equal to a 12 months of pay for members with more than 10 but less than 20 years of service, and a lump sum equal to two times 12 months of pay for members with more than 20 years of service.

Tier 2 —

Eligibility and Benefit Calculation: Tier 2 members must be at least age 55 with the completion of 25 years of service to be eligible to collect a service retirement benefit. Generally, the benefit equals 50% of final 3-year average compensation, defined as the highest average earnings over three consecutive years, plus 1% of final 5-year average compensation, defined as the highest average earnings over five consecutive years, per year of credited service in excess of 20 years. For early retirement, members must be at least age 50 with the completion of at least 20 years of service. The benefit is determined in the same manner as the service retirement but not greater than 2.0% of final 3-year average compensation per year of service.

Ordinary Disability Benefits — Generally, ordinary disability benefits are provided to eligible Tier 2 members after ten years of service with the benefit equal to the greater of the service retirement percentages or 25% multiplied by the final 5-year average compensation.

Accidental Disability Benefits — The accidental disability benefit to eligible Tier 2 members is equal to 75% of the final 5-year average compensation reduced by any worker's compensation payments.

Ordinary Death Benefits — Tier 2 members require the completion of 90 days of service to receive a lump sum equal to 3 times salary, raised to the next multiple of \$1,000 dollars.

Tiers 3, 4 —

Eligibility and Benefit Calculation: Tier 3 and 4 members in the Regular 62 and 5 Plan must be at least age 62 with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of Final Average Compensation ("FAC") for the first 30 years of service plus 1.5% of FAC for years of service in excess of 30. FAC is defined as the highest average earnings over three consecutive years, of which earnings in a year cannot exceed 110% of the average of the two preceding years. If the member completes less than 20 years of credited service, the benefit equals 1-2/3% of FAC multiplied by years of service. For early retirement, members must be at least age 55 with the completion of at least 5 years of

service. The benefit equals the service retirement benefit reduced by 6% for each of the first two years prior to age 62, and by 3% for years prior to age 60.

Tier 3 and 4 members in the basic 55/25 Plan must be at least age 55 with the completion of at least 25 years of service, or be at least age 62 with the completion of at least 5 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAC for the first 30 years of service plus 1.5% of FAC for years of service in excess of 30. If the member completes less than 25 years of credited service, the benefit equals 1-2/3% of FAC multiplied by years of service.

Tier 4 members in the 57/5 Plan must be at least age 57 with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of FAC for the first 30 years of service plus 1.5% of FAC for years of service in excess of 30. If the member completes less than 20 years of credited service, the benefit equals 1-2/3% of FAC multiplied by years of service.

Ordinary and Accidental Disability Benefits — For eligible members of the Regular 62/5 Plan, 57/25 Plan and 57/5 Plan, ordinary and accidental disability benefits are provided after 10 years of service for ordinary and no service required for accidental disability benefit. The benefit equals the greater of 1-2/3% of FAC per year of service and 1/3 of FAC.

Ordinary Death Benefits — For eligible members of the Regular 62/5 Plan, 55/25 Plan, 57/5 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60 or at the time of retirement was earlier than age 60, but not less than 10% of the pre-retirement benefit in force at the time of retirement.

Tier 6 —

Eligibility and Benefit Calculation: Chapter 56 of the Laws of 2022 enacted in April 2022 reduced the Tier 6 vesting requirement from 10 years to 5 years of service. Tier 6 members in the 55/25 Special Plan must be at least age 55 with the completion of at least 25 years, or at least age 63 with the completion of at least 5 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAS for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable compensation over five consecutive years.

Tier 6 members in the Basic 63/5 Plan must be at least age 63 with the completion of at least 5 years to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 35% of FAS plus 2.0% of FAS for years of service in excess of 20. If the member completes less than 20 years of credited service, the benefit equals 1-2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable earnings over five consecutive years. For early retirement, members must be at least age 55 with the completion of at least 10 years of service. The benefit equals the service retirement benefit reduced by 6.5% for each year early retirement precedes age 63.

Ordinary and Accidental Disability Benefits — For eligible members of the 55/25 Special Plan and the Basic 63/5 Plan, ordinary and accidental disability benefits are provided after 10 years of credited service for ordinary. There is no service requirement for accidental disability benefit. The benefit equals the greater of 1-2/3% of FAS per year of service and 1/3 of FAS.

Ordinary Death Benefits — For eligible members of the 55/25 Special Plan and the Basic 63/5 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 3% per year, to a maximum reduction of 30%. Accumulated regular member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60 or at the time of retirement if retirement was earlier than age 60, but not less than 10% of the pre-retirement benefit in force at the time of retirement.

3. MNR Cash Balance Plan —

Pension Benefits — Participants of the MNR Cash Balance Plan are vested in their benefit upon the earlier of (a) the completion of 5 years of service with MTA Metro-North Railroad or (b) the attainment of age 62. The accrued benefit is a participant's Initial Account Balance increased each month by the benefit escalator. The benefit escalator is defined as the Pension Benefit Guaranty Corporation ("PBGC") immediate annuity rate in effect for December of the year preceding the year for which the determination is being made divided by 180. The accrued benefit is paid as an escalating annuity. Vested participants are entitled to receive pension benefits commencing at age sixty-five. Participants

may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect a monthly life annuity. Participants may elect to receive their pension in the form of a joint and survivor annuity.

Participants of the MNR Cash Balance Plan are eligible for early retirement benefits upon termination of employment, the attainment of age 62, or age 60 and completion of 15 years of service, or age 55 and the completion of 30 years of service. The early retirement benefits paid is the normal retirement pension deferred to age 65 or an immediate pension equal to the life annuity actuarial equivalent of a participant's escalating annuity at normal retirement date indexed by the Initial Benefit Escalator from early retirement date to normal retirement date and reduced by 5/9 of 1% for each month retirement precedes age 65 up to 60 months and 5/18 of 1% for each month after 60 months.

For members with cash balances who are currently members of the MTA Defined Benefit Pension Plan, an additional benefit is provided equal to the amount needed to bring their total benefits (i.e., Railroad Retirement Tier I and II benefits, Conrail Plan benefits, Cash Balance Plan benefits, and MTA Defined Benefit Pension Plan benefits) up to a minimum of 65% of their 3-year final average pay under the MTA Defined Benefit Pension Plan. In no event will the Additional Benefit exceed 2% of 3-year final average pay multiplied by the Conrail Management Service prior to July 1, 1983. This benefit is payable as a life annuity and is reduced for commencement prior to age 65 in the same manner as the regular cash balance benefit. This additional benefit is payable only in the form of a life annuity or 100% or 50% contingent annuity.

Death Benefits — Benefits are paid to vested participants' beneficiaries in the event of a participants' death. The amount of benefits payable is the participant's account balance at the date of his or her death. Pre-retirement death benefits paid for a participant's death after 55 is equal to the amount the spouse would have received had the participant elected retirement under the normal form of payment on the day preceding his death. Pre-retirement death benefits paid for a participant's death before 55 is equal to the amount the spouse would have received had the participant survived to age 55 and retired under the normal form of payment on that date. The benefit is based on service to the participant's date of death and is payable beginning on the date the participant would have attained age 55.

In lieu of the above benefit, the surviving spouse can elect to receive the participant's account balance in a single lump sum payment immediately. If the participant was not married, the participant's beneficiary is entitled to receive the participant's Account Balance as of the participant's date of death in a single lump sum payment.

4. MTA Defined Benefit Pension Plan —

Pension Benefits — Retirement benefits are paid from the MTA Defined Benefit Pension Plan to cover MTA Metro-North Railroad, MTA Staten Island Railway and post-1987 MTA Long Island Rail Road employees as service retirement allowances or early retirement allowances. A participant is eligible for a service retirement allowance upon termination if the participant satisfied both age and service requirements. A participant is eligible for an early retirement allowance if the participant has attained age 55 and completed at least 10 years of credited service. Terminated participants with 5 or more years of credited service are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on the first day of the month following the participant's 62nd birthday.

Certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad continue to make contributions to the Plan for 10 or 15 years, depending on Date of Hire and Collective Bargaining Agreement. Certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad are eligible for an early retirement allowance if the participant has attained age 60 or 62 and completed at least 5 years of credited service, or has attained age 55 and completed at least 30 years of credited service for unreduced benefit. The early retirement allowance is reduced one-quarter of 1% per month for each full month that retirement predates age 60 for certain represented employees of the MTA Long Island Rail Road and the MTA Metro-North Railroad, and one-half of 1% per month for each full month that retirement predates age 62 until age 60, for certain represented employees of the MTA Long Island Rail Road and MTA Metro-North Railroad.

Effective in 2007, members and certain former members who become (or became) employed by another MTA agency which does not participate in the Plan continue to accrue service credit based on such other employment. Upon retirement, the member's vested retirement benefit from the Plan will be calculated on the FAS of the subsequent MTA agency, if higher. Moreover, the Plan benefit will be reduced by the benefit, if any, payable by the other plan based on such MTA agency employment. Such member's disability and ordinary death benefit will be determined in the same way.

Retirement benefits are paid from the MTA Defined Benefit Pension Plan under the MTA 20-Year Police Retirement Program. A participant is eligible for service retirement at the earlier of completing twenty years of credited police service or attainment of age 62. Terminated participants with five years of credited police service, who are not eligible for retirement, are eligible for a deferred benefit. Deferred vested benefits are payable on the first of the month following the participant's attainment of age 55 or age 63 for a participant who first joins the MTA 20-Year Police Retirement Program on or after April 1, 2012.

Retirement benefits paid from the MTA Defined Benefit Pension Plan to covered represented MTA Bus employees include service retirement allowances or early retirement allowances. Under the programs covering all represented employees at Baisley Park, Eastchester, LaGuardia, Spring Creek, and Yonkers Depots and the represented employees at College Point Depot, JFK, and Far Rockaway, a participant is eligible for a service retirement allowance upon termination if the participant has attained age sixty-five and completed at least five years of credited service or if the participant has attained age 57 and completed at least 20 years of credited service. A participant hired prior to June 2009 from Baisley Park, College Point, and LaGuardia Depots is eligible for an early retirement allowance if the participant has attained age 55 and completed 20 years of credited service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 65.

At Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek Depots, a participant who is a non-represented employee is eligible for an early retirement allowance upon termination if the participant has attained age 55 and completed 15 years of service. Terminated participants with five or more years of credited service who are not eligible to receive a service retirement allowance or early retirement allowance are eligible for a deferred vested benefit. Deferred vested benefits are payable on an unreduced basis on or after the participant attains age 62.

The MTA Bus retirement programs covering represented and non-represented employees at Eastchester and Yonkers and covering the represented employees at Baisley Park, College Point, Far Rockaway, JFK, LaGuardia and Spring Creek are fixed dollar plans, i.e., the benefits are a product of credited service and a specific dollar amount.

The retirement benefits for certain non-represented employees at Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek are based on FAS. Certain participants may elect to receive the retirement benefit as a single life annuity or in the form of an unreduced 75% joint and survivor benefit.

Pre-1988 MTA Long Island Rail Road participants are eligible for a service retirement allowance upon termination if the participants has either: (a) attained age sixty-five and completed at least five years of credited service, or if an employee on January 1, 1988 completed at least 10 years of credited service, or (b) attained age fifty and has completed at least 20 years of credited service. Terminated participants who were not employees on January 1, 1988 with five or more years of credited service are eligible for a deferred vested benefit. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings of each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65 regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including supplemental annuity) value at age 65 under the Federal Railroad Retirement Act. The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is 50%.

Death and Disability Benefits — In addition to service retirement benefits, participants of the Plan are eligible to receive disability retirement allowances and death benefits. Participants who become disabled may be eligible to receive disability retirement allowances after 10 years of covered MTA Bus service; 10 years of credited service for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented employees, covered MTA Staten Island Railway employees and covered MTA police participants.

The disability retirement allowance for covered MTA Metro-North Railroad and MTA Long Island Rail Road management and represented covered MTA Staten Island Railway employees is calculated based on the participant's credited service and FAS but not less than $\frac{1}{3}$ of FAS. Under the MTA 20 Year Police Retirement Program, a disabled participant may be eligible for one of three forms of disability retirement: (a) ordinary disability which is payable if a participant has ten years of credited Police service and is calculated based on the participant's credited Police service and FAS but not less than $\frac{1}{3}$ of FAS; (b) performance of duty, which is payable if a participant is disabled in the performance of duty and is $\frac{1}{2}$ of FAS, and (c) accidental disability, which is payable if a participant is disabled as the result of an on-the-job accidental injury and is $\frac{3}{4}$ of FAS subject to an offset of Workers' Compensation benefits. Pursuant to the MTA Bus programs, the disability benefit is the same as the service retirement benefit.

Survivorship benefits for pre-1988 MTA Long Island Rail Road participants are paid to the spouse when a survivorship option is elected or when an active participant has not divested their spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than \$5,000 (whole dollars) is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

Death benefits are paid to the participant's beneficiary in the event of the death of a covered MTA Metro-North Railroad, post-1987 MTA Long Island Rail Road or MTA Staten Island Railway employee after completion of one year of credited service. The death benefit payable is calculated based on a multiple of a participant's salary based on years of credited service up to three years and is reduced beginning at age 61. There is also a post-retirement death benefit which, in

the 1st year of retirement, is equal to 50% of the pre-retirement death benefit amount, whichever is greater, 25% the 2nd year and 10% of the death benefit payable at age 60 for the 3rd and later years. For the Police 20 Year Retirement Program, the death benefit is payable after ninety days of credited MTA police service, and is equal to three times their salary. For non-Police groups, this death benefit is payable in a lump sum distribution while for Police, the member or the beneficiary can elect to have it paid as an annuity. The MTA police do not have a post retirement benefit.

In the MSBA Employees' Pension Plan, there are special spousal benefits payable upon the death of a participant who is eligible for an early retirement benefit, or a normal service retirement benefit, or who is a vested participant or vested former participant. To be eligible, the spouse and participant must have been married at least one year at the time of death. Where the participant was eligible for an early service retirement benefit or was a vested participant or former participant, the benefit is a pension equal to 40% of the benefit payable to the participant as if the participant retired on the date of death. Where the participant was eligible for a normal service retirement benefit, the eligible spouse can elect either the benefit payable as a pension, as described in the prior sentence, or a lump sum payment based on an actuarially determined pension reserve. If there is no eligible spouse for this pension reserve benefit, a benefit is payable to the participant's beneficiary or estate.

Moreover, an accidental death benefit is payable for the death of a participant who is a covered MTA Metro-North Railroad or post-1987 MTA Long Island Rail Road employee, a covered MTA Staten Island Railway employee or a covered MTA Police member and dies as the result of an on-the-job accidental injury. This death benefit is paid as a pension equal to 50% of the participant's salary and is payable to the spouse for life, or, if none, to children until age eighteen (or twenty-three, if a student), or if none, to a dependent parent.

For MTA Bus employees, there is varied death benefit coverage under the Plan. For all represented and non-represented MTA Bus employees at Eastchester and Yonkers Depots and represented MTA Bus employees at Baisley Park, College Point, Far Rockaway, JFK, LaGuardia and Spring Creek Depots, if a participant dies prior to being eligible for a retirement benefit, the participant's beneficiary may elect to receive a refund of the participant's contributions plus interest.

Moreover, the spouses of the above employees who are vested are entitled to a presumed retirement survivor annuity which is based on a 50% Joint and Survivor annuity. The date as of which such annuity is determined and on which it commences varies among the different programs depending on whether the participants are eligible for retirement and for payment of retirement benefits.

In addition, the spouse of a non-represented MTA Bus employee at Spring Creek, JFK, LaGuardia, Baisley Park and Far Rockaway, if such employee is age 55 and has 15 years of service and is a terminated member with a vested benefit which is not yet payable, may elect the presumed retirement survivor annuity or 1/2 the participant's accrued benefit paid monthly and terminating on the 60th payment or the spouse's death. The spouse of a non-represented MTA Bus employee at Yonkers Depot may also receive a pre-retirement survivor annuity from the supplemental plan. If there is no such spouse, the actuarial equivalent of such annuity is payable.

Dependent children of MTA Bus employees are also entitled to an annuity based on the spouse's pre-retirement survivor annuity (1/2 of the spouse's annuity is payable to each child, but no more than 100% of the spouse's annuity is payable). In addition, the dependent children of retirees who were MTA Bus employees at these Depots are entitled to an annuity based on the presumed retirement survivor's annuity (25% of the spouse's annuity; but no more than 50% of the spouse's annuity is payable).

Retirement benefits establishment and changes for represented employees are collectively bargained and must be ratified by the respective union and the MTA Board. For non-represented employees, retirement benefits establishment and changes are presented to the MTA Board and must be accepted and approved by the MTA Board.

5. NYCERS —

NYCERS provides three main types of retirement benefits: Service Retirements, Ordinary Disability Retirements (non-job-related disabilities) and Accident Disability Retirements (job-related disabilities) to participants generally based on salary, length of service, and member Tiers.

The Service Retirement benefits provided to Tier 1 participants fall into four categories according to the level of benefits provided and the years of service required. Three of the four categories provide annual benefits of 50% to 55% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.2% to 1.7%) of final salary. The fourth category has no minimum service requirement and instead provides an annual benefit for each year of service equal to a specified percentage (currently 0.7% to 1.53%) of final salary.

Tier 2 participants have provisions similar to Tier 1, except that the eligibility for retirement and the salary base for benefits are different and there is a limitation on the maximum benefit.

Tier 3 participants were later mandated into Tier 4, but could retain their Tier 3 rights. The benefits for Tier 3 participants

are reduced by one half of the primary Social Security benefit attributable to service, and provides for an automatic annual cost-of-living escalator in pension benefits of not more than 3.0%.

Tier 4 participants upon satisfying applicable eligibility requirements may be mandated or elected, as applicable, into the Basic 62/5 Retirement Plan, the 57/5 Plan, the 55/25 Plan, the Transit 55/25 Plan, the MTA Triborough Bridge and Tunnel Authority 50/20 Plan, and the Automotive Member 25/50 Plan. These plans provide annual benefits of 40% to 50% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.5% to 2%) of final salary.

Chapter 18 of the Laws of 2012 created Tier 6. These changes increase the retirement age to 63, require member contributions for all years of service, institute progressive member contributions, and lengthen the FAS period from 3 to 5 years.

Chapter 693 of the Laws of 2023 removes the age 50 requirement from the MTA Bridges and Tunnels 50/20 plan for Tier 4 and Tier 6 members.

Chapter 716 of the Laws of 2023 enacted in December 2023 modified the pre-retirement and postretirement ordinary death benefits applicable to Tier 2, 3, 4 and 6 members effective July 1, 2021. This affects the benefits payable after the death of a member who is over age 60. The law lowers the existing age-based reductions, resulting in an increased benefit for eligible beneficiaries.

Chapter 55 of the Laws of 2024, Part KK, extends until December 31, 2026 the exclusion of pensionable earnings above the annual base wages of Tier 6 members for purposes of calculating Basic Member Contributions.

Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the FAS from five years to three years for certain Tier 3 and Tier 6 members.

NYCERS also provides automatic Cost-of-Living Adjustments (“COLA”) for certain retirees and beneficiaries, death benefits; and certain retirees also receive supplemental benefits. Subject to certain conditions, members generally become fully vested as to benefits upon the completion of 5 years of service.

6. NYSLERS —

NYSLERS provides retirement benefits as well as death and disability benefits. Members who joined prior to January 1, 2010 need 5 years of service to be fully vested. Members who joined on or after January 1, 2010 need 10 years of service to be fully vested. Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten years to five years. Therefore, all Members are vested when they reach five years of service credit.

Tiers 1 and 2 —

Eligibility: Tier 1 members generally must be at least age 55 to be eligible for a retirement benefit. There is no minimum service requirement for Tier 1 members. Generally, Tier 2 members must have 5 years of service and be at least age 55 to be eligible for a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of FAS for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of FAS for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. FAS is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year’s compensation used in the FAS calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of FAS is limited to no more than 20 percent greater than the average of the previous two years.

Tiers 3, 4, and 5 —

Eligibility: Most Tier 3 and 4 members must have 5 years of service and be at least age 55 to be eligible for a retirement benefit. Tier 5 members must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of FAS for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of FAS for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of FAS is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older

with 30 or more years of service can retire with no reduction in benefits. FAS is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the FAS calculation is limited to no more than 10% greater than the average of the previous two years.

Tier 6 —

Eligibility: Generally, Tier 6 members must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

Benefit Calculation: Generally, the benefit is 1.67% of FAS for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of FAS for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of FAS is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits. FAS is the average of the wages earned, limited by overtime caps, in the three highest consecutive years of employment. For Tier 6 members, each year's compensation used in the FAS calculation is limited to no more than 10% greater than the average of the previous four years.

Chapter 55 of the Laws of 2024, Part KK, extends until December 31, 2026 the exclusion of pensionable earnings above the annual base wages of Tier 6 members for purposes of calculating Basic Member Contributions.

Chapter 56 of the Laws of 2024, Part QQ, reduces the number of years used to calculate the FAS from five years to three years for certain Tier 6 members.

Disability Benefits— Generally, disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan. Civilian MTAHQ employees get either Ordinary Disability or Accidental Disability. Ordinary Disability benefits, pay no less than one-third of salary, and are provided to eligible members after ten years of service. The Accidental Disability benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits — Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 (whole dollars) of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases — A COLA is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the COLA amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This COLA is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 (whole dollars) of the annual retirement benefit. The COLA percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Membership

As of January 1, 2024 and January 1, 2023, the dates of the most recent actuarial valuations, membership data for the following pension plans are as follows:

	MNR Cash Balance Plan	LIRR Additional Plan	MaBSTOA Pension Plan	MTA Defined Benefit Pension Plan	TOTAL
Membership at: January 1, 2024					
Active Plan Members	-	12	8,355	19,420	27,787
Retirees and beneficiaries receiving benefits	20	4,772	6,475	12,291	23,558
Vested formerly active members not yet receiving benefits	5	13	1,324	1,988	3,330
Total	25	4,797	16,154	33,699	54,675

	MNR Cash Balance Plan	LIRR Additional Plan	MaBSTOA Pension Plan	MTA Defined Benefit Pension Plan	TOTAL
Membership at: January 1, 2023					
Active Plan Members	-	14	8,393	19,071	27,478
Retirees and beneficiaries receiving benefits	20	4,962	6,307	12,141	23,430
Vested formerly active members not yet receiving benefits	5	13	1,230	1,867	3,115
Total	25	4,989	15,930	33,079	54,023

Contributions and Funding Policy

1. LIRR Additional Plan —

Employer contributions are actuarially determined on an annual basis and are recognized when due. The LIRR Additional Plan is a defined benefit plan administered by the Board of Pension Managers and is a governmental plan and accordingly, is not subject to the funding and other requirements of ERISA.

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the MTA Long Island Rail Road's Board of Managers of Pensions (1.5% in 2024 and 2023), or (2) leave their contributions in the LIRR Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the MTA Long Island Rail Road's Board of Managers of Pensions (1.5% in 2024 and 2023).

Funding for the LIRR Additional Plan by the MTA Long Island Rail Road is provided by MTA. Certain funding by MTA is made to the MTA Long Island Rail Road on a discretionary basis. The continuance of the MTA Long Island Rail Road's funding for the LIRR Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

2. MaBSTOA Pension Plan —

The contribution requirements of MaBSTOA Pension Plan members are established and may be amended only by the MaBSTOA Board in accordance with Sections 10.01 and 12.08 of the MaBSTOA Pension Plan. MaBSTOA's funding policy for periodic employer contributions is to provide for actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due. It is MaBSTOA's policy to fund, at a minimum, the current year's normal pension cost plus amortization of the unfunded actuarial accrued liability.

The MaBSTOA Pension Plan includes the following plans, including the 2000 amendments which are all under the same terms and conditions as NYCERS:

- Tier 1 – 50 and 20 Plan
- Tier 2 – 55 and 25 Plan
- Tier 4 – 62 and 5 Plan (with Tier III Supplement)
- Tier 4 – 55 and 25 Plan (operating employees only)
- Tier 4 – 55 and 25 Plan (administrative employees only)
- Tier 4 – 57 and 5 Plan
- Tier 6 – 55 and 25 Plan (operating employees only)
- Tier 6 – 63 and 5 Plan (administrative employees only)

For employees, the MaBSTOA Pension Plan has both contributory and noncontributory requirements depending on the date of entry into service. Employees entering qualifying service on or before July 26, 1976, are non-contributing (Tiers 1 and 2). Certain employees entering qualifying service on or after July 27, 1976, are required to contribute 3% of their salary (Tiers 3 and 4).

In March 2012, pursuant to Chapter 18 of the Laws of 2012, individuals joining NYCERS or the MaBSTOA Pension Plan on or after April 1, 2012 are subject to the provisions of Tier 6. The new law increased the employee contribution rates which varied depending on salary, ranging from 3% to 6% of gross wages. Contributions are made until retirement or separation from service.

Pursuant to Section 7.03 of the MaBSTOA Pension Plan, active plan members are permitted to borrow up to 75% of their contributions with interest. Their total contributions and interest remain intact and interest continues to accrue on

the full balance. The participant's accumulated contribution account is used as collateral against the loan.

3. MNR Cash Balance Plan —

Funding for the MNR Cash Balance Plan is provided by MTA Metro-North Railroad, a public benefit corporation that receives funding for its operations and capital needs from the MTA and CDOT. Certain funding by MTA is made to the MTA Metro-North Railroad on a discretionary basis. The continuance of funding for the MNR Cash Balance Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

MTA Metro-North Railroad's funding policy with respect to the MNR Cash Balance Plan was to contribute the full amount of the pension benefit obligation ("PBO") of approximately \$2.977 to the trust fund in 1989. As participants retire, the Trustee has made distributions from the MNR Cash Balance Plan. MTA Metro-North Railroad anticipated that no further contributions would be made to the MNR Cash Balance Plan. However, due to changes in actuarial assumptions and market performance, additional contributions were made to the MNR Cash Balance Plan in several subsequent years. Per the January 1, 2023 valuation, unfunded accrued liability and the actuarially determined contribution are \$12,105 and \$12,589 respectively. Per the January 1, 2024 valuation, unfunded accrued liability and the actuarially determined contribution are \$21,494 and \$22,354 respectively. Actual employer contributions for the years ended December 31, 2025 and 2024 were \$17,322 (whole dollars) and \$22,354 (whole dollars) respectively.

4. MTA Defined Benefit Pension Plan —

Employer contributions are actuarially determined on an annual basis. Amounts recognized as receivables for contributions include only those due pursuant to legal requirements. Employee contributions to the MTA Defined Benefit Pension Plan are recognized in the period in which the contributions are due. There are no contributions required under the Metropolitan Suburban Bus Authority Employee's Pension Plan.

The following summarizes the employee contributions made to the MTA Defined Benefit Pension Plan:

Effective January 1, 1994, covered MTA Metro-North Railroad and MTA Long Island Rail Road non-represented employees are required to contribute to the MTA Plan to the extent that their Railroad Retirement Tier II employee contribution is less than the pre-tax cost of the 3% employee contributions. Effective October 1, 2000, employee contributions, if any, were eliminated after ten years of making contributions to the MTA Plan. MTA Metro-North Railroad employees may purchase prior service from January 1, 1983 through December 31, 1993 and MTA Long Island Rail Road employees may purchase prior service from January 1, 1988 through December 31, 1993 by paying the contributions that would have been required of that employee for the years in question, calculated as described in the first sentence, had the MTA Defined Benefit Pension Plan been in effect for those years.

Police Officers who become participants of the MTA Police Program prior to January 9, 2010 contribute to that program at various rates. Police Officers who become participants on or after January 9, 2010, but before April 1, 2012 contribute 3% up to the completion of 32 years of service, the maximum amount of service credit allowed. Police Officers who become participants on or after April 1, 2012 contribute 3%, with additional new rates starting April 2013, ranging from 3.5%, 4.5%, 5.75%, to 6%, depending on salary level, for their remaining years of service.

Covered MTA Metro-North Railroad represented employees and MTA Long Island Rail Road represented employees who first became eligible to be MTA Defined Benefit Pension Plan participants prior to January 30, 2008 contribute 3% of salary. MTA Staten Island Railway employees contribute 3% of salary except for represented employees hired on or after June 1, 2010 who contribute 4%. MTA Staten Island Railway represented and non-represented employees hired before 6/1/2010 contribute 3%. Represented and non-represented employees hired on and after 6/1/2010 contribute 4%. MTA Staten Island Railway employees hired after various contract dates in 2015 are required to contribute 4% for 15 years of service. MTA Long Island Rail Road represented employees who became participants after January 30, 2008 contribute 4% of salary. For the MTA Staten Island Railway employees, contributions are not required after the completion of ten years of credited service. MTA Long Island Railroad represented employees are required to make the employee contributions for ten years, or fifteen years if hired after certain dates in 2014 as per collective bargaining agreements. Certain Metro-North represented employees hired after various contract dates in 2014 and 2015 are required to contribute for 15 years of service depending on their collective bargaining agreements. Certain Metro-North employees hired prior to 2014 are required to make the employee contributions until January 1, 2014, January 1, 2017, June 30, 2017, or the completion of required years of credited service as per the relevant collective bargaining agreements.

Covered MTA Bus represented employees and certain non-represented employees are required to contribute a fixed dollar amount, which varies, by depot. Nonrepresented MTA Bus employees contribute a percentage of pensionable earnings ranging from 3%, 3.5%, 4.5%, 5.75% and 6%. Represented employees contribute a fixed dollar ranging from \$83.03 to \$85.52 bi-weekly. Currently, non-represented employees at certain Depots, contribute \$21.50 (whole dollars) per week. Non-represented employees at Eastchester hired prior to 2007 contribute \$25 (whole dollars) per week. Certain limited numbers of represented employees promoted prior to the resolution of a bargaining impasse continue

to participate in the MTA Defined Benefit Pension Plan that was in effect before their promotion. Certain MTA Bus non-represented employees who are formerly employed by the private bus companies (Jamaica, Green, Triboro and Command) at Baisley Park, Far Rockaway, JFK, LaGuardia and Spring Creek Depots who are in the pension program covering only such employees make no contributions to the program.

5. NYCERS —

NYCERS funding policy is to contribute statutorily-required contributions (“Statutory Contributions”), determined by the Chief Actuary for the New York City Retirement Systems, in accordance with State statutes and City laws, and are generally funded by employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (“OYLM”). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. Statutory Contributions are determined annually to be an amount that, together with member contributions and investment income, provides for NYCERS’ assets to be sufficient to pay benefits when due.

Member contributions are established by law. NYCERS has both contributory and noncontributory requirements, with retirement age varying from 55 to 70 depending upon when an employee last entered qualifying service.

In general, Tier 1 and Tier 2 member contribution rates are dependent upon the employee’s age at membership and retirement plan election. In general, Tier 3 and Tier 4 members make basic contributions of 3.0% of salary, regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members, except for certain MTA New York City Transit employees enrolled in the Transit 20-Year Plan, are not required to make basic contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. In addition, members who meet certain eligibility requirements will receive one month’s additional service credit for each completed year of service up to a maximum of two additional years of service credit. Effective December 2000, certain MTA New York City Transit Tier 3 and Tier 4 members make basic member contributions of 2.0% of salary, in accordance with Chapter 10 of the Laws of 2000. Certain Tier 2, Tier 3 and Tier 4 members who are participants in special retirement plans are required to make additional member contributions of 1.85%, in addition to their base membership contribution. Tier 6 members are mandated to contribute between 3.0% and 6.0% of salary, depending on salary level, until they separate from City service or until they retire.

NYCERS established a “special program” for employees hired on or after July 26, 1976. A plan for employees, who have worked 20 years, and reached age 50, is provided to Bridge and Tunnel Officers, Sergeants and Lieutenants and Maintainers. Also, an age 57 retirement plan is available for all other such MTA Bridges and Tunnels employees. Both these plans required increased employee contributions. Chapter 56 of the Laws of 2022 enacted in April 2022 excludes certain forms of overtime and extracurricular compensation from the salary used to determine Tier 6 Basic Member Contribution rates during the specified period from 2022 to 2024.

Certain retirees also receive supplemental benefits from MTA Bridges and Tunnels. Certain participants are permitted to borrow up to 75% of their own contributions including accumulated interest. These loans are accounted for as reductions in such participants’ contribution accounts. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances.

MTA New York City Transit and MTA Bridges and Tunnels are required to contribute at an actuarially determined rate. The contribution requirements of plan members, MTA New York City Transit and MTA Bridges and Tunnels are established and amended by law.

6. NYSLERS —

Employer Contributions - Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the NYSLERS fiscal year ending June 30.

Member Contributions - NYSLERS is noncontributory except for employers who joined the plan after July 27, 1976. Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to NYSLERS. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with NYSLERS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

MTAHQ, MTA Construction and Development and MTA Long Island Bus are required to contribute at an actuarially determined rate.

A summary of the aggregate actual contributions made to each pension plan for the years ended December 31, 2025 and 2024 are as follows:

Year ended December 31,	2025	2024
(\$ in millions)	Actual Employer Contributions	Actual Employer Contributions
Additional Plan	\$ 1.4	\$ 75.0
MaBSTOA Plan	18.3	188.5
MNR Cash Balance Plan	0.0 *	0.0*
MTA Defined Benefit Plan	92.4	355.3
NYCERS	899.5	785.1
NYSLERS	31.5	22.2
Total	<u>\$ 1,043.1</u>	<u>\$ 1,426.1</u>

*MNR Cash Balance Plan's actual employer contributions for the periods ended December 31, 2025 and 2024 were \$17,322 (whole dollars) and \$22,354 (whole dollars), respectively.

Net Pension Liability

The MTA's net pension liabilities for each of the pension plans reported at December 31, 2025 and 2024 were measured as of the fiscal year-end dates for each respective pension plan. The total pension liabilities used to calculate those net pension liabilities were determined by actuarial valuations as of each pension plan's valuation date, and rolled forward to the respective year-ends for each pension plan. Information about the fiduciary net position of each qualified pension plan's fiduciary net position has been determined on the same basis as reported by each respective qualified pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value. The following table provides the measurement and valuation dates used by each pension plan to calculate the MTA's aggregate net pension liability.

Year ended December 31,	2025		2024	
Pension Plan	Measurement Date	Plan Valuation Date	Measurement Date	Plan Valuation Date
LIRR Additional Plan	December 31, 2024	January 1, 2024	December 31, 2023	January 1, 2023
MaBSTOA Pension Plan	December 31, 2024	January 1, 2024	December 31, 2023	January 1, 2023
MNR Cash Balance Plan	December 31, 2024	January 1, 2024	December 31, 2023	January 1, 2023
MTA Defined Benefit Pension Plan	December 31, 2024	January 1, 2024	December 31, 2023	January 1, 2023
NYCERS	June 30, 2025	June 30, 2024	June 30, 2024	June 30, 2023
NYSLERS	March 31, 2025	April 1, 2024	March 31, 2024	April 1, 2023

Actuarial Assumptions

The total pension liabilities in each pension plan's actuarial valuation dates were determined using the following actuarial assumptions for each pension plan, applied to all periods included in the measurement date:

	LIRR Additional Plan		MaBSTOA Pension Plan		MNR Cash Balance Plan	
Valuation Date:	January 1, 2024	January 1, 2023	January 1, 2024	January 1, 2023	January 1, 2024	January 1, 2023
Investment Rate of Return	6.50%, net of investment expenses.	6.50%, net of investment expenses.	6.50%, net of investment expenses.	6.50%, net of investment expenses.	4.00%, net of investment expenses.	4.00%, net of investment expenses.
Salary Increases	3.00%	3.00%	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Not applicable	Not applicable
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%	2.25%	2.37%	2.32%
Cost-of-Living Adjustments	Not applicable	Not applicable	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	Not applicable	Not applicable

	MTA Defined Benefit Pension Plan		NYCERS		NYSLERS	
Valuation Date:	January 1, 2024	January 1, 2023	June 30, 2024	June 30, 2023	April 1, 2024	April 1, 2023
Investment Rate of Return	6.50%, net of investment expenses	6.50%, net of investment expenses	7.0% per annum, net of Investment Expenses	7.0% per annum, net of Investment Expenses	5.90% per annum, including inflation, net of investment expenses.	5.90% per annum, including inflation, net of investment expenses.
Salary Increases	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.	In general, merit and promotion increases plus assumed General Wage Increases of 3.0% per annum.	4.3% in ERS, 6.0 % in PFRS	4.3% in ERS, 6.0 % in PFRS
Inflation	2.25%; 3.25% for Railroad Retirement Wage Base.	2.25%; 3.25% for Railroad Retirement Wage Base.	2.50%	2.50%	2.90%	2.90%
Cost-of-Living Adjustments	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	AutoCOLA – 1.5% per annum Escalation – 2.5% per annum	AutoCOLA – 1.5% per annum Escalation – 2.5% per annum	1.50% per annum.	1.50% per annum.

Mortality

LIRR Additional Plan / MaBSTOA Pension Plan/ MNR Cash Balance Plan and MTA Defined Benefit Pension Plan:

The actuarial assumptions used in the January 1, 2024 and 2023 valuations for the MTA plans are based on an experience study dated October 4, 2019 covering the period from January 1, 2012 - December 31, 2017, with certain assumptions modified subsequently. The mortality assumption used in the January 1, 2024 and 2023 valuations are based on an experience study for all MTA plans covering the period from January 1, 2015 to December 31, 2020. The pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA, as recommended by the Society of Actuaries Retirement Plans Experience Committee. As generational tables, they reflect mortality improvements both before and after the measurement date.

Pre-retirement: Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus and MaBSTOA males and 100% for females. For Police, the Mortality Rates for NYC Active Members of MTA New York City Transit and MTA Bridges and Tunnels Ordinary and Accidental Death (no projection scale is applied to the Accidental Death table).

Post-retirement Healthy Lives: Assumption utilized 95% of Pri-2012 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the Pri-2012 Healthy Annuitant mortality table for females.

Post-retirement Disabled Lives: Assumption utilized in the January 1, 2024 and 2023 valuation was the Pri-2012 Disabled Annuitant mortality table for males and females. This assumption was not applicable for the LIRR Additional Plan and the MNR Cash Balance Plan.

NYCERS:

Pursuant to Section 96 of the New York City Charter, an independent actuarial firm conducts studies of the actuarial assumptions used to value liabilities of the NYCERS pension plan every two years. In accordance with the ACNY, the Board of Trustees of NYCERS are to periodically review and adopt actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions, which are also generally used to determine the total pension liability, as applicable.

Mortality tables for service and disability pensioners were developed from experience studies of the NYCERS Plan. The mortality tables for beneficiaries were developed from an experience review.

The actuarial assumptions used in the June 2024 valuation is based on the most recent actuarial experience study and recommendations prepared by Bolton, Inc. for the four-year and ten-year periods ended June 30, 2017. Based, in part, on this report issued in June 2019, the Actuary proposed and the Board of Trustees of NYCERS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2020 beginning in Fiscal Year 2019. The actuarial assumptions used in the June 2018 valuation was based on the previous study by Gabriel, Roeder, Smith & Company ("GRS") published in October 2015 for the four-year and ten-year periods ended June 30, 2013. Based, in part, on the GRS Report, the Actuary proposed, and the Boards of Trustees of the NYCERS adopted, new post-retirement mortality tables including the application of Mortality Improvement Scale MP-2015 for use in determining employer contributions beginning in Fiscal Year 2016. Scale MP-2015 replaced Mortality Improvement Scale AA.

NYSLERS:

The actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study completed April 1, 2020. Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2023 used the same assumptions for the measure of total pension liability.

Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments for each pension plan is presented in the following table.

Pension Plan	Plan Measurement Date	Rate
LIRR Additional Plan	December 31, 2024	6.50%
MaBSTOA Pension Plan	December 31, 2024	6.50%
MNR Cash Balance Plan	December 31, 2024	4.00%
MTA Defined Benefit Pension Plan	December 31, 2024	6.50%
NYCERS	June 30, 2025	7.00%
NYSLERS	March 31, 2025	5.90%

For the LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan, MTA Defined Benefit Pension Plan, NYCERS plan and NYSLERS plan, the long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation of each of the funds and the expected real rate of returns (“RROR”) for each of the asset classes are summarized in the following tables for each of the pension plans:

Asset Class	LIRR Additional Plan		MaBSTOA Pension Plan	
	Target Asset Allocation	Long - Term Expected Real Rate of Return	Target Asset Allocation	Long - Term Expected Real Rate of Return
US Core Fixed Income	15.50%	2.36%	15.50%	2.36%
US Treasury Bonds	2.00%	1.85%	2.00%	1.85%
US Inflation-Indexed Bonds	2.00%	1.93%	2.00%	1.93%
US High Yield Bonds	3.50%	4.04%	3.50%	4.04%
Private Credit	8.00%	6.48%	8.00%	6.48%
US Large Caps	23.00%	5.33%	23.00%	5.33%
US Small Caps	4.50%	6.82%	4.50%	6.82%
Foreign Developed Equity	10.50%	6.91%	10.50%	6.91%
Emerging Markets Equity	3.00%	9.29%	3.00%	9.29%
Emerging Markets Small Cap Equity	1.00%	9.62%	1.00%	9.62%
Private Real Estate Property	5.00%	5.93%	5.00%	5.93%
Private Equity	8.00%	10.37%	8.00%	10.37%
Infrastructure - Public	3.00%	5.92%	3.00%	5.92%
Commodities	3.00%	3.38%	3.00%	3.38%
Hedge Funds - MultiStrategy	8.00%	4.13%	8.00%	4.13%
	<u>100.00%</u>		<u>100.00%</u>	
Assumed Inflation - Mean		2.30%		2.30%
Assumed Inflation - Standard Deviation		1.46%		1.46%
Portfolio Nominal Mean Return		7.77%		7.77%
Portfolio Standard Deviation		12.25%		12.25%
Long Term Expected Rate of Return selected by MTA		6.50%		6.50%

Asset Class	MTA Defined Benefit Pension Plan		MNR Cash Balance Plan	
	Target Asset Allocation	Long - Term Expected Real Rate of Return	Target Asset Allocation	Long - Term Expected Real Rate of Return
US Core Fixed Income	15.50%	2.36%	100.00%	2.47%
US Treasury Bonds	2.00%	1.85%	-	-
US Inflation-Indexed Bonds	2.00%	1.93%	-	-
US High Yield Bonds	3.50%	4.04%	-	-
Private Credit	8.00%	6.48%	-	-
US Large Caps	23.00%	5.33%	-	-
US Small Caps	4.50%	6.82%	-	-
Foreign Developed Equity	10.50%	6.91%	-	-
Emerging Markets Equity	3.00%	9.29%	-	-
Emerging Markets Small Cap Equity	1.00%	9.62%	-	-
Private Real Estate Property	5.00%	5.93%	-	-
Private Equity	8.00%	10.37%	-	-
Infrastructure - Public	3.00%	5.92%	-	-
Commodities	3.00%	3.38%	-	-
Hedge Funds - MultiStrategy	8.00%	4.13%	-	-
	<u>100.00%</u>		<u>100.00%</u>	
Assumed Inflation - Mean		2.30%		2.37%
Assumed Inflation - Standard Deviation		1.46%		1.46%
Portfolio Nominal Mean Return		7.77%		4.84%
Portfolio Standard Deviation		12.25%		4.44%
Long Term Expected Rate of Return selected by MTA		6.50%		4.00%

Asset Class	NYCERS		NYSLERS	
	Target Asset Allocation	Long - Term Expected Real Rate of Return	Target Asset Allocation	Long - Term Expected Real Rate of Return
U.S. Public Market Equities	23.50%	6.70%	25.00%	6.80%
International Public Market Equities	0.00%	0.00%	14.00%	9.35%
Developed Public Market Equities	11.60%	7.10%	0.00%	0.00%
Emerging Public Market Equities	4.90%	8.30%	0.00%	0.00%
Fixed Income	31.00%	3.00%	22.00%	4.00%
Private Equities	10.00%	11.20%	15.00%	10.00%
Alternatives (Real Assets, Hedge Funds)	0.00%	0.00%	4.00%	8.34%
Real Estate	8.00%	7.00%	12.00%	7.10%
Infrastructure	4.50%	6.30%	0.00%	0.00%
Absolute Return Strategies	0.00%	0.00%	0.00%	0.00%
Opportunistic Portfolio	6.50%	8.30%	3.00%	7.88%
Cash	0.00%	0.00%	1.00%	2.50%
Credit	0.00%	0.00%	4.00%	7.93%
	<u>100.00%</u>		<u>100.00%</u>	
Assumed Inflation - Mean		2.50%		2.90%
Long Term Expected Rate of Return		7.00%		5.90%

Discount rate

The discount rate used to measure the total pension liability of each pension plan is presented in the following table:

Year ended December 31, Pension Plan	2025		2024	
	Measurement Date	Rate	Measurement Date	Rate
LIRR Additional Plan	December 31, 2024	6.50%	December 31, 2023	6.50%
MaBSTOA Pension Plan	December 31, 2024	6.50%	December 31, 2023	6.50%
MNR Cash Balance Plan	December 31, 2024	4.00%	December 31, 2023	4.00%
MTA Defined Benefit Pension Plan	December 31, 2024	6.50%	December 31, 2023	6.50%
NYCERS	June 30, 2025	7.00%	June 30, 2024	7.00%
NYSLERS	March 31, 2025	5.90%	March 31, 2024	5.90%

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each pension plan and that employer contributions will be made at the rates determined by each pension plan's actuary. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability – LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan and the MTA Defined Benefit Pension Plan

Changes in the MTA's net pension liability for the LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan and the MTA Defined Benefit Pension Plan for the year ended December 31, 2025, based on the December 31, 2024 measurement date, and for the year ended December 31, 2024, based on the December 31, 2023 measurement date, were as follows (in \$ thousands):

	LIRR Additional Plan			MaBSTOA Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2023	\$ 1,200,887	\$ 711,781	\$ 489,106	\$ 4,685,055	\$ 3,810,475	\$ 874,580
Changes for fiscal year 2024:						
Service Cost	71	-	71	101,919	-	101,919
Interest on total pension liability	73,783	-	73,783	302,222	-	302,222
Effect of plan changes	-	-	-	12,932	-	12,932
Effect of economic / demographic (gains) or losses	2,053	-	2,053	67,495	-	67,495
Benefit payments	(133,794)	(133,795)	1	(279,205)	(279,205)	-
Administrative expense	-	(915)	915	-	(529)	529
Member contributions	-	45	(45)	-	28,506	(28,506)
Net investment income	-	57,553	(57,553)	-	364,654	(364,654)
Employer contributions	-	74,957	(74,957)	-	189,884	(189,884)
Balance as of December 31, 2024	<u>\$ 1,143,000</u>	<u>\$ 709,626</u>	<u>\$ 433,374</u>	<u>\$ 4,890,418</u>	<u>\$ 4,113,785</u>	<u>\$ 776,633</u>

	LIRR Additional Plan			MaBSTOA Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2022	\$ 1,258,877	\$ 652,398	\$ 606,479	\$ 4,526,353	\$ 3,310,111	\$ 1,216,242
Changes for fiscal year 2023:						
Service Cost	81	-	81	99,603	-	99,603
Interest on total pension liability	77,391	-	77,391	292,158	-	292,158
Effect of plan changes	-	-	-	2,586	-	2,586
Effect of economic / demographic (gains) or losses	3,362	-	3,362	30,977	-	30,977
Benefit payments	(138,824)	(138,824)	-	(266,622)	(266,622)	-
Administrative expense	-	(546)	546	-	(567)	567
Member contributions	-	50	(50)	-	25,389	(25,389)
Net investment income	-	58,303	(58,303)	-	413,734	(413,734)
Employer contributions	-	140,400	(140,400)	-	328,430	(328,430)
Balance as of December 31, 2023	<u>\$ 1,200,887</u>	<u>\$ 711,781</u>	<u>\$ 489,106</u>	<u>\$ 4,685,055</u>	<u>\$ 3,810,475</u>	<u>\$ 874,580</u>
	MNR Cash Balance Plan			MTA Defined Benefit Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2023	\$ 262	\$ 253	\$ 9	\$ 8,277,409	\$ 6,553,455	\$ 1,723,954
Changes for fiscal year 2024:						
Service Cost	-	-	-	242,996	-	242,996
Interest on total pension liability	10	-	10	541,037	-	541,037
Effect of plan changes	-	-	-	10,126	-	10,126
Effect of economic / demographic (gains) or losses	14	-	14	85,003	-	85,003
Benefit payments	(34)	(34)	-	(399,832)	(399,832)	-
Administrative expense	-	-	-	-	(4,801)	4,801
Member contributions	-	-	-	-	43,752	(43,752)
Net investment income	-	8	(8)	-	633,816	(633,816)
Employer contributions	-	22	(22)	-	355,279	(355,279)
Balance as of December 31, 2024	<u>\$ 252</u>	<u>\$ 249</u>	<u>\$ 3</u>	<u>\$ 8,756,739</u>	<u>\$ 7,181,669</u>	<u>\$ 1,575,070</u>
	MNR Cash Balance Plan			MTA Defined Benefit Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2022	\$ 310	\$ 279	\$ 31	\$ 7,877,401	\$ 5,368,034	\$ 2,509,367
Changes for fiscal year 2023:						
Service Cost	-	-	-	230,704	-	230,704
Interest on total pension liability	12	-	12	515,016	-	515,016
Effect of plan changes	-	-	-	349	-	349
Effect of economic / demographic (gains) or losses	(19)	-	(19)	23,934	-	23,934
Effect of assumption changes or inputs	-	-	-	5,490	-	5,490
Benefit payments	(41)	(41)	-	(375,485)	(375,485)	-
Administrative expense	-	-	-	-	(4,660)	4,660
Member contributions	-	-	-	-	38,304	(38,304)
Net investment income	-	2	(2)	-	695,942	(695,942)
Employer contributions	-	13	(13)	-	831,320	(831,320)
Balance as of December 31, 2023	<u>\$ 262</u>	<u>\$ 253</u>	<u>\$ 9</u>	<u>\$ 8,277,409</u>	<u>\$ 6,553,455</u>	<u>\$ 1,723,954</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the MTA's net pension liability calculated for the LIRR Additional Plan, MaBSTOA Pension Plan, MNR Cash Balance Plan and the MTA Defined Benefit Pension Plan using the discount rate as of each measurement date, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used for each measurement date:

Measurement Date:	December 31, 2024			December 31, 2023		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	(5.5%)	(6.5%)	(7.5%)	(5.5%)	(6.5%)	(7.5%)
	(in thousands)			(in thousands)		
LIRR Additional Plan	\$ 518,085	\$ 433,374	\$ 359,091	\$ 579,748	\$ 489,106	\$ 409,805
MaBSTOA Pension Plan	1,328,018	776,633	309,745	1,403,484	874,580	426,535
MTA Defined Benefit Pension Plan	2,663,898	1,575,070	660,734	2,758,448	1,723,954	855,028

Measurement Date:	December 31, 2024			December 31, 2023		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	(3.0%)	(4.0%)	(5.0%)	(3.0%)	(4.0%)	(5.0%)
	(in whole dollars)			(in whole dollars)		
MNR Cash Balance Plan	\$ 17,295	\$ 3,125	\$ (9,479)	\$ 24,680	\$ 9,226	\$ (4,479)

The MTA's Proportion of Net Pension Liability – NYCERS and NYSLERS

The following table presents the MTA's proportionate share of the net pension liability of NYCERS based on the June 30, 2024 and June 30, 2023 actuarial valuations, rolled forward to June 30, 2025 and June 30, 2024, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYCERS	
	June 30, 2025	June 30, 2024
	(\$ in thousands)	
MTA's proportion of the net pension liability	22.750%	21.980%
MTA's proportionate share of the net pension liability	\$ 3,022,481	\$ 3,615,094

The following table presents the MTA's proportionate share of the net pension liability of NYSLERS based on the April 1, 2024 and April 1, 2023 actuarial valuations, rolled forward to March 31, 2025 and March 31, 2024, respectively, and the proportion percentage of the aggregate net pension liability allocated to the MTA:

	NYSLERS	
	March 31, 2025	March 31, 2024
	(\$ in thousands)	
MTA's proportion of the net pension liability	0.480%	0.355%
MTA's proportionate share of the net pension liability	\$ 82,359	\$ 52,271

The MTA's proportion of each respective Plan's net pension liability was based on the MTA's actual required contributions made to NYCERS for the plan's fiscal year-end June 30, 2025 and 2024 and to NYSLERS for the plan's fiscal year-end March 31, 2025 and 2024, relative to the contributions of all employers in each plan.

Sensitivity of the MTA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the MTA's proportionate share of the net pension liability for NYCERS and NYSLERS calculated using the discount rate as of each measurement date, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used as of each measurement date (\$ in thousands):

Measurement Date:	June 30, 2025			June 30, 2024		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	(6.0%)	(7.0%)	(8.0%)	(6.0%)	(7.0%)	(8.0%)
NYCERS	\$ 5,724,981	\$ 3,022,481	\$ 744,072	\$ 6,138,640	\$ 3,615,094	\$ 1,483,419

Measurement Date:	March 31, 2025			March 31, 2024		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	(4.9%)	(5.9%)	(6.9%)	(4.9%)	(5.9%)	(6.9%)
NYSLERS	\$ 238,358	\$ 82,359	\$ (47,900)	\$ 164,345	\$ 52,271	\$ (41,334)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the three months ended March 31, 2026 and year ended December 31, 2025, the MTA recognized pension expense related to each pension plan as follows (in \$ thousands):

Pension Plan	March 31, 2026	December 31, 2025
LIRR Additional Plan	\$ 20,298	\$ 46,690
MaBSTOA Plan	50,609	220,333
MNR Cash Balance plan	0	26
MTA Defined Benefit Plan	123,846	517,843
NYCERS	228,741	464,905
NYSLERS	13,791	22,205
Total	\$ 437,285	\$ 1,272,002

For the three-month period ended March 31, 2026 and year ended December 31, 2025, the MTA reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in \$ thousands):

For the Period Ended March 31, 2026	LIRR Additional Plan		MaBSTOA Plan		MNR Cash Balance Plan		MTA Defined Benefit Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 78,475	\$ 18,061	\$ -	\$ -	\$ 224,143	\$ 334
Changes in assumptions	-	-	46,865	-	-	-	272,079	-
Net difference between projected and actual earnings on pension plan investments	12,808	-	-	42,636	31	-	-	75,042
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	1,824	1,824	-	-	81,270	81,270
Employer contributions to the plan subsequent to the measurement of net pension liability	1,389	-	18,277	-	17	-	91,261	-
Total	\$ 14,197	\$ -	\$ 145,441	\$ 62,521	\$ 48	\$ -	\$ 668,753	\$ 156,646

For the Period Ended March 31, 2026	NYCERS		NYSLERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 471,306	\$ 5,959	\$ 20,442	\$ 964	\$ 794,366	\$ 25,318
Changes in assumptions	-	15,192	3,454	-	322,398	15,192
Net difference between projected and actual earnings on pension plan investments	-	261,652	6,462	-	19,301	379,330
Changes in proportion and differences between contributions and proportionate share of contributions	8,899	6,139	16,351	839	108,344	90,072
Employer contributions to the plan subsequent to the measurement of net pension liability	478,073	-	31,480	-	620,497	-
Total	\$ 958,278	\$ 288,942	\$ 78,189	\$ 1,803	\$ 1,864,906	\$ 509,912

**For the Year Ended
December 31, 2025**

	LIRR Additional Plan		MaBSTOA Plan		MNR Cash Balance Plan		MTA Defined Benefit Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 78,475	\$ 18,061	\$ -	\$ -	\$ 224,143	\$ 334
Changes in assumptions	-	-	46,865	-	-	-	272,079	-
Net difference between projected and actual earnings on pension plan investments	12,808	-	-	42,636	31	-	-	75,042
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	1,824	1,824	-	-	81,270	81,270
Employer contributions to the plan subsequent to the measurement of net pension liability	1,389	-	18,277	-	17	-	91,261	-
Total	\$ 14,197	\$ -	\$ 145,441	\$ 62,521	\$ 48	\$ -	\$ 668,753	\$ 156,646

**For the Year Ended
December 31, 2025**

	NYCERS		NYSLERS		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 471,306	\$ 5,959	\$ 20,442	\$ 964	\$ 794,366	\$ 25,318
Changes in assumptions	-	15,192	3,454	-	322,398	15,192
Net difference between projected and actual earnings on pension plan investments	-	261,652	6,462	-	19,301	379,330
Changes in proportion and differences between contributions and proportionate share of contributions	8,899	6,139	16,351	839	108,344	90,072
Employer contributions to the plan subsequent to the measurement of net pension liability	488,510	-	31,480	-	630,934	-
Total	\$ 968,715	\$ 288,942	\$ 78,189	\$ 1,803	\$ 1,875,343	\$ 509,912

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs.

The following table presents the recognition periods used by each pension plan to amortize the annual differences between expected and actual experience, changes in proportion and differences between employer contributions and proportionate share of contributions, and changes in actuarial assumptions, beginning the year in which the deferred amount occurs.

Pension Plan	Recognition Period (in years)		
	Differences between expected and actual experience	Changes in proportion and differences between employer contributions and proportionate share of contributions	Changes in actuarial assumptions
Additional Plan	1.00	N/A	N/A
MaBSTOA Plan	6.20	N/A	6.20
MNR Cash Balance Plan	1.00	N/A	1.00
MTA Defined Benefit Plan	8.10	8.10	8.10
NYCERS	5.55	5.55	5.55
NYSLERS	5.00	5.00	5.00

For the three-month period ended March 31, 2026 and year ended December 31, 2025, \$620.5 and \$630.9 were reported as deferred outflows of resources related to pensions resulting from the MTA's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2026 and December 31, 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2025 will be recognized as pension expense as follows:

	LIRR Additional Plan	MaBSTOA Pension Plan	MNR Cash Balance plan	MTA Defined Benefit Plan	NYCERS	NYSLERS	Total
Year Ending December 31:	(in thousands)						
2025	\$ 17,318	\$ 90,949	\$ 12	\$ 222,322	\$ (89,859)	\$ (8,415)	\$ 232,327
2026	7,794	54,614	15	180,037	459,601	11,535	713,596
2027	17,507	74,419	12	234,904	(27,475)	16,275	315,642
2028	(2,346)	(32,269)	2	31,201	(18,412)	(4,513)	(26,337)
2029	-	4,328	-	37,898	25,426	-	67,652
Thereafter	-	999	-	25,933	-	-	26,932
	<u>\$ 40,273</u>	<u>\$ 193,040</u>	<u>\$ 41</u>	<u>\$ 732,295</u>	<u>\$ 349,281</u>	<u>\$ 14,882</u>	<u>\$ 1,329,812</u>

Deferred Compensation Program

Description - The Deferred Compensation Program consists of two defined contribution plans that provide benefits based solely on the amount contributed to each participant's account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan For Employees of the MTA, its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan For Employees of the MTA, its Subsidiaries and Affiliates ("401(k) Plan"). Certain MTA Group employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, cover the costs of administering the Deferred Compensation Program.

Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the accompanying consolidated statements of net position.

The Deferred Compensation Program is administered and may be amended by the Deferred Compensation Committee.

As the Deferred Compensation Program's asset base and contribution flow increased, participants' investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were restructured to set up a four-tier strategy:

- Tier 1 – The MTA Asset Allocation Programs offer two options, for those participants who would like to make retirement investing easy, offers a suite of custom target retirement year funds. The MTA Target Year Funds are automatically diversified among a range of investment options and are automatically rebalanced quarterly to a more conservative investment allocation.
- Tier 2 – The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Barclays Capital U.S. Aggregate (bond) index. The typical objective of an index fund is to achieve approximately the same return as that specific market index. Index funds provide investors with lower-cost investments because they are less expensive to administer than actively managed funds.
- Tier 3 – The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform selected indices. The funds provide a diversified array of distinct asset classes, with a single option in each class. They combine the value and growth disciplines to create a "core" portfolio for the mid-cap and international categories.
- Tier 4 – The Self-Directed Mutual Fund Option is designed for the more experienced investors. The fund offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

In 2011, the Deferred Compensation Program began offering Roth contributions. Employees can elect after-tax Roth contributions and before-tax contributions in both the 401(k) Plan and the 457 Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of \$23,000 dollars or \$30,500 dollars for those over age 50 for the year ended December 31, 2024, in each Plan. The total combination of Roth after-tax contributions and regular before-tax contributions cannot exceed the IRS maximum of \$23,500 dollars if you are under age 50, \$31,000 if you are age 50-59 or over age 63, and \$34,750 if you are age 60-63 at any time during the calendar year for the year ended December 31, 2025, in each Plan.

The two Plans offer the same array of investment options to participants. Eligible participants in the Deferred Compensation Program include employees (and former employees) of:

- MTA
- MTA Long Island Rail Road
- MTA Bridges and Tunnels
- MTA Long Island Bus
- MTA Metro-North Railroad
- MTA New York City Transit
- MTA Staten Island Rapid Transit
- MTA Construction and Development
- MTA Bus

Employer Contributions - MTA Bus on behalf of certain MTA Bus employees, MTA Metro-North Railroad on behalf of certain MTA Metro-North employees who opted-out of participation in the MTA Defined Benefit Pension Plan, and MTA on behalf of certain represented MTA Business Service Center, Procurement, and IT employees and on behalf of certain MTA Police Officers, make contributions to the 401(k) Plan. The rate for the employer contribution varies.

MTA Bus – Effective in 2019, there are no employees receiving these employer contributions. Prior to 2019, certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, receive a matching contribution equal to 50% of member's before-tax contributions provided that the maximum matching contribution shall not exceed 3% of the member's base pay. MTA Bus also makes a basic contribution equal to 2% of the member's compensation. These contributions vest as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

MTA Metro-North Railroad – MTA Metro-North Railroad employees represented by certain unions and who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of the member’s compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible MNR member’s continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of the member’s compensation. Eligible MTA Metro-North Railroad members vest in these employer contributions as set forth below:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 5	0%
5 or more	100%

MTAHQ - Police - For each plan year, the MTA shall make contributions to the account of each eligible MTA Police Benevolent Association member in the amounts required by the collective bargaining agreement (“CBA”) and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

MTAHQ – Commanding Officers - In addition, for each plan year, the MTA shall make contributions to the account of each eligible MTA Police Department Commanding Officers Benevolent Association member in the amounts required by the CBA and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. These members are immediately 100% vested in these employer contributions.

MTAHQ – Business Services - Effective January 1, 2011, all newly hired MTA Business Services Center and IT employees represented by the TCU are eligible to receive a matching contribution. Effective January 1, 2017, all newly hired MTA employees in the procurement department represented by the TCU are eligible to receive a matching contribution. The matching contribution for these eligible employees is currently equal to 100% of the first 5% of compensation deferred on a pre-tax basis. A participant’s right to the balance in his or her matching contributions account shall vest upon the first of the following to occur:

- i. Completing 5 years of service,
- ii. Attaining the Normal Retirement Age of 62 while in continuous employment, or
- iii. Death while in continuous employment.

Additional Deposits (Incoming Rollover or Transfers) - Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and Roth assets from other eligible retirement plans into the 401(k) and 457 Plans. Under certain conditions, both Plans accept rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b), and rollover IRAs.

Forfeitures – Non-vested contributions balances are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan’s administrative expenses.

	<u>2025</u>	<u>2024</u>
	(In thousands)	
Employer 401K contributions	\$ <u>3,825</u>	\$ <u>3,894</u>

6. OTHER POSTEMPLOYMENT BENEFITS

The MTA participates in a defined benefit other postemployment benefits (“OPEB”) plan for its employees, the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (“OPEB Plan”). A description of the Plan follows:

(1) Plan Description

The OPEB Plan and the related Trust Fund (“Trust”) was established on January 1, 2009 for the exclusive benefit of MTA retired employees and their eligible spouses and dependents, to fund some of the OPEB provided in accordance with the MTA’s various collective bargaining agreements. Postemployment benefits are part of an exchange of salaries and benefits

for employee services rendered. Amounts contributed to the OPEB Plan are held in an irrevocable trust and may not be used for any other purpose than to fund the costs of health and welfare benefits of its eligible participants.

The OPEB Plan and the Trust are exempt from federal income taxation under Section 115(1) of the Internal Revenue Code. The OPEB Plan is classified as a single-employer plan.

The OPEB Plan Board of Managers, composed of the MTA Chairman, MTA Chief Financial Officer and MTA Director of Labor Relations, are the administrators of the OPEB Plan. The MTA Board has the right to amend, suspend or terminate the OPEB Plan. The OPEB Plan is a fiduciary component unit of the MTA and is in the Pension and Other Employee Benefit Trust Funds section of the MTA's basic financial statements.

The separate annual financial statements of the OPEB Plan may be obtained by writing to the MTA Deputy Chief, Controller's Office, 2 Broadway, 15th Floor, New York, NY 10004 or at www.mta.info.

Benefits Provided — The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by agency, employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Pension benefits are provided upon retirement as defined in the applicable pension plan. Certain agencies provide benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the MTA are members of the following pension plans: the MTA Defined Benefit Pension Plan, the LIRR Additional Plan, the MNR Cash Balance Plan, the MaBSTOA Pension Plan, NYCERS, and NYSLERS. Certain represented employees of MTA Metro-North Railroad participate in the 401(k) Plan. Eligible employees of the MTA may elect to join the New York State Voluntary Defined Contribution Plan ("VDC").

The MTA participates in the New York State Health Insurance Program ("NYSHIP") and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization ("PPO") plan and several Health Maintenance Organization ("HMO") plans. Represented MTA New York City Transit employees, other MTA New York City Transit former employees who retired prior to January 1, 1996 or January 1, 2001, MTA Staten Island Railway represented employees as of March 1, 2010, June 1, 2010 or January 1, 2013 depending on the union and MTA Bus retirees do not participate in NYSHIP. These benefits are provided either through a self-insured health plan, a fully insured health plan or an HMO.

The NYSHIP financial report can be obtained by writing to NYS Department of Civil Service, Employee Benefits Division, Alfred E. Smith Office Building, 805 Swan Street, Albany, NY 12239.

OPEB Plan Eligibility — To qualify for benefits under the OPEB Plan, a former employee of the MTA must:

- i. have retired;
- ii. be receiving a pension (except in the case of the 401(k) Plan and the VDC);
- iii. have at least 10 years of credited service as a member of NYCERS, NYSLERS, the MTA Defined Benefit Pension Plan, the LIRR Additional Plan, the MaBSTOA Pension Plan, the MNR Cash Balance Plan, the 401(k) Plan or the VDC; and
- iv. have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members).
A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents —

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.
- Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. The surviving spouse coverage continues until spouse is eligible for Medicare for represented employees of MTA New York City Transit and MTA Staten Island Railway, retiring on or after:
 - o May 21, 2014 for TWU Local 100;
 - o September 24, 2014 for Amalgamated Transit Union ("ATU") Local 726;
 - o October 29, 2014 for ATU Local 1056;
 - o March 25, 2015 for TCU; and
 - o December 16, 2015 for United Transportation Union ("UTU") and American Train Dispatchers Association ("ATDA").
- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependents of retired uniform members of the MTA Police Department.

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of uniformed members of the MTA Police Department whose death was sustained while in performance of duty.

The OPEB Plan Board of Managers has the authority to establish and amend the benefits that will be covered under the OPEB Plan, except to the extent that they have been established by collective bargaining agreement.

Employees Covered by Benefit Terms — As of July 1, 2023 and July 1, 2021, the date of the most recent actuarial valuation, the following classes of employees were covered by the benefit terms:

	Number of Participants	
	July 1, 2023	July 1, 2021
Active plan members	71,454	68,672
Inactive plan members currently receiving benefit payments	50,932	48,888
Inactive plan members entitled to but not yet receiving benefit payments	41	131
Total	122,427	117,691

Contributions — The MTA is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the “pay-as-you-go” (“PAYGO”) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2025 and 2024, the MTA paid \$942 and \$944 of PAYGO to the OPEB Plan, respectively. The PAYGO amounts include an implicit rate subsidy adjustment of \$64 and \$67 for the years ended December 31, 2025 and 2024, respectively.

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB 75, the discount rate depends on the nature of underlying assets for funded plans. Since the amount of benefits paid in 2020 exceeded the current fair value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer General Obligation 20-Bond Municipal Bond Index. As a result, the discount rates as of December 31, 2024 and December 31, 2023, the measurement dates, are 4.08% and 3.26%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore, are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2024 and 2023, the employer made a cash payment for retiree healthcare of \$66,606 and \$62,445, respectively, as part of the employer’s payment for active-employee healthcare benefits. For purposes of GASB 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees’ underlying age-adjusted, retiree benefit costs.

Blended and Age-adjusted Premium (in thousands)	2024 Retirees	2023 Retirees
Total blended premiums	\$ 877,690	\$ 819,815
Employment payment for retiree healthcare	66,606	62,445
Net Payments	\$ 944,296	\$ 882,260

(2) Actuarial Assumptions

Actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as future employment, mortality and health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. The MTA may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by an actuarial valuation performed on July 1, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement dates of December 31, 2024, and December 31, 2023.

The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2023	July 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Discount rate	4.08%, net of expenses	3.26%, net of expenses
Inflation	2.30%	2.31%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%
Salary increases	Varies by years of service and differs for members of the various pension plans	Varies by years of service and differs for members of the various pension plans
Investment rate of return	4.25%	4.25%

Healthcare Cost Trend — The Society of Actuaries developed and regularly updates a long-term medical trend model based on detailed research performed by a committee of economists and actuaries, which included a representative from Milliman. Milliman uses this model as the foundation for the trend that it recommends to our clients for postretirement healthcare valuations, with certain adjustments designed to produce trends that are appropriate for employer plans. These adjustments include incorporating assumed administrative cost trends where applicable and removing the impact of age-related morbidity (since age-related morbidity assumptions are applied separately in the valuation when applicable). Trend rates also reflect the expected impact of short-term inflation.

Healthcare Cost Trend Rates — Trend rates were developed separately for NYSHIP benefits and self-insured plans administered by MTA New York City Transit (“Union Health Plans”). The following lists illustrative rates for the NYSHIP benefits and associated Medicare Part B reimbursements, as well as for dental and vision benefits (all amounts are in percentages).

Fiscal Year	NYSHIP Trend		TBTA No Rx Trend		Medicare Part B Trend	Dental/Vision Trend
	< 65	> = 65	< 65	> = 65		
2023	9.50%	22.90%	6.60%	19.80%	5.90%	4.00%
2024	0.80%	0.90%	3.60%	3.70%	5.90%	4.00%
2025	6.30%	6.60%	5.40%	5.00%	1.00%	4.00%
2026	5.70%	6.00%	5.30%	5.10%	11.00%	4.00%
2027	5.20%	5.40%	5.10%	5.10%	4.80%	4.00%
2028	5.10%	5.30%	5.00%	5.00%	7.10%	4.00%
2029	4.90%	5.10%	4.80%	4.90%	5.80%	4.00%
2030	4.80%	4.90%	4.70%	4.70%	6.30%	4.00%
2031	4.60%	4.70%	4.60%	4.60%	7.00%	4.00%
2032	4.50%	4.50%	4.50%	4.50%	7.00%	4.00%
2033	4.30%	4.30%	4.30%	4.30%	5.90%	4.00%
2034 - 2039	4.10%	4.10%	4.10%	4.10%	5.90%	4.00%
2040 - 2048	4.10%	4.10%	4.10%	4.10%	4.40%	4.00%
2049	4.10%	4.20%	4.10%	4.20%	4.40%	4.00%
2050	4.10%	4.20%	4.10%	4.20%	3.90%	4.00%
2051 - 2064	4.20%	4.20%	4.20%	4.20%	3.90%	4.00%
2065 - 2066	4.10%	4.10%	4.10%	4.10%	3.90%	4.00%
2067 - 2068	4.00%	4.00%	4.00%	4.00%	3.90%	4.00%
2069	3.90%	3.90%	3.90%	3.90%	3.90%	4.00%
2070	3.90%	3.90%	3.90%	3.90%	3.80%	3.90%
2071	3.80%	3.80%	3.80%	3.80%	3.80%	3.90%

The trends for the Union Health Plans for post-65 retirees were developed separately for medical and Rx benefits by plan type using a weighted average of actual medical and prescription drug cost experience by plan and the Aetna Medicare Advantage and EGWP premium rates. These trends apply to the benefit plans for applicable represented employees of MTA New York City Transit, MTA Staten Island Railway and MTA Bus. For TWU Local 100 members of MTA New York City Transit and MTA Bus Company, the post-65 trends reflect the Medicare Advantage and EGWP Option 1 and Option 2 plans only.

The following table provides the healthcare trend assumptions for the Union Health Plans. The trends shown above for Medicare Part B reimbursements and dental and vision benefits also apply to members receiving the Union Health Plans, if applicable (all amounts are in percentages).

Fiscal Year	Union Health Plans Medical Trend			Union Health Plans Rx Trend		
	< 65	> = 65	TWU MA Trend	< 65	> = 65	TWU MA Trend
2023	7.20%	5.50%	-14.40%	5.80%	6.70%	6.40%
2024	5.70%	5.50%	26.80%	12.30%	5.10%	0.00%
2025	5.50%	5.30%	13.40%	9.00%	7.70%	7.30%
2026	5.40%	5.20%	9.30%	7.40%	6.70%	6.50%
2027	5.20%	5.10%	5.10%	5.70%	5.70%	5.60%
2028	5.00%	5.00%	5.00%	5.50%	5.40%	5.40%
2029	4.90%	4.80%	4.90%	5.30%	5.20%	5.20%
2030	4.80%	4.70%	4.70%	5.00%	5.00%	5.00%
2031	4.60%	4.60%	4.60%	4.80%	4.80%	4.80%
2032	4.50%	4.50%	4.50%	4.60%	4.60%	4.60%
2033	4.40%	4.30%	4.30%	4.40%	4.40%	4.40%
2034	4.20%	4.10%	4.10%	4.20%	4.20%	4.20%
2035 - 2046	4.20%	4.10%	4.10%	4.20%	4.20%	4.10%
2047 - 2049	4.20%	4.10%	4.10%	4.20%	4.20%	4.20%
2050	4.20%	4.10%	4.20%	4.20%	4.20%	4.20%
2051 - 2064	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
2065	4.10%	4.10%	4.10%	4.20%	4.10%	4.10%
2066	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%
2067	4.00%	4.00%	4.00%	4.10%	4.00%	4.00%
2068	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
2069	4.00%	3.90%	3.90%	4.00%	3.90%	3.90%
2070	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%
2071	3.90%	3.80%	3.80%	3.90%	3.90%	3.80%
2072 - 2073	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
2074+	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rates, which are 3.7% for NYSHIP costs, 3.7% for self-insured medical and pharmacy costs, and 3.7% for Medicare Part B costs.

Mortality — All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans. The mortality rates vary by employee type:

- Headquarters Non-Police Members: PubG.H-2010 Mortality Table, headcount weighted for general employees for males and females with separate rates for employees, healthy annuitants and disabled annuitants.
- Headquarters Police Members: Rates from the June 30, 2021 (Lag) Actuarial Valuation for NYCERS dated October 2, 2023 as follows: Service Retirees for Housing Police and Transit Police (Table XII-5), Disabled Retirees for Housing Police and Transit Police (Table XII-6) and Active Members for MTA New York City Transit and MTA

Bridges and Tunnels Ordinary Death and Accidental Death (Table XII-4). No adjustments were made to convert from lives-weighted to amounts-weighted. Base year is 2012 for mortality improvement purposes.

- Rail Members (Long Island Bus, MTA Long Island Rail Road, MTA Metro-North Railroad, and MTA Staten Island Railway: Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 97%.
- Transit Members (MTA Bridges and Tunnels, MTA Bus, and MTA New York City Transit): Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 92%.

(3) Net OPEB Liability

At December 31, 2025 and 2024, the MTA reported a net OPEB liability of \$19,575 and \$20,229, respectively. The MTA's net OPEB liability was measured as of December 31, 2024 and December 31, 2023, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2023 and July 1, 2021 and rolled forward to December 31, 2023 and December 31, 2022, respectively.

OPEB Plan Fiduciary Net Position — The fiduciary net position has been determined on the same basis used by the OPEB plan. The OPEB plan uses the accrual basis of accounting under which contributions from the employer are recognized when paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value based on quoted market prices or Net Asset Value. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report or at www.mta.info.

Expected Rate of Return on Investments — The best-estimate range for the long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of December 31, 2024.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	BAML 3-Mon Tbill	1.50%	0.94%
US Short (1-3 Yr) Govt/Credit Bonds	Bloomberg US Govt/Credit 1-3 Yr TR	98.50%	1.98%
Assumed Inflation - Mean			2.30%
Assumed Inflation - Standard Deviation			1.46%
Portfolio Nominal Mean return			4.27%
Portfolio Standard Deviation			2.68%
Long Term Expected Rate of Return selected by MTA			4.25%

Discount Rate — The discount rate used in this valuation to measure the total OPEB liability was updated to incorporate GASB 75 guidance.

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2024 of 4.08% and as of December 31, 2023 of 3.26%.

Changes in Net OPEB Liability — Changes in the MTA's net OPEB liability for the year ended December 31, 2025 based on the December 31, 2024 measurement date, and for the year ended December 31, 2024, based on the December 31, 2023 measurement date, were as follows (\$ in thousands):

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of December 31, 2023	\$ 21,603,051	\$ 1,373,905	\$ 20,229,146
Changes for the year:			
Service Cost	1,016,084	-	1,016,084
Interest on total OPEB liability	722,115	-	722,115

Effect of plan changes	291,217	-	291,217
Effect of economic/demographic gains or losses	51,425	-	51,425
Effect of assumptions changes or inputs	(1,732,215)	-	(1,732,215)
Benefit payments	(944,296)	(944,296)	-
Employer contributions	-	944,296	(944,296)
Net investment income	-	58,822	(58,822)
Administrative expenses	-	(145)	145
Net changes	(595,670)	58,677	(654,347)
Balance as of December 31, 2024	\$ 21,007,381	\$ 1,432,582	\$ 19,574,799
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of December 31, 2022	\$ 22,446,401	\$ 11,736	\$ 22,434,665
Changes for the year:			
Service Cost	991,091	-	991,091
Interest on total OPEB liability	855,614	-	855,614
Effect of plan changes	74,166	-	74,166
Effect of economic/demographic gains or losses	(3,036,310)	-	(3,036,310)
Effect of assumptions changes or inputs	1,154,349	-	1,154,349
Benefit payments	(882,260)	(882,260)	-
Employer contributions	-	2,201,541	(2,201,541)
Net investment income	-	43,031	(43,031)
Administrative expenses	-	(143)	143
Net changes	(843,350)	1,362,169	(2,205,519)
Balance as of December 31, 2023	\$ 21,603,051	\$ 1,373,905	\$ 20,229,146

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate — The following presents the net OPEB liability of the MTA, calculated using the discount rate as of each measurement date, as well as what the MTA's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used for the measurement date:

Measurement Date:	December 31, 2024		
	1% Decrease	Discount Rate	1% Increase
	3.08%	4.08%	5.08%
Net OPEB liability	\$22,313,162	\$19,574,799	\$17,297,202
Measurement Date:	December 31, 2023		
	1% Decrease	Discount Rate	1% Increase
	(2.26%)	(3.26%)	(4.26%)
Net OPEB liability	\$23,153,304	\$20,229,146	\$17,810,727

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates — The following presents the net OPEB liability of the MTA, calculated using the healthcare cost trend rates as of each measurement date, as well as what the MTA's net OPEB liability would be if it were calculated using trend rates that are 1-percentage point lower or 1-percentage point higher than the actual healthcare trend rate used for the measurement date:

Measurement Date:	December 31, 2024		
	1% Decrease	Healthcare Cost Current Trend Rate*	1% Increase
Net OPEB liability	\$16,674,836	\$19,574,799	\$23,200,656
Measurement Date:	December 31, 2023		
	1% Decrease	Healthcare Cost Current Trend Rate*	1% Increase

Net OPEB liability	\$17,310,279	\$20,229,146	\$23,893,435

*For further details, refer to the Health Care Cost Trend Rates tables in the Actuarial Assumptions section of this Note Disclosure

(4) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2025 and 2024, the MTA recognized OPEB expenses of \$1.13 billion and \$1.32 billion, respectively.

At December 31 2025 and 2024, the MTA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (\$ in thousands):

	March 31, 2026		December 31, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 256,138	\$ 2,275,615	\$ 256,138	\$ 2,275,615
Changes of assumptions	1,681,354	4,045,230	1,681,354	4,045,230
Net difference between projected and actual earnings on OPEB plan investments	-	9,223	-	9,223
Changes in proportion and differences between contributions and proportionate share of contributions	2,242,054	2,242,054	2,242,054	2,242,054
Employer contributions to the plan subsequent to the measurement of net OPEB liability	1,942,439	-	942,439	-
Total	<u>\$ 6,121,985</u>	<u>\$ 8,572,122</u>	<u>\$ 5,121,985</u>	<u>\$ 8,572,122</u>

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience and changes in assumptions are amortized over a 7.8-year closed period, beginning the year in which the deferred amount occurs.

For the years ended December 31, 2025 and 2024, \$942.4 and \$944.3 were reported as employer contributions subsequent to measurement date. The current year contributions included MTA's contributions subsequent to the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2026 and December 31, 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2025 will be recognized in OPEB expense as follows:

Year ending December 31:	2026	\$ (766,654)
	2027	(668,301)
	2028	(728,064)
	2029	(920,703)
	2030	(727,958)
	Thereafter	(580,896)
		<u>\$ (4,392,576)</u>

7. LONG-TERM DEBT

(In millions)	Original Issuance	December 31, 2025	Issued	Retired	March 31, 2026
MTA:					
Transportation Revenue Bonds					
1.43%–5.15% due through 2057	\$ 48,645	\$ 16,667	\$ -	\$ 410	\$ 16,257
Dedicated Tax Fund Bonds					
1.86%–5.00% due through 2057	12,780	4,577	-	-	4,577
	61,425	21,244	-	410	20,834
Net unamortized bond premium	-	571	-	21	550
	61,425	21,815	-	431	21,384
TBTA:					
General Revenue Bonds					
1.00%–5.50% due through 2057	12,939	8,646	-	23	8,623
Payroll Mobility Tax Senior Lien Obligations					
2.00%–5.50% due through 2059	13,000	11,543	1,514	421	12,636
Sales Tax Revenue Bonds					
3.73%–5.50% due through 2064	3,604	3,602	-	-	3,602
Subordinate Revenue Bonds					
1.00%–5.50% due through 2032	1,832	225	-	-	225
Real Estate Transfer Tax Revenue Bond					
4.50%–5.50% due through 2059	1,600	1,588	-	-	1,588
Subordinate BAN					
5.00% due through 2028	500	500	-	-	500
Bond Anticipation Notes					
5.00% due through 2028	379	230	-	-	230
	33,854	26,334	1,514	444	27,404
Net unamortized bond premium	-	2,062	119	95	2,086
	33,854	28,396	1,633	539	29,490
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%–2.65% due through 2056	1,220	741	-	52	689
Net unamortized bond premium	-	82	-	-	82
	1,220	823	-	52	771
 Total	 \$ 96,499	 \$ 51,034	 \$ 1,633	 \$ 1,022	 \$ 51,645
 Current portion		 \$ 1,698			 \$ 1,570
Long-term portion		 \$ 49,336			 \$ 50,075

Details of the current portion of Long-Term debt at December 31, 2025 and March 31, 2026 are as follows:

	December 31, 2025	March 31, 2026
Current Portion - MTA		
Transportation Revenue Bonds	\$ 505	\$ 579
Dedicated Tax Fund Bonds	111	\$ 117
	<u>616</u>	<u>696</u>
Current Portion - TBTA		
General Revenue Bonds	366	376
PMT Bonds/ BAN	470	478
Sales Tax Revenue Bonds	2	2
Real Estate Transfer Tax Revenue Bonds	-	19
Subordinate Revenue Bonds	18	-
	<u>856</u>	<u>875</u>
Total	<u>\$ 1,472</u>	<u>\$ 1,571</u>

(In millions)	Original Issuance	December 31, 2024	Issued	Retired	December 31, 2025
MTA:					
Transportation Revenue Bonds					
1.43%-5.25% due through 2057	\$ 48,645	\$ 17,189	\$ 2,250	\$ 2,772	\$ 16,667
Bond Anticipation Notes					
Dedicated Tax Fund Bonds					
1.86%-5.00% due through 2057	12,780	4,733	84	240	4,577
	61,425	21,922	2,334	3,012	21,244
Net unamortized bond premium	-	614	208	251	571
	<u>61,425</u>	<u>22,536</u>	<u>2,542</u>	<u>3,263</u>	<u>21,815</u>
TBTA:					
General Revenue Bonds					
1.00%-5.50% due through 2057	12,939	8,530	728	612	8,646
Payroll Mobility Tax Senior Lien Obligations					
2.00%-5.50% due through 2059	8,117	10,546	1,200	203	11,543
Sales Tax Revenue Bonds					
3.73%-5.50% due through 2064	3,604	3,604	-	2	3,602
Subordinate Revenue Bonds					
1.00%-5.50% due through 2032	1,832	242	-	17	225
Real Estate Transfer Tax Revenue Bond					
4.50%-5.50% due through 2059	1,600	-	1,600	12	1,588
Subordinate BAN					
5.00% due through 2028	500	-	500	-	500
Bond Anticipation Notes					
5.00% due through 2028	730	379	230	379	230
	29,322	23,301	4,258	1,225	26,334
Net unamortized bond premium	-	2,027	270	235	2,062
	<u>29,322</u>	<u>25,328</u>	<u>4,528</u>	<u>1,460</u>	<u>28,396</u>
MTA Hudson Rail Yards Trust:					
MTA Hudson Rail Yards Trust Obligations					
1.88%-2.65% due through 2056	1,220	756	-	15	741
Net unamortized bond premium	-	84	-	2	82
	<u>1,220</u>	<u>840</u>	<u>-</u>	<u>17</u>	<u>823</u>
Total	<u>\$ 91,967</u>	<u>\$ 48,704</u>	<u>\$ 7,070</u>	<u>\$ 4,740</u>	<u>\$ 51,034</u>
Current portion		\$ 1,472			\$ 1,698
Long-term portion		\$ 47,232			\$ 49,336

Details of the current portion of Long-Term debt at December 31, 2024 and December 31, 2025 are as follows:

	December 31, 2024	December 31, 2025
Current Portion - MTA		
Transportation Revenue Bonds	\$ 505	\$ 585
Dedicated Tax Fund Bonds	111	117
	<u>616</u>	<u>702</u>
Current Portion - TBTA		
General Revenue Bonds	366	397
PMT Bonds/ BAN	470	577
Sales Tax Revenue Bonds	2	3
Real Estate Transfer Tax Revenue Bonds:		19
Subordinate Revenue Bonds	18	-
	<u>856</u>	<u>996</u>
Total	<u>\$ 1,472</u>	<u>\$ 1,698</u>

MTA and its affiliate, MTA Bridges and Tunnels, issue bonds and notes to finance capital projects in approved transit and commuter capital programs and to refund outstanding indebtedness. Proceeds from the following bonds may be used to finance transit and commuter projects: MTA Transportation Revenue Bonds ("TRB"), MTA Dedicated Tax Fund Bonds ("DTF"), MTA and MTA Bridges and Tunnels' Senior Payroll Mobility Tax Bonds, Real Estate Transfer Tax Revenue Bonds ("MTA Bridges and Tunnels Capital Lockbox Fund"), and MTA Bridges and Tunnels Sales Tax Revenue Bonds (MTA Bridges and Tunnels' Capital Lockbox – City Sales Tax), each secured by specified revenue sources as explained below. Projects may also be financed with bond anticipation notes ("BANs") and loans issued as interim financing in anticipation of permanent bonds.

The New York State Legislature limits the total debt MTA and MTA Bridges and Tunnels can issue for approved transit and commuter capital programs. The current ceiling, \$115,500 compares with outstanding issuances of approximately \$50,537 as of March 31, 2026. MTA expects that this limit will suffice to meet the bonding needs of the approved capital programs.

MTA Bridges and Tunnels also issues bonds and notes to finance capital projects relating to its bridge and tunnel facilities and to refund outstanding indebtedness. Such bridge and tunnel facility projects are financed with proceeds of its General Revenue Bonds and Subordinated Revenue Bonds secured by net bridge and tunnel tolling revenues, as well as related BANs. General Revenue Bonds and Subordinated Revenue Bonds may also be used to finance approved transit and commuter capital programs.

Under applicable state law, MTA and MTA Bridges and Tunnels bonds may have maximum maturities of up to 50 years, and related BANs must be refunded with long-term bonds within five years of their initial issuance.

MTA and MTA Bridges and Tunnels periodically issue refunding bonds to achieve debt service savings or other benefits. Proceeds are typically invested in U.S. Treasury obligations held in irrevocable trusts, whose principal and interest repay the refunded debt. Both the trust assets and the refunded debt are excluded from the consolidated statements of net position.

In addition to the bonds and BANs described above, MTA and MTA Bridges and Tunnels periodically issue other obligations for specific purposes, detailed below.

MTA Transportation Revenue Bonds - are secured under MTA's General Resolution Authorizing Transportation Revenue Obligations adopted on March 26, 2002. The TRB are MTA's special obligations payable solely from transit and commuter systems revenues, surplus toll revenues and certain state and local operating subsidies. As of March 31, 2026, no Transportation Revenue Bonds have been issued in 2026.

On March 10, 2026, MTA redeemed \$52.315 Transportation Revenue Variable Rate Refunding Bonds, Series 2020B.

On March 17, 2026, MTA defeased \$15.365 TRB, Series 2012H; \$8.155 Transportation Revenue Refunding Bonds, Subseries 2015D-1; and \$343.245 Transportation Revenue Green Bonds, Subseries 2016A-1.

MTA Transportation Revenue Bond Anticipation Notes — From time to time, MTA issues BANs in accordance with the terms and provisions of the General Resolution described above to fund its transit and commuter capital needs. The interest rate payable on the notes depends on the maturity and market conditions at the time of issuance. The MTA Act requires MTA to refund its bond anticipation notes with bonds no later than five years from the issuance of the notes. As of March 31, 2026, MTA has not issued any Transportation Revenue BANs in 2026.

MTA Transportation Revenue Subordinated Contract Obligations — are secured under the Transportation Resolution. On May 4, 2023, MTA incurred a Subordinated Contract Obligation of \$160.628 in connection with a public-private partnership project that will provide accessibility upgrades at certain MTA New York City Transit subway stations. MTA has not incurred any Subordinated Contract Obligations in 2026.

MTA Revenue Anticipation Notes - are secured by a lien on Operating Subsidies (as defined in the Transportation Resolution) prior to the lien in favor of the owners of TRBs, Subordinated Contract Obligations, and Subordinated Indebtedness issued under the Transportation Resolution. The maturity on such Revenue Anticipation Notes (“RANs”) may not exceed 18 months. While such notes can be rolled over, the final maturity cannot exceed five years from the date of their original issuance. From time to time, MTA enters into Revolving Credit Agreements pursuant to the Transportation RAN Resolution. Draws under such agreements are evidenced by RANs.

As of March 31, 2026, MTA maintains taxable revolving credit agreements of \$800 with JP Morgan Chase Bank, N.A., expiring April 28, 2026, \$200 with Bank of America, N.A., expiring July 30, 2027, and \$300 with Wells Fargo Bank, N.A., expiring February 4, 2028.

MTA Dedicated Tax Fund Bonds - are secured under MTA’s Dedicated Tax Fund Obligation Resolution adopted on March 26, 2002. The DTF are MTA’s special obligations payable solely from monies held in the Pledged Amounts Account of the MTA Dedicated Tax Fund. As of March 31, 2026, no Dedicated Tax Fund Bonds have been issued.

2 Broadway CoP Swap Payments - The Certificates of Participation have been paid off in 2016 and are no longer outstanding. The associated interest rate swap is scheduled to mature in 2030.

MTA Bridges and Tunnels General Revenue Bonds - are secured under TBTA’s General Resolution Authorizing General Revenue Obligations adopted on March 26, 2002. The General Revenue Bonds are MTA Bridges and Tunnels’ general obligations payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels. As of March 31, 2026, no MTA Bridges and Tunnels General Revenue Bonds have been issued in 2026.

On January 15, 2026, MTA effected a mandatory tender of the Subseries 2005B-2a and 2005B-2b Bonds. These bonds were consolidated and remarketed as \$172.7 million TBTA General Revenue Variable Rate Refunding Bonds, Subseries 2005B-2. The prior letters of credit from State Street Bank and Trust Company that supported the previous Subseries of bonds were replaced with a letter of credit from Bank of America, N.A, which is set to expire on January 12, 2029.

MTA Bridges and Tunnels Subordinate Revenue Bonds - as secured under its 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations adopted on March 26, 2002. The Subordinate Revenue Bonds are MTA Bridges and Tunnels’ special obligations payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels after the payment of debt service on the MTA Bridges and Tunnels General Revenue Bonds described in the section above. As of March 31, 2026, there have been no MTA Bridges and Tunnels Subordinate Revenue Bonds issued in 2026.

MTA Bridges and Tunnels Subordinate Revenue Bond Anticipation Notes - are issued in accordance with the terms and provisions of the 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations of MTA Bridges and Tunnels adopted on March 26, 2002, as supplemented, including as supplemented by the Multiple Credit and Series 2025 Supplemental Resolution Authorizing Obligations, Obligation Anticipation Notes and Refunding Obligations adopted by MTA Bridges and Tunnels on December 18, 2024. The purpose of the issuance of BANs or bonds under the aforementioned supplemental resolution, in one or more series from time to time, as necessary is to finance: MTA Bridges and Tunnels capital projects, or to retire such obligations when due, plus accrued interest, applicable issuance costs and any original issue discount; MTA transit or commuter capital programs (less amounts issued for such purposes under the MTA multiple credit supplemental resolution referenced above), or to retire such obligations when due, plus accrued interest, applicable issuance costs and any original issue discount; or refinance the costs of the CRZ Tolling Program pursuant to a previously approved resolution of MTA Bridges and Tunnels. As of March 31, 2026, no MTA Bridges and Tunnels Subordinate Revenue Bond Anticipation Notes have been issued in 2026.

MTA Bridges and Tunnels Second Subordinate Bond Anticipation Notes - are issued in accordance with the terms and provisions of the CRZ Tolling Program Second Subordinate Revenue Resolution authorizing CRZ Tolling Program Second Subordinate Revenue Obligations. The purpose of the issuance of BANs or bonds under CRZ Tolling Program Second Subordinate Revenue Resolution, in one or more series from time to time, is to provide funds in an amount not to exceed \$506 million to finance costs of the CRZ Tolling Program infrastructure, tolling systems, and allowable implementation expense or to retire any such BANs when due. As of March 31, 2026, there have been no MTA Bridges and Tunnels Second Subordinate Bonds Anticipation Notes issued in 2026.

MTA and TBTA Payroll Mobility Tax Senior Lien Bonds - are issued in accordance with the MTA Payroll Mobility

Tax Obligation Resolution, adopted by the Board on November 18, 2020, and the TBTA Payroll Mobility Tax Obligation Resolution, adopted by the Board on March 17, 2021, as applicable. Each of the MTA PMT Senior Lien Obligations and any TBTA PMT Senior Lien Obligations are secured by a first lien on, and parity pledge of, the PMT Receipts, consisting of two distinct revenue streams: Mobility Tax Receipts and MTA Aid Trust Account Receipts.

On March 17, 2026, MTA issued \$763.555 TBTA Payroll Mobility Tax Senior Lien Refunding Bonds, Subseries 2026A-1. Proceeds were used to refund currently callable TRB, as well as to refund Payroll Mobility Tax Senior Lien Bonds and TRB with upcoming put or repayment dates. The Subseries 2026A-1 bonds were issued as fixed rate tax-exempt bonds with a final maturity of November 15, 2056.

On March 17, 2026, MTA redeemed \$99.560 TBTA Payroll Mobility Tax Senior Lien Variable Rate Refunding Green Bonds (Secured Overnight Financing Rate Notes-Climate Bond Certified), Subseries 2022E-2a.

On March 17, 2026, MTA defeased \$118.745 TBTA Payroll Mobility Tax Senior Lien Refunding Bonds (Tax-exempt Mandatory Tender Bonds), Subseries 2021A-2; \$127.615 TBTA Payroll Mobility Tax Senior Lien Bonds (Mandatory Tender Bonds), Subseries 2021B-2; and \$75.000 TBTA Payroll Mobility Tax Senior Lien Bonds, Subseries 2021C-1b.

MTA and TBTA Payroll Mobility Tax Bond Anticipation Notes - are issued pursuant to the MTA and TBTA PMT Resolutions, respectively.

On February 5, 2026, MTA issued \$750 TBTA Payroll Mobility Tax Bond Anticipation Notes, Subseries 2026A-1 & 2026A-2. Proceeds from the transaction were used to finance approved transit and commuter projects included in the 2020-2024 Capital Program. The Subseries 2026A-1 Notes were issued as fixed-rate tax-exempt notes with a final maturity of February 1, 2028. The Subseries 2026A-2 Notes were issued as fixed-rate tax-exempt notes with a final maturity of February 1, 2029.

MTA Bridges and Tunnels Sales Tax Revenue Bonds (“MTA Bridges and Tunnels Capital Lockbox – City Sales Tax”) - are issued pursuant to MTA Bridges and Tunnels 2021 MTA Bridges and Tunnels Special Obligation Resolution Authorizing Sales Tax Revenue Obligation adopted on September 15, 2021. The Sales Tax Revenue Bonds are MTA Bridges and Tunnels’ special, not general, obligations, payable solely from monies in the Obligations Trust Estate pledged by the MTA Bridges and Tunnels Sales Tax Resolution derived primarily from the Sales Tax Receipts paid from the MTA Bridges and Tunnels Capital Lockbox Fund and deposited into the Revenue Fund. As of March 31, 2026, there have been no MTA Bridges and Tunnels Sales Tax Revenue Bonds issued in 2026.

Real Estate Transfer Tax Revenue Bonds (“MTA Bridges and Tunnels Capital Lockbox Fund”) - are issued pursuant to MTA Bridges and Tunnels Special Obligation Resolution Authorizing Real Estate Transfer Tax Revenue Obligations (“MTA Bridges and Tunnels RETT Resolution”) adopted on December 18, 2024. The Real Estate Transfer Tax Revenue Bonds are MTA Bridges and Tunnels’ special, not general obligations, payable solely from monies pledged therefor under the Obligations Trust Estate under the MTA Bridges and Tunnels RETT Resolution derived primarily from Transfer Tax Receipts deposited into the MTA Bridges and Tunnels Capital Lockbox Fund and thereafter deposited into the Revenue Fund, and certain of the funds and accounts established under the MTA Bridges and Tunnels RETT Resolution, including the Senior Lien Debt Service Reserve Fund. As of March 31, 2026, no Real Estate Transfer Tax Revenue Bonds have been issued in 2026.

Congestion Relief Zone Tolling Program Obligations – On March 26, 2026, TBTA entered into a \$500 million CRZ Tolling Program loan to refinance the outstanding CRZ Tolling Program loan entered into on May 2, 2025. The prior (2025) loan proceeds were used to finance transit and commuter projects included in the 2020–2024 Capital Program. Similar to the prior financing, the 2026 loan agreement is with a custodian on behalf of a lender, and repayment of principal and interest is secured by a lien on CRZ program revenues, net of operating expenses and certain other costs. The loan matures on October 1, 2027.

MTA Hudson Rail Yards Trust Obligations — The Hudson Rail Yard Trust Obligations and Hudson Rail Yard Refunding Trust Obligations (together, the “HRY Trust Obligations”) were issued pursuant to the MTA Hudson Rail Yards Trust Agreement, dated as of September 1, 2016 (the “Original HRY Trust Agreement”), as supplemented by the MTA Hudson Rail Yards First Supplemental Trust Agreement, dated as of March 1, 2020 (the “Supplemental HRY Trust Agreement”) and, together with the Original HRY Trust Agreement, the “HRY Trust Agreement”), each by and between MTA and Wells Fargo Bank, National Association, as trustee. The HRY Trust Obligations are payable solely from and secured by certain payments made by MTA under the Financing Agreement referred to in the HRY Trust Agreement.

On February 15, 2026, MTA effectuated the early mandatory redemption of a portion of the MTA Hudson Rail Yard Trust Obligations, Series 2020A maturing November 15, 2046 in the Principal Component of \$52.315.

There have been no HRY Trust Obligations issued since the 2020 refunding issuance.

Refer to Note 8 for further information on Leases.

Debt Limitation — The New York State Legislature has imposed limitations on the aggregate amount of debt that the MTA and MTA Bridges and Tunnels can issue to fund the approved transit and commuter capital programs. The current

aggregate ceiling, subject to certain exclusions, is \$115,500 compared with issuances totaling approximately \$50,037 as of March 31, 2026. The MTA expects that the current statutory ceiling will allow it to fulfill the bonding requirements of the approved Capital Programs.

Bond Refundings — From time to time, the MTA and MTA Bridges and Tunnels issue refunding bonds to achieve debt service savings or other benefits. The proceeds of refunding bonds are generally used to purchase U.S. Treasury obligations that are placed in irrevocable trusts. The principal and interest within the trusts will be used to repay the refunded debt. The trust account assets and the refunded debt are excluded from the consolidated statements of net position.

For the three months ended March 31, 2026, MTA refunding transactions decreased aggregate debt service payments by \$32 and provided an economic gain of \$29. For the December 31, 2025, MTA refunding transactions decreased aggregate debt service payments by \$154 and provided an economic gain of \$140. Details of bond refunding savings for the period ended March 31, 2026 and for the year ended December 31, 2025 are as follows (in millions):

Refunding Bonds Issued in 2026	Series	Date issued	Par value Refunded	Debt Service Savings (Increase)	Net Present Value of Savings
MTA Payroll Mobility Tax Senior Lien Refunding Bonds	2026A-1	3/17/2026	\$ 358	\$ 32	\$ 29
Total Bond Refunding Savings			<u>\$ 358</u>	<u>\$ 32</u>	<u>\$ 29</u>

Refunding Bonds Issued in 2025	Series	Date issued	Par value Refunded	Debt Service Savings (Increase)	Net Present Value of Savings
Metropolitan Transportation Authority Transportation Revenue Refunding Bonds	2025A	3/27/2025	\$ 895	\$ 32	\$ 29
Triborough Bridge and Tunnel Authority General Revenue Refunding Bonds	2025A-2	8/20/2025	246	23	20
Metropolitan Transportation Authority Transportation Revenue Refunding Bonds	2025B	9/24/2025	1,547	99	91
Total Bond Refunding Savings			<u>\$ 2,688</u>	<u>\$ 154</u>	<u>\$ 140</u>

Unamortized losses related to bond refundings were as follows:

	December 31, 2024	(Gain)/ loss on refunding	2025 amortization	December 31, 2025	(Gain)/ loss on refunding	Current year amortization	March 31, 2026
MTA:							
Transportation Revenue Bonds	\$ 105	\$ (85)	\$ (11)	\$ 9	\$ 10	\$ (2)	\$ 17
Dedicated Tax Fund Bonds	121	-	(11)	110	-	(3)	107
	<u>226</u>	<u>(85)</u>	<u>(22)</u>	<u>119</u>	<u>10</u>	<u>(5)</u>	<u>124</u>
TBTA:							
General Revenue Bonds	65	(24)	(12)	29	-	(4)	25
Subordinate Revenue Bonds	(1)	-	-	(1)	-	1	-
Payroll Mobility Tax Bonds	-	-	-	-	(43)	-	(43)
	<u>64</u>	<u>(24)</u>	<u>(12)</u>	<u>28</u>	<u>(43)</u>	<u>(3)</u>	<u>(18)</u>
Total	<u>\$ 290</u>	<u>\$ (109)</u>	<u>\$ (34)</u>	<u>\$ 147</u>	<u>\$ (33)</u>	<u>\$ (8)</u>	<u>\$ 106</u>

Debt Service Payments — Future principal and interest debt service payments at March 31, 2026 are as follows:

	MTA		MTA BRIDGES AND TUNNELS		Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 696	\$ 929	\$ 874	\$ 1,212	\$ 1,570	\$ 2,141
2026	642	878	1,649	1,162	2,291	2,040
2027	710	803	1,590	1,084	2,300	1,887
2028	752	781	1,566	1,024	2,318	1,805
2029	897	734	864	986	1,761	1,720
2030-2034	4,662	3,332	3,832	4,542	8,494	7,874
2035-2039	3,828	2,718	3,497	3,741	7,325	6,459
2040-2044	3,609	1,886	3,224	2,847	6,833	4,733
2045-2049	3,518	845	3,877	1,995	7,395	2,840
2050-2054	1,755	232	3,367	1,061	5,122	1,293
2055-2059	454	5	1,427	413	1,881	418
2060-2064	-	-	913	92	913	92
	<u>\$ 21,523</u>	<u>\$ 13,143</u>	<u>\$ 26,680</u>	<u>\$ 20,159</u>	<u>\$ 48,203</u>	<u>\$ 33,302</u>

The above interest amounts include both fixed-rate and variable-rate calculations. The interest rate assumptions for variable rate bonds are as follows:

- *Transportation Revenue Refunding Bonds, Series 2002D* — 4.45% per annum taking into account the interest rate swap plus the current fixed floating rate note spread.
- *Transportation Revenue Refunding Bonds, Series 2002G* — 3.542% per annum taking into account the interest rate swap plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *Transportation Revenue Bonds, Series 2005D* — 3.561% per annum taking into account the interest rate swaps.
- *Transportation Revenue Bonds, Series 2005E* — 3.561% per annum taking into account the interest rate swaps and 4.00% per annum on the unhedged portion.
- *Transportation Revenue Bonds, Series 2012A* — 4.00% per annum plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2012G* — 3.563% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread.
- *Transportation Revenue Bonds, Series 2015E* — 4.00% per annum on the unhedged portion; and 3.52% and 4.45% per annum taking into account the interest rate swaps.
- *Dedicated Tax Fund Variable Rate Refunding Bonds, Series 2008A* — 3.316% per annum taking into account the interest rate swaps plus the current fixed floating rate note spread; and 4.00% per annum plus the current fixed floating rate note spread on the unhedged portion.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2001C* — 4.00% per annum.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2003B* — 4.00% per annum; and 4.00% per annum plus the current fixed floating rate note spread on Subseries 2003B-2.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2005A* — 4.00% per annum except from November 1, 2027 through November 1, 2030, 3.076% per annum taking into account the interest rate swap.
- *MTA Bridges and Tunnels General Revenue Refunding Bonds, Series 2005B* — 3.076% per annum based on the Initial Interest Rate Swaps plus the current fixed floating rate note spread.
- *MTA Bridges and Tunnels General Revenue Bonds, Series 2018E* — 4.00% per annum.

Loans Payable — The MTA and the New York Power Authority (“NYPA”) entered into an updated Energy Services Program Agreement (“ESP Agreement”). The ESP Agreement authorized MTA affiliates and subsidiaries to enter into a Customer Installation Commitment (“CIC”) with NYPA for turn-key, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years but can be repaid at any time without penalty.

The Loans Payable debt service requirements at March 31, 2026 are as follows (in millions):

Year	Principal	Interest	Total
2026	\$ 8	\$ 3	\$ 11
2027	9	2	11
2028	8	1	9
2029	6	1	7
2030	8	1	9
2031-2035	10	1	11
Total	<u>\$ 49</u>	<u>\$ 9</u>	<u>\$ 58</u>
Current portion - NYPA Loan	\$ 8		
Current portion - CRZ Loan	500*		
Subtotal - Current Portion	508		
Long-term portion - NYPA Loan	41		
Total - Loans Payable	<u>\$ 549</u>		

The above interest amounts include both fixed and variable rate calculations. Interest on the variable-rate loan is paid at the Securities Industry and Financial Markets Association Municipal Swap Index (“SIFMA”) rate and is reset annually.

* On May 26, 2026, MTA TBTA entered into a \$500 CRZ Tolling Program loan to refinance the CRZ Tolling Program loan entered into on May 2, 2025. The prior 2025 loan proceeds were used to finance transit and commuter projects included in the 2020-2024 Capital Program. The new loan matures on October 1, 2027.

Tax Rebate Liability — Under the Internal Revenue Code of 1986, the MTA may accrue a liability for an amount of rebateable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. The arbitrage liability is payable to the federal government every five years. There was no payment made for the period ended March 31, 2026.

Liquidity Facility — MTA and MTA Bridges and Tunnels have entered into several Standby Bond Purchase Agreements (“SBPA”) and Letter of Credit Agreements (“LOC”) as listed on the table below. In the event an LOC is scheduled to expire without being further extended or substituted with another Credit Facility, the bonds are subject to mandatory purchase by the LOC. The obligation to repay the LOC is secured by Bank Bonds. Currently, the terms of the LOC reimbursement agreements require repayment of Bank Bonds in 10 equal semi-annual installments beginning 180 days after the incurrence of Bank Bonds. As of March 31, 2026, there were no outstanding Bonds.

Resolution	Series	Provider (Insurer)	Type of Facility	Exp. Date
Transportation Revenue	2002D-2a-1	Truist Bank, N.A.	LOC	3/28/2029
Transportation Revenue	2005D-2b	Truist Bank, N.A.	LOC	3/28/2029
Transportation Revenue	2002G-1g	TD Bank, N.A.	LOC	11/1/2026
Transportation Revenue	2005D-1	Truist Bank, N.A.	LOC	3/28/2029
Transportation Revenue	2005D-2	Bank of America, N.A.	LOC	11/12/2027
Transportation Revenue	2005E-1	Barclays Bank	LOC	8/18/2027
Transportation Revenue	2005E-2	Bank of America, N.A.	LOC	12/8/2026
Transportation Revenue	2012G-1	Barclays Bank	LOC	7/17/2026 *
Transportation Revenue	2012G-2	TD Bank, N.A.	LOC	7/16/2029
Transportation Revenue	2012G-3	Royal Bank of Canada	LOC	12/10/2027
Transportation Revenue	2012G-4	Bank of America, N.A.	LOC	11/12/2027
Transportation Revenue	2015E-1	Barclays Bank	LOC	8/18/2027
Transportation Revenue	2015E-3	Bank of America, N.A.	LOC	11/5/2027
Transportation Revenue	2020B	Royal Bank of Canada	LOC	3/19/2027
Dedicated Tax Fund	2008A-1	TD Bank, N.A.	LOC	6/2/2028
Dedicated Tax Fund	2008A-2a	TD Bank, N.A.	LOC	11/1/2026
Dedicated Tax Fund	2008A-2b	Bank of America, N.A.	LOC	10/2/2030
MTA Bridges and Tunnels General Revenue	2001C	Barclays Bank	LOC	6/22/2028
MTA Bridges and Tunnels General Revenue	2003B-1	U.S. Bank National Association	LOC	1/7/2028
MTA Bridges and Tunnels General Revenue	2003B-2	TD Bank, N.A.	LOC	7/18/2029
MTA Bridges and Tunnels General Revenue	2005A	Barclays Bank	LOC	7/19/2028
MTA Bridges and Tunnels General Revenue	2005B-2	Bank of America, N.A.	LOC	1/12/2029
MTA Bridges and Tunnels General Revenue	2005B-3	Bank of America, N.A.	LOC	6/22/2027
MTA Bridges and Tunnels General Revenue	2005B-4a	TD Bank, N.A.	LOC	12/13/2028
MTA Bridges and Tunnels General Revenue	2005B-4c	U.S. Bank National Association	LOC	1/7/2028
MTA Bridges and Tunnels General Revenue	2018E	Royal Bank of Canada	LOC	11/20/2028

Derivative Instruments — Fair value for the swaps is calculated in accordance with GASB Statement No. 72, utilizing the income approach and Level 2 inputs. It incorporates the mid-market valuation, nonperformance risk of either MTA/MTA Bridges and Tunnels or the counterparty, as well as bid/offer. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The fair value balances and notional amounts of derivative instruments outstanding at March 31, 2026 and December 31, 2025, classified by type, and the changes in fair value of such derivative instruments from the year ended December 31, 2025 are as follows (in \$ millions):

Derivative Instruments - Summary Information as of March 31, 2026

Bond Resolution Credit	Underlying Bond Series	Type of Derivative	Hedge Type	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
MTA Bridges and Tunnels Senior Revenue Bonds	2018E & 2003B (Citi 2005B)	SOFR Fixed Payer	Cash Flow	Regression/Dollar Offset Synthetic Instrument/	6/2/2005	\$ 172,700	\$ (4,115)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	SOFR Fixed Payer	Cash Flow	Regression	6/2/2005	518,100	(12,346)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	SOFR Fixed Payer	Cash Flow	Synthetic Instrument	4/1/2016	8,475	(0,161)
MTA Bridges and Tunnels Senior Revenue Bonds	2001C (COPS 2004A)	SOFR Fixed Payer	Cash Flow	Regression	12/5/2016	4,000	(0,089)
MTA Dedicated Tax Fund Bonds	2008A	SOFR Fixed Payer	Cash Flow	Regression	3/8/2005	180,435	(4,611)
MTA Transportation Revenue Bonds	2002D-2	SOFR Fixed Payer	Cash Flow	Regression	7/11/2002	200,000	(19,383)
MTA Transportation Revenue Bonds	2005D & 2005E	SOFR Fixed Payer	Cash Flow	Regression/Synthetic Instrument	9/10/2004	243,920	(12,004)
MTA Transportation Revenue Bonds	2012G	SOFR Fixed Payer	Cash Flow	Synthetic Instrument	12/12/2007	353,575	(19,106)
MTA Transportation Revenue Bonds	2015E-1	SOFR Fixed Payer	Cash Flow	Regression	4/1/2016	73,800	(1,404)
Total						\$ 1,755,005	\$ (73,219)

Derivative Instruments - Summary Information as of December 31, 2025

Bond Resolution Credit - Cashflow Hedges	Underlying Bond Series	Effective Methodology	Trade/Hedge Association Date	Notional Amount	Fair Value
MTA Bridges and Tunnels Senior Revenue Bonds	2018E & 2003B (Citi 2005B)	Regression/Dollar Offset	6/2/2005	\$173,700	\$ (5,219)
MTA Bridges and Tunnels Senior Revenue Bonds	2005B-2,3,4	Synthetic Instrument/Regression	6/2/2005	521,100	(15,657)
MTA Bridges and Tunnels Senior Revenue Bonds	2005A (COPS 2004A)	Synthetic Instrument	4/1/2016	10,915	(0,215)
MTA Bridges and Tunnels Senior Revenue Bonds	2001C (COPS 2004A)	Regression	12/5/2016	5,000	(0,115)
MTA Dedicated Tax Fund Bonds	2008A	Regression	3/8/2005	180,435	(5,719)
MTA Transportation Revenue Bonds	2002D-2	Regression	7/11/2002	200,000	(21,181)
MTA Transportation Revenue Bonds	2005D & 2005E	Regression/Synthetic Instrument	9/10/2004	243,920	(13,584)
MTA Transportation Revenue Bonds	2012G	Synthetic Instrument	12/12/2007	353,575	(21,589)
MTA Transportation Revenue Bonds	2002G-1 (COPS 2004A)	Regression	4/1/2016	9,755	(0,006)
MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds	2022E	Regression	4/1/2016	85,305	(1,865)
Total					\$ 1,783,705
					\$ (85,150)

Changes In Fair Value	Fair Value at March 31, 2026	Notional
Amount	Amount	Amount



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	Classification	(in millions)	Classification	(in millions)	(in millions)
Government activities					
Cash Flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow of resources	\$11.931	Debt	\$(73.219)	\$1,755

Swap Agreements Relating to Synthetic Fixed Rate Debt

Board-adopted Guidelines. The Related Entities adopted guidelines governing the use of swap contracts on March 26, 2002. The guidelines were amended and approved by the MTA Board on March 13, 2013. The guidelines establish limits on the amount of interest rate derivatives that may be outstanding and specific requirements that must be satisfied for a Related Entity to enter into a swap contract, such as suggested swap terms and objectives, retention of a swap advisor, credit ratings of the counterparties, collateralization requirements and reporting requirements.

Objectives of synthetic fixed rate debt. To achieve cash flow savings through a synthetic fixed rate, MTA and MTA Bridges and Tunnels have entered into separate pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what MTA and MTA Bridges and Tunnels would have paid to issue fixed-rate debt, and in some cases where Federal tax law prohibits an advance refunding to synthetically refund debt on a forward basis.

Terms and Fair Values. The terms, fair values and counterparties of the outstanding swaps of MTA and MTA Bridges and Tunnels are reflected in the following tables (as of March 31, 2026).

Related Bonds	Notional Amount as of March 31, 2026	Metropolitan Transportation Authority				Counterparty and Ratings(S&P / Moody's / Fitch)	Fair Value as of March 31, 2026
		Effective Date	Maturity Date	Terms			
TRB 2002D-2	\$ 200.000	01/01/07	11/01/32	Pay 4.45%; receive 69% SOFR + 0.079%		JPMorgan Chase Bank, NA (AA- / Aa2 / AA)	\$ (19.383)
TRB 2005D & 2005E	182.940	11/02/05	11/01/35	Pay 3.561%; receive 67% SOFR + 0.076%		UBS AG (A+ / Aa2 / A+)	(9.003)
TRB 2005E	60.980	11/02/05	11/01/35	Pay 3.561%; receive 67% SOFR + 0.076%		AIG Financial Products ⁽¹⁾ (A- / Baa1 / A-)	(3.001)
TRB 2012G	353.575	11/15/12	11/01/32	Pay 3.563%; receive 67% SOFR + 0.076%		JPMorgan Chase Bank, NA (AA- / Aa2 / AA)	(19.106)
DTF 2008A	180.435	03/24/05	11/01/31	Pay 3.3156%; receive 67% SOFR + 0.076%		Bank of New York Mellon (AA- / Aa2 / AA)	(4.611)
Total	\$ 977.930						\$ (55.104)

¹ Guarantor: American International Group, Inc., parent of AIG Financial Products.

MTA Bridges and Tunnels						
Related Bonds	Notional Amount as of March 31, 2026	Effective Date	Maturity Date	Terms	Counterparty and Ratings (S&P / Moody's / Fitch)	Fair Value as of March 31, 2026
TBTA 2018E & 2003B	(4) \$ 172.700	07/07/05	01/01/32	Pay 3.076%; receive 67% SOFR + 0.076%	Citibank, N.A. (A+ / Aa3 / A+)	\$ (4.115)
TBTA 2005B-2	172.700	07/07/05	01/01/32	Pay 3.076%; receive 67% SOFR + 0.076%	JPMorgan Chase Bank, N.A. (AA- / Aa2 / AA)	(4.115)
TBTA 2005B-3	172.700	07/07/05	01/01/32	Pay 3.076%; receive 67% SOFR + 0.076%	BNP Paribas North America ⁽¹⁾ (A+ / A1 / AA-)	(4.115)
TBTA 2005B-4	172.700	07/07/05	01/01/32	Pay 3.076%; receive 67% SOFR + 0.076%	UBS AG (A+ / Aa2 / A+)	(4.115)
TRB 2015E-1 & TBTA 2005A & 2001C	(2) 43.138 (3)	04/01/16	01/01/30	Pay 3.52%; receive 67% SOFR + 0.076%	U.S. Bank N.A. (A+ / A2 / A+)	(0.828) (3)
TRB 2015E-1 & TBTA 2005A & 2001C	(2) 43.138 (3)	04/01/16	01/01/30	Pay 3.52%; receive 67% SOFR + 0.076%	Wells Fargo Bank, N.A. (A+ / Aa2 / AA-)	(0.828) (3)
Total	\$ 777.076					\$ (18.116)

1 Guarantor: BNP Paribas.

2 Between November 22, 2016 and December 5, 2016, the Variable Rate Certificates of Participation, Series 2004A were redeemed. Corresponding notional amounts from the Series 2004A COPs were reassigned to MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C.

3 Pursuant to an Interagency Agreement (following novations from UBS in April 2016), MTA New York City Transit is responsible for 68.7%, MTA is responsible for 21.0%, and TBTA is responsible for 10.3% of the transaction.

4 On October 27, 2021 the 2002F bonds were changed to fixed-rate mode and a portion of the Citi swap was reassigned to the 2018E bonds.

5 On November 1, 2022 the TRB Series 2011B bonds were refunded with the PMT Series 2022E-2a bonds, and the portion of the U.S. Bank and Wells Fargo swaps associated with the 2011B bonds were allocated to the PMT 2022E bonds. On March 17, 2026, the PMT 2022E-2a bonds were refunded with the PMT series 2026A-1 bonds and the portion of the U.S. Bank and wells Fargo swaps associated with the PMT 2022E bonds were allocated to TRB 2015E-1.

SOFR: Secured Overnight Financing Rate

TRB: Transportation Revenue Bonds

DTF: Dedicated Tax Fund Bonds

Risks Associated with the Swap Agreements

From MTA's and MTA Bridges and Tunnels' perspective, the following risks are generally associated with swap agreements:

Credit Risk. The risk that a counterparty becomes insolvent or is otherwise not able to perform its financial obligations. To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings. Generally, MTA and MTA Bridges and Tunnels' swap agreements contain netting provisions under which transactions executed with a single counterparty are netted to determine collateral amounts. Collateral may be posted with a third-party custodian in the form of cash, U.S. Treasury securities, or certain Federal agency securities. MTA and MTA Bridges and Tunnels require its counterparties to fully collateralize if ratings fall below certain levels (in general, at the Baa1/BBB+ or Baa2/BBB levels), with partial posting requirements at higher rating levels (details on collateral posting discussed further under "Collateralization/Contingencies"). As of March 31, 2026, all of the valuations were in liability positions to MTA and MTA Bridges and Tunnels; accordingly, no collateral was posted by any of the counterparties.

The following table shows, as of March 31, 2026, the diversification, by percentage of notional amount, among the various counterparties that have entered into ISDA Master Agreements with MTA and/or MTA Bridges and Tunnels. The notional amount totals below include all swaps.

Counterparty	S&P	Moody's	Fitch	Notional Amount (in thousands)	% of Total Notional Amount
JPMorgan Chase Bank, NA	AA-	Aa2	AA	\$726,275	41.38%
UBS AG	A+	Aa2	A+	355,640	20.26%
The Bank of New York Mellon	AA-	Aa2	AA	180,435	10.28%
Citibank, N.A.	A+	Aa3	A+	172,700	9.84%
BNP Paribas US Wholesale Holdings, Corp.	A+	A1	AA-	172,700	9.84%
U.S. Bank National Association	A+	A2	A+	43,137	2.45%
Wells Fargo Bank, N.A.	A+	Aa2	AA-	43,138	2.46%
AIG Financial Products Corp.	A-	Baa1	A-	60,980	3.47%
Total				\$1,755,005	99.98%

Interest Rate Risk. MTA and MTA Bridges and Tunnels are exposed to interest rate risk on the interest rate swaps. On the pay-fixed, receive variable interest rate swaps, as LIBOR or SIFMA (as applicable) decreases, MTA and MTA Bridges and Tunnels' net payments on the swaps increase.

Basis Risk. The risk that the variable rate of interest paid by the counterparty under the swap and the variable interest rate paid by MTA or MTA Bridges and Tunnels on the associated bonds may not be the same. If the counterparty's rate under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse MTA or MTA Bridges and Tunnels for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to MTA or MTA Bridges and Tunnels.

Termination Risk. The risk that a swap agreement will be terminated and MTA or MTA Bridges and Tunnels will be required to make a swap termination payment to the counterparty and, in the case of a swap agreement which was entered into for the purpose of creating a synthetic fixed rate for an advance refunding transaction may also be required to take action to protect the tax-exempt status of the related refunding bonds.

The ISDA Master Agreement sets forth certain termination events applicable to all swaps entered into by the parties to that ISDA Master Agreement. MTA and MTA Bridges and Tunnels have entered into separate ISDA Master Agreements with each counterparty that govern the terms of each swap with that counterparty, subject to individual terms negotiated in a confirmation. MTA and MTA Bridges and Tunnels are subject to termination risk if its credit ratings fall below certain specified thresholds or if MTA/MTA Bridges and Tunnels commits a specified event of default or other specified event of termination. If, at the time of termination, a swap were in a liability position to MTA or MTA Bridges and Tunnels, a termination payment would be owed by MTA or MTA Bridges and Tunnels to the counterparty, subject to applicable netting arrangements.

The following tables set forth the Additional Termination Events for MTA/MTA Bridges and Tunnels and its counterparties:

MTA Transportation Revenue		
Counterparty Name	MTA	Counterparty
AIG Financial Products Corp.; JPMorgan Chase Bank, NA; UBS AG	Below Baa3 (Moody's) or BBB- (S&P)*	Below Baa3 (Moody's) or BBB- (S&P)*

*Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Dedicated Tax Fund		
Counterparty Name	MTA	Counterparty
Bank of New York Mellon	Below BBB (S&P) or BBB (Fitch)*	Below A3 (Moody's) or A- (S&P)**

*Note: Equivalent Moody's rating is replacement for S&P or Fitch.

**Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels Senior Lien		
Counterparty Name	MTA Bridges and Tunnels	Counterparty
BNP Paribas US Wholesale Holdings, Corp.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa1 (Moody's) or BBB+ (S&P)*

*Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels Subordinate Lien		
Counterparty Name	MTA Bridges and Tunnels	Counterparty
U.S. Bank National Association; Wells Fargo Bank, N.A.	Below Baa2 (Moody's) or BBB (S&P)*	Below Baa2 (Moody's) or BBB (S&P)**

*Note: Equivalent Fitch rating is replacement for Moody's or S&P. If not below Investment Grade, MTA Bridges and Tunnels may cure such Termination Event by posting collateral at a Zero threshold.

**Note: Equivalent Fitch rating is replacement for Moody's or S&P.

MTA and MTA Bridges and Tunnels' ISDA Master Agreements provide that the payments under one transaction will be netted against other transactions entered under the same ISDA Master Agreement. Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the amounts so that a single sum will be owed by, or owed to, the non-defaulting party.

Rollover Risk. The risk that the swap agreement matures or may be terminated prior to the final maturity of the associated bonds on a variable rate bond issuance, and MTA or MTA Bridges and Tunnels may be exposed to the market rates and cease to receive the benefit of the synthetic fixed rate for the duration of the bond issue. The following debt is exposed to rollover risk:

Associated Bond Issue	Bond Maturity Date	Swap Termination Date
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2001C (swaps with U.S. Bank/Wells Fargo)	January 1, 2032	January 1, 2030
MTA Bridges and Tunnels General Revenue Variable Rate Refunding Bonds, Series 2018E (swap with Citibank, N.A.)	November 15, 2032	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2003B (swap with Citibank, N.A.)	January 1, 2033	January 1, 2032
MTA Bridges and Tunnels General Revenue Variable Rate Bonds, Series 2005A (swaps with U.S. Bank/Wells Fargo and Citibank, N.A.)	November 1, 2041	January 1, 2030 (U.S. Bank/Wells Fargo) January 1, 2032 (Citibank)
MTA Transportation Revenue Variable Rate Bonds, PMT Series 2015E-1 (swaps with U.S. Bank/Wells Fargo)	November 15, 2050	January 1, 2030

Collateralization/Contingencies. Under the majority of the swap agreements, MTA and/or MTA Bridges and Tunnels is required to post collateral in the event its credit rating falls below certain specified levels. The collateral posted is to be in the form of cash, U.S. Treasury securities, or certain Federal agency securities, based on the valuations of the swap agreements in liability positions and net of the effect of applicable netting arrangements. If MTA and/or MTA Bridges and Tunnels do not post collateral, the swap(s) may be terminated by the counterparty(ies).

As of March 31, 2026, the aggregate mid-market valuation of the MTA's swaps subject to collateral posting agreements was \$55.80 million; as of this date, the MTA was not subject to collateral posting based on its credit ratings (see further details below).

As of March 31, 2026, the aggregate mid-market valuation of MTA Bridges and Tunnels' swaps subject to collateral posting agreements was \$18.41 million; as of this date, MTA Bridges and Tunnels was not subject to collateral posting based on its credit ratings (see further details below).

The following tables set forth the ratings criteria and threshold amounts applicable to MTA/MTA Bridges and Tunnels and its counterparties.

MTA Transportation Revenue		
Counterparty	MTA Collateral Thresholds (based on highest rating)	Counterparty Collateral Thresholds (based on highest rating)
AIG Financial Products Corp.; JPMorgan Chase Bank, NA; UBS AG	Baa1/BBB+: \$10 million Baa2/BBB & below: Zero	Baa1/BBB+: \$10 million Baa2/BBB & below: Zero

Note: Based on Moody's and S&P ratings. In all cases except JP Morgan counterparty thresholds. Fitch rating is replacement for Moody's or S&P, at which point threshold is based on lowest rating.

MTA Dedicated Tax Fund		
Counterparty	MTA Collateral Thresholds	Counterparty Collateral Thresholds (based on highest rating)
Bank of New York Mellon	N/A - MTA does not post collateral	Aa3/AA- & above: \$10 million A1/A+: \$5 million A2/A: \$2 million A3/A-: 1 million Baa1/BBB+ & below: Zero

Note: MTA Bridges and Tunnels thresholds based on Moody's, S&P, and Fitch ratings. Counterparty thresholds based on Moody's and S&P ratings. Fitch rating is replacement for Moody's or S&P.

MTA Bridges and Tunnels Senior Lien		
Counterparty	MTA Bridges and Tunnels Collateral Thresholds (based on highest rating)	Counterparty Collateral Thresholds (based on highest rating)
BNP Paribas US Wholesale Holdings, Corp.; Citibank, N.A.; JPMorgan Chase Bank, NA; UBS AG	Baa1/BBB+: \$30 million Baa2/BBB: \$15 million Baa3/BBB- & below: Zero	A3/A-: \$10 million Baa1/BBB+ & below: Zero

** Note: Equivalent Fitch rating is replacement for Moody's or S&P.*

MTA Bridges and Tunnels Subordinate Lien		
Counterparty	MTA Bridges and Tunnels Collateral Thresholds (based on lowest rating)	Counterparty Collateral Thresholds (based on lowest rating)
U.S. Bank National Association; Wells Fargo Bank, N.A.	Baa3/BBB- & below: Zero	Aa3/AA- & above: \$15 million A1/A+ to A3/A-: \$5 million Baa1/BBB+ & below: Zero

Note: Thresholds based on Moody's and S&P ratings. Fitch rating is replacement for Moody's or S&P.

Swap payments and Associated Debt. The following tables contain the aggregate amount of estimated variable-rate bond debt service and net swap payments during certain years that such swaps were entered into in order to: protect against the potential of rising interest rates; achieve a lower net cost of borrowing; reduce exposure to changing interest rates on a related bond issue; or, in some cases where Federal tax law prohibits an advance refunding, achieve debt service savings through a synthetic fixed rate. As rates vary, variable-rate bond interest payments and net swap payments will vary. Using the following assumptions, debt service requirements of MTA's and MTA Bridges and Tunnels' outstanding variable-rate debt and net swap payments are estimated to be as follows:

- It is assumed that the variable-rate bonds would bear interest at a rate of 4.0% per annum.
- The net swap payments were calculated using the actual fixed interest rate on the swap agreements.

MTA				
(in millions)				
Period Ended March 31, 2026	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2026	63.6	32.1	(3.1)	92.6
2027	55.9	29.6	(2.8)	82.7
2028	70.2	39.5	(2.5)	107.2
2029	95.9	37.8	(2.1)	131.6
2030	145.7	73.4	(1.8)	217.3
2031-2035	620.1	323.6	(3.2)	940.5
2036-2040	78.1	14.8	(0.4)	92.5
2041-2045	21.5	0.7	-	22.2

MTA Bridges and Tunnels				
(in millions)				
Period Ended March 31, 2026	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2026	31.5	29.1	(6.3)	54.3
2027	32.9	27.8	(6.5)	54.2
2028	50.0	25.8	(6.4)	69.4
2029	144.5	20.1	(4.9)	159.7
2030	149.5	14.1	(3.4)	160.2
2031-2035	350.2	10.0	(1.8)	358.4
2036-2040	-	1.5	-	1.5

8. LEASES

MTA entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. Lease receivables and lease liabilities are measured at the present value of payments expected to be received during the lease term, using MTA's incremental borrowing rate at the time of valuation ranging from 0.97% to 9.11% if an applicable stated or implicit rate is not available.

The lease liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Interest revenues are recognized on the lease receivable and an inflow of resources from the deferred inflow of resources are recognized on a straight-line basis over the term of the lease.

As Lessor

MTA leases its land, buildings, station space, equipment, and right of way to other entities. These leases have terms between 1 year to 100 years, with payments required monthly, quarterly, semi-annually, or annually. As of March 31, 2026, the remaining lease terms are between 1 year to 99 years. In addition, MTA also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivable.

The total amount of inflows of resources recognized for the periods ended March 31, 2026 and December 31, 2025 is presented below (in thousands):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Lease Revenue - Operating	\$ 8,890	\$ 42,228
Lease Revenue - Non-Operating	664	1,107
Interest Revenue	5,147	13,589
Other Variable Revenue	76,061	31,378

A summary of activity in lease receivable for the period ended March 31, 2026 and December 31, 2025 is presented below (in thousands):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Balance – beginning of year	\$ 456,502	\$ 240,815
Additions/remeasurements	3,694	300,577
Receipts/Interest	(13,420)	(84,890)
Balance – end of year	446,776	456,502
Less: current portion	37,700	45,526
Lease receivable noncurrent	<u>\$ 409,076</u>	<u>\$ 410,976</u>

MTA recognized revenue of \$0 and \$68 associated with residual value guarantees and termination penalties for periods ended March 31, 2026 and December 31, 2025, respectively.

The principal and interest requirements to maturity for the lease receivable subsequent to March 31, 2026, are as follows (in thousands):

March 31, 2026	Principal	Interest	Total
2026	\$ 18,117	\$ 15,921	\$ 34,038
2027	22,780	20,810	43,590
2028	20,754	20,587	41,341
2029	11,987	20,281	32,268
2030	6,367	20,064	26,431
2031 - 2035	2,355	100,458	102,813
2036 - 2040	-22,229	105,166	82,937
2041 - 2045	-26,330	112,950	86,620
Thereafter	412,975	2,531,074	2,944,049
Total	\$ 446,776	\$ 2,947,311	\$ 3,394,087

As Lessee

MTA leases buildings, office space, storage space, equipment, vehicles, and cell tower space from other entities. These leases have terms between 1 year to 74 years, with payments required monthly, quarterly, or annually. As of March 31, 2026, the remaining lease terms are between 1 year to 68 years.

The amount of lease expense recognized for variable payments not included in the measurement of lease liability were \$4,579 and \$24,167 for March 31, 2026 and December 31, 2025, respectively. MTA did not recognize any expenses attributable to residual value guarantees and termination penalties for the three months ended March 31, 2026 and for the year ended December 31, 2025, respectively.

A summary of activity in lease liability for March 31, 2026 and December 31, 2025 is presented below (in thousands):

	March 31, 2026	December 31, 2025
Balance – beginning of year	\$ 901,901	\$ 911,629
Additions/remeasurements	732	33,584
Receipts/Interest	(14,016)	(43,312)
Balance – end of year	888,617	901,901
Less: current portion	37,903	41,585
Lease liability noncurrent	\$ 850,714	\$ 860,316

The principal and interest requirements to maturity for the lease liability subsequent to March 31, 2026, are as follows (in thousands):

March 31, 2026	Principal	Interest	Total
2026	\$ 27,310	\$ 39,398	\$ 66,708
2027	36,242	51,475	87,717
2028	34,085	50,328	84,413
2029	38,408	49,019	87,427
2030	39,475	47,424	86,899
2031 - 2035	212,035	210,347	422,382
2036 - 2040	148,066	159,962	308,028
2041 - 2045	168,774	101,619	270,393
Thereafter	184,222	74,228	258,450
Total	\$ 888,617	\$ 783,800	\$ 1,672,417

Significant Lease Transactions - On July 29, 1998, the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sublessee, will rent an office building at 2 Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate \$907 million. Under the subleases, the lease is apportioned as follows: MTA New York City Transit, 68.7%, MTA, 21%; and MTA Bridges and Tunnels, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy

actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2025, for the MTA New York City Transit, MTA Bridges and Tunnels and MTA (including MTA Bus, MTA Construction and Development and MTA Business Service Center) were 46.23%, 5.94% and 47.83%, respectively. MTAs' sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by MTA. The office building at 2 Broadway, is principally occupied by MTA New York City Transit, MTA Bridges and Tunnels, MTA Construction and Development, MTAHQ, and MTA Bus.

MTA pays the lease payments on behalf of MTA New York City Transit and MTA Bridges and Tunnels, and subsequently makes monthly chargebacks in the form of rental payments treated as management fees.

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

MTA entered into various SBITA that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time. A right-to-use intangible subscription asset is set up with a corresponding subscription liability measured at the present value of payments during the subscription term, using MTA's incremental borrowing rate at the time of valuation ranging from 1.33% to 5.87% if an applicable stated or implicit rate is not available.

The initial measurement of MTA's subscription asset and lease liability was as of January 1, 2022. The subscription liability was reduced as payments were made, and an outflow of resources for interest on the liability was recognized. The subscription asset is amortized on a straight-line basis over the subscription term.

MTA's SBITA include software licenses, cloud data storage, hosting applications, security platforms and others. These subscriptions have terms between 1 years to 12 years, with payments required monthly, quarterly, or annually. As of March 31, 2026, the remaining subscription terms are between 1 years to 10 years. The amount of subscription expense recognized for variable payments not included in the measurement of lease liability were \$12 and \$10 for the period ended March 31, 2026 and year ended December 31, 2025, respectively. MTA recognized \$3,392 and \$16,424 expense attributable to termination penalties and impairment for the period ended March 31, 2026 and year ended December 31, 2025, respectively.

A summary of activity in SBITA liability for the period ended March 31, 2026 and year ended December 31, 2025 is presented below (in thousands):

	March 31, 2026	December 31, 2025
Balance – beginning of year	\$ 127,618	\$ 176,635
Additions / remeasurements	-	63,693
Payments/Interest	(12,021)	(112,710)
Balance – end of year	115,597	127,618
Less: current portion	49,527	52,018
SBITA liability noncurrent	<u>\$ 66,070</u>	<u>\$ 75,600</u>

The principal and interest requirements to maturity for the Subscription-Based Information Technology Arrangements liability subsequent to March 31, 2026, are as follows:

March 31, 2026	Principal	Interest	Total
2026	\$ 39,993	\$ 3,868	\$ 43,861
2027	38,066	3,227	41,293
2028	3,834	1,783	5,617
2029	4,775	1,631	6,406
2030	4,326	1,399	5,725
2031 - 2035	24,057	3,434	27,491
2036 - 2040	546	12	558
Total	<u>\$ 115,597</u>	<u>\$ 15,354</u>	<u>\$ 130,951</u>

10. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS

MTA entered into various Public-Private and Public-Public Partnership arrangements (“PPP”) that provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transactions. PPP’s receivables are measured at the present value of payments expected to be made during the PPP term, using MTA incremental borrowing rate at the time of valuation ranging from 4.15% to 5.64% if an applicable stated or implicit rate is not available.

Interest revenues are recognized on the PPP receivable and an inflow of resources from the deferred inflow of resources are recognized on a straight-line basis over the term of the PPP.

As Transferor

These arrangements provide cellular connectivity and high-speed Wi-Fi to users across the system. These PPPs have terms between 1 year to 30 years, with payments required annually. As of March 31, 2026, the remaining PPP terms are between 1 year to 27 years. In addition, MTA also receives payments for variable PPPs and operating expenses associated with the contracts that are not included in the measurement of PPP receivable.

The total amount of inflows of resources recognized for the period ended March 31, 2026 and the year ended December 31, 2025 is presented below (in thousands):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
PPP revenue	\$ 140	\$ 904
Interest revenue	57	681
Other variable revenue	-	400

A summary of PPP receivable activity for the period ended March 31, 2026 and the year ended December 31, 2025 is presented below (in thousands):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Balance – beginning of year	\$ 4,502	-
Additions / remeasurements	-	9,393
Payments / Interest	(426)	(4,891)
Balance – end of year	4,076	4,502
Less: current portion	19	259
PPP/SCA receivable noncurrent	<u>\$ 4,057</u>	<u>\$ 4,243</u>

<u>March 31, 2026</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ (170)	\$ 168	\$ (2)
2027	284	211	495
2028	299	196	495
2029	231	184	415
2030	258	170	428
2031-2035	1,747	595	2,342
2036-2040	1,103	137	1,240
2041-2045	80	77	157
2046-2050	136	46	182
2051-2055	108	6	114
Total	<u>\$ 4,076</u>	<u>\$ 1,790</u>	<u>\$ 5,866</u>

11. FINANCED PURCHASES

MTA made an assessment of its existing sale/leaseback transactions and determined that these transactions are not eligible to be treated as leases but as financed purchases under GASB 87. Accordingly, under GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance, a sale-leaseback is required to include a transaction that qualifies as a sale under the guidance for sales of real estate. The sales-of-real estate criteria include the provision that an option or requirement for a seller to repurchase the asset would preclude a sale treatment. Furthermore, a qualifying sale should occur for a transaction to be accounted for as a sale-leaseback and that the sales-of-real-estate criteria should be used to determine whether a sale has occurred, regardless of whether a leaseback is involved. The transaction should be accounted for as financing, leasing or profit-sharing arrangement rather than a sale when the seller has an obligation to repurchase the property, or the terms of the transaction allow the buyer to compel the seller or give an option to the seller to repurchase the property.

Subway Cars — On September 3, 2003, the MTA entered into a sale/leaseback transaction whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit subway cars to the MTA, the MTA sold those cars to a third party, and the MTA leased those cars back from such third party. The MTA subleased the cars to MTA New York City Transit. The lease expires in 2033. At the lease expiration, the MTA has the option of either exercising a fixed-price purchase option for the cars or returning the cars to the third-party owner.

Under the terms of the sale/leaseback agreement, the MTA initially received \$168.1, which was utilized as follows: The MTA paid \$126.3 to an affiliate of one of the lenders to the third party, which affiliate has the obligation to pay to the MTA an amount equal to the rent obligations under the lease attributable to the debt service on such loan from such third party's lender. The obligations of the affiliate of the third party's lender are guaranteed by American International Group, Inc. The MTA also purchased the Federal National Mortgage Association ("FNMA") and U.S. Treasury securities in amounts and with maturities which are sufficient to make the lease rent payments equal to the debt service on the loans from the other lender to the third party and to pay the remainder of the regularly scheduled rent due under that lease and the purchase price due upon exercise by the MTA of the fixed price purchase option if exercised. The amount remaining after payment of transaction expenses, \$7.4, was the MTA's benefit from the transaction.

Subway Cars — On September 25, 2003 and September 29, 2003, the MTA entered into two sale/leaseback transactions whereby MTA New York City Transit transferred ownership of certain MTA New York City Transit subway cars to the MTA, the MTA sold those cars to third parties, and the MTA leased those cars back from such third parties. The MTA subleased the cars to MTA New York City Transit. Both leases expire in 2033. At the lease expiration, MTA has the option of either exercising a fixed-price purchase option for the cars or returning the cars to the third-party owner.

Under the terms of the sale/leaseback agreements, the MTA initially received \$294, which was utilized as follows: In the case of one of the leases, the MTA paid \$97 to an affiliate of one of the lenders to the third party, which affiliate has the obligation to pay to the MTA an amount equal to the rent obligations under the lease attributable to the debt service on the loan from such third party's lender. The obligations of the affiliate of such third party's lender are guaranteed by American International Group, Inc. In the case of the other lease, the MTA purchased US Treasury debt securities in amounts and with maturities, which are sufficient for the MTA to make the lease rent payments equal to the debt service on the loan from the lender to that third party. In the case of both of the leases, the MTA also purchased Resolution Funding Corporation ("REFCO") debt securities that mature in 2030. Under an agreement with AIG Matched Funding Corp (guaranteed by American International Group, Inc.), AIG Matched Funding Corp. receives the proceeds from the REFCO debt securities at maturity and is obligated to pay to the MTA amounts sufficient for the MTA to pay the remainder of the regularly scheduled lease rent payments under those leases and the purchase price due upon exercise by the MTA of the purchase options if exercised. The amount remaining after payment of transaction expenses, \$24, was the MTA's net benefit from these two transactions.

On December 17, 2008, MTA terminated the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 25, 2003 and since then MTA has provided short-term U.S. Treasury debt obligations as replacement collateral. As of December 31, 2025, the fair value of total collateral funds was \$41.2.

On January 12, 2009, MTA provided a short-term U.S. Treasury debt obligation as additional collateral in addition to the Ambac Assurance Corp. surety bond for the lease transaction that closed on September 29, 2003. As of December 31, 2025, the fair value of total collateral funds was \$58.1.

As a result of the implementation of GASB 87, the 2 Broadway office building lease has been reclassified as a right-of-use asset with its corresponding lease liability and excluded from the schedule below. See footnote 8 for additional information.

Financed Purchases Schedule

Description	For the period ended March 31, 2026			
	December 31, 2025	Increase	Decrease	March 31, 2026
Met Life	\$ 9	\$ -	\$ -	\$ 9
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	46	3	-	49
Bank of America Equity	16	-	-	16
Met Life Equity	78	-	-	78
Total MTA Financed Purchase	\$ 190	\$ 3	\$ -	\$ 193
Long Term Portion Financed Purchase	\$ 190			\$ 193

Financed Purchases Schedule

Description	For the Year Ended December 31, 2025			
	December 31, 2024	Increase	Decrease	December 31, 2025
Met Life	\$ 8	\$ 1	\$ -	\$ 9
Met Life Equity	19	-	-	19
Bank of New York	22	-	-	22
Bank of America	43	3	-	46
Bank of America Equity	16	-	-	16
Met Life Equity	75	3	-	78
Total MTA Financed Purchase	\$ 183	\$ 7	\$ -	\$ 190
Long Term Portion Financed Purchase	\$ 183			\$ 190

MTA Hudson Rail Yards Air Rights Leases – MTA assessed the MTA Hudson Rail Yards Leases and associated air rights and determined that these are intangible assets and excluded as leases under GASB 87.

In the 1980's, the MTA developed a portion of the Hudson Rail Yards as a storage yard, car wash and repair facility for the MTA Long Island Railroad rail cars entering Manhattan. It was anticipated that, eventually, the air rights above the Hudson Rail Yards would be developed to meet the evolving needs for high-quality commercial, retail, residential and public space in Manhattan.

To undertake the development of the Hudson Rail Yards, the MTA entered into two 99-year leases for the airspace within the boundary of the Hudson Rail Yards, one for the Eastern Rail Yards ("ERY") beginning December 3, 2012, and the other for the Western Rail Yards ("WRY") beginning December 3, 2013.

As of April 10, 2013, the ERY Lease was terminated and substituted with separate Severed Parcel Leases. Several Tenants under the Severed Parcel Leases have exercised their options to purchase fee title, as well as numerous condominium owners in residential buildings. The WRY Lease is also expected to be severed into separate parcels as development progresses.

The Severed Parcel Leases in the ERY, fee title for which has not been purchased, and the WRY Lease (until any severed parcel leases are purchased) are pledged as security for the Series 2016A Hudson Yards Trust Obligations.

Minimum rent receipts for ERY and WRY Ground Leases are as follows as of March 31, 2026:

Year	ERY	WRY	Total
2026	\$ 4	\$ 36	\$ 40
2027	4	36	40
2028	4	37	41
2029	4	40	44
2030	4	40	44
Thereafter	1,576	14,091	15,667
Total	\$ 1,596	\$ 14,280	\$ 15,876

Availability Payment Arrangement

MTA Construction and Development, on behalf of the MTA, and the developer entered into an ADA (“Americans with Disabilities Act”) Project Agreement (the “Project Agreement”) for the design, construction, financing and maintenance of station accessibility improvements for MTA New York City Transit. The Project Agreement requires, among other things, the payment of periodic progress payments, capital availability payments, maintenance availability payments and completion payments. MTA issued a subordinated contract obligation (the “SCO”) in the aggregate contractual face amount of \$160,628,234.50 on May 4, 2023 which secures the capital availability payments owed under the Project Agreement. This availability payment arrangement (“APA”) is being reported as a financed purchase Under GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payments Arrangements.

The APA liabilities are measured at the present value of payments expected to be made during the payment term, using the developer’s pre-tax Weighted Average Cost of Capital at the time of valuation. This APA has a term of approximately 26.5 years, with payments scheduled monthly as measures related to availability have been met. As of March 31, 2026 and December 31, 2025, the remaining APA term is 25.50 and 25.75 years, respectively.

There were no variable expense payments, residual value guarantees or termination penalties during 2025.

A summary of activity in the APA liability for the period ended March 31, 2026 year ended December 31, 2025 is presented below (in thousands):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Balance – beginning of year	\$ 59,706	\$ -
Additions / remeasurements	0	59,054
Payments/Interest	<u>72</u>	<u>652</u>
Balance – end of year	59,778	59,706
Less: current portion	-	-
APA liability - noncurrent	<u>\$ 59,778</u>	<u>\$ 59,706</u>

The principal and interest requirements to maturity for the APA liability subsequent to December 31, 2025, are as follows (in thousands):

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ (165)	\$ 3,367	\$ 3,202
2027	(249)	4,505	4,256
2028	(143)	4,520	4,377
2029	(193)	4,532	4,339
2030	(208)	4,547	4,339
2031-2035	5,694	22,055	27,749
2036-2040	10,877	18,766	29,643
2041-2045	15,788	13,843	29,631
Thereafter	<u>28,377</u>	<u>6,896</u>	<u>35,273</u>
	<u>\$ 59,778</u>	<u>\$ 83,031</u>	<u>\$ 142,809</u>

12. FUTURE OPTION

In 2010, MTA and MTA Long Island Railroad entered into an Air Space Parcel Purchase and Sale Agreement (“Agreement”) with Atlantic Yards Development Company, LLC (“AADC”) pursuant to which AADC has obtained an exclusive right to purchase fee title to a parcel (subdivided into six sub-parcels) of air space above the MTA Long Island Railroad Vanderbilt Yard in Brooklyn, New York. Initial annual payments of \$2 (covering all six sub-parcels) commenced on June 1, 2012 and were paid on the following three anniversaries of that date. Starting on June 1, 2016, and continuing on each anniversary thereof through and including June 1, 2031, an annual option payment in the amount of \$11 is due. The Agreement provides that all such payments are (i) fully earned by MTA as of the date due in consideration of the continuing grant to AADC of the rights to purchase the air space sub-parcels, (ii) are non-refundable except under certain limited circumstances and (iii) shall be deemed to be payments on account of successive annual options granted to AADC. The interests in AY Phase II Development Company, LLC (“AYDC”) (the successor-in-interest to AADC) were foreclosed in 2025 and AYDC’s rights and obligations under certain documents (including the Agreement) were assigned to and assumed by Brooklyn Ascending Owner LLC (“BAO”) on October 7, 2025.

After BAO and its affiliates have completed the new yard and transit improvements to be constructed by them at and in the vicinity of the site, BAO has the right from time to time until June 1, 2031, to close on the purchase of any or all of the six air rights sub-parcels. The purchase price for the six sub-parcels is an amount, when discounted at 6.5% per annum from the date of each applicable payment that equals a present value of \$80 as of January 1, 2010. The purchase price of any particular air space sub-paragraph is equal to a net present value as of January 1, 2010 (calculated based on each applicable payment) of the product of that sub-paragraph's percentage of the total gross square footage of permissible development on all six air space sub-parcels multiplied by \$80.

13. COMPENSATED ABSENCES

MTA provides employee benefits for vacation, compensatory time, sick, and other leave days. Certain leave that has not been used are recorded as compensated absences liabilities when the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means.

Short-term liability (see Current portion - compensated absences on the Consolidated Statement of Net Position) is recorded based on average usage or applicable leave expiration, while long-term liability is recorded for leave that accumulates and is carried forward to a future reporting period during which it may be used for time off or otherwise paid or settled at separation of service, or according to timing as provided for in the policy or collective bargaining agreement.

A summary of activity indicated as net increase or decrease in compensated absences liability for the three-month period ended March 31, 2026 and year ended December 31, 2025 is presented below (in thousands):

	March 31, 2026	December 31, 2025
Balance - beginning of year	\$ 1,600,154	\$ 1,284,862
Net adjustment	14,013	315,292
Balance - end of year	1,614,167	1,600,154
Less: current portion	787,681	781,387
Compensated absences liability - noncurrent	<u>\$ 826,486</u>	<u>\$ 818,766</u>

14. ESTIMATED LIABILITY ARISING FROM INJURIES TO PERSONS

A summary of activity in estimated liability as computed by actuaries arising from injuries to persons, including employees, and damage to third-party property for the period ended March 31, 2026 and year ended December 31, 2025 is presented below (in millions):

	March 31, 2026	December 31, 2025
Balance - beginning of year	\$ 7,282	\$ 6,826
Activity during the year:		
Current year claims and changes in estimates	241	1,454
Claims paid	(230)	(998)
Balance - end of year	7,293	7,282
Less: current portion	(902)	(922)
Long-term liability	<u>\$ 6,391</u>	<u>\$ 6,360</u>

See Note 2 for additional information on MTA's liability and property disclosures.

15. COMMITMENTS AND CONTINGENCIES

Financial Guarantee — *Moynihan Station Development Project* - On May 22, 2017, the MTA Board approved entering into various agreements, including a Joint Services Agreement ("JSA"), necessary to effectuate Phase 2 of the Moynihan Station Development Project (the "Project"), which entailed the redevelopment of the James A. Farley Post Office Building to include a new world-class train hall to be shared by National Railroad Passenger Corporation ("Amtrak"), MTA Long Island Rail Road and MTA Metro-North Railroad, as well as retail and commercial space (the "Retail and Commercial Space").

On July 21, 2017, New York State Urban Development Corporation d/b/a Empire State Development ("ESD") executed a TIFIA Loan Agreement with the United States Department of Transportation (the "TIFIA Lender") in an amount of up to \$526 (the "2017 TIFIA Loan"), to pay for costs of the construction of the Train Hall. The 2017 TIFIA Loan was amended

and restated on November 18, 2021 in an amount up to \$607 (the “2021 TIFIA Loan”), to lower the interest rate to 1.99% per annum and to provide additional capital financing for the train hall. The 2021 TIFIA Loan has a final maturity date of the earlier of (1) October 30, 2055 and (2) the last semi-annual payment date occurring no later than the date that is thirty-five (35) years following the date on which the train hall is substantially completed. The proceeds of the 2021 TIFIA Loan are being used to reimburse or pay for costs of the construction of the train hall. The 2021 TIFIA Loan is secured by mortgages on the train hall property. The principal and interest on the 2021 TIFIA Loan is payable from a pledged revenue stream that primarily consists of PILOT payments to be paid by certain tenants in the Retail and Commercial Space. The amount of the PILOT payments is fixed through June 2030 and is thereafter calculated based upon the assessed value of the properties as determined by New York City. The 2021 TIFIA Loan is further supported by a debt service reserve account, which is funded in an amount equal to the sum of the highest aggregate TIFIA Loan debt service amounts that will become due and payable on any two consecutive semi-annual payment dates in a five-year prospective period (the “TIFIA Debt Service Reserve Account”).

Simultaneously with the execution of the 2017 TIFIA Loan, the JSA was entered into by and among the MTA, the TIFIA Lender, ESD, and Manufacturers and Traders Trust Company (as PILOT trustee). MTA ratified and confirmed its obligations under the JSA in connection with the closing of 2021 TIFIA Loan.

Under the JSA, MTA is obligated to satisfy semi-annual deficiencies in the TIFIA Debt Service Reserve Account. MTA’s obligations under the JSA are secured by the same monies available to MTA for the payment of the operating and maintenance expenses of the operating agencies.

MTA’s obligation under the JSA remains in effect until the earliest to occur of (a) the MTA JSA Release Date (as defined in the JSA and generally summarized below), (b) the date on which the 2021 TIFIA Loan has been paid in full and (c) foreclosure by the TIFIA Lender under the Mortgage (as defined in the 2021 TIFIA Loan).

The obligations of the MTA under the JSA will be terminated and released on the date (the “MTA JSA Release Date”) on which each of the following conditions have been satisfied: (a) substantial completion of (1) the Train Hall Project and initiation by MTA Long Island Rail Road and Amtrak of transportation operations therein, and (2) the Retail and Commercial Space; (b) all material construction claims have been discharged or settled; (c) the PILOT payments have been calculated based upon assessed value for at least three years (i.e., 2033); (d) certain designated defaults or events of default under the 2021 TIFIA Loan have not occurred and are continuing; and (e) either of the following release tests shall have been satisfied:

- Release Test A: (a) certain debt service coverage ratios have equaled or exceeded levels set forth in the JSA, taking into consideration assessment appeals; (b) occupancy levels have equaled or exceeded levels set forth in the JSA; and (c) the 2021 TIFIA Loan is rated no lower than “BBB-” or “Baa3” by one rating agency, all as more fully described in the JSA; or
- Release Test B: the 2021 TIFIA Loan is rated no lower than “A-” or “A3” by two rating agencies, all as more fully described in the JSA. On the date the JSA was executed and delivered, MTA deposited \$20 into an account, which MTA invests, to be used in accordance with the JSA to reimburse MTA in the event it is obligated under the JSA to make semi-annual deficiency payments to the TIFIA Debt Service Reserve Account.

On June 12, 2017, the MTA entered into a Memorandum of Understanding with ESD and the New York State Division of the Budget (the “Division”). Under the Memorandum of Understanding, which was updated in November 2020 to reflect the 2021 TIFIA Loan, the Division agreed that in the event in any given year during the term of the JSA (i) the MTA is required to make a semi-annual deficiency payment to the TIFIA Debt Service Reserve Account, and (ii) the Division has determined that the MTA has incurred an expense that would otherwise have been incurred by the State of New York (the “State Expense”), the Division will consider entering into a cost recovery agreement with the MTA pursuant to subdivision 4 of Section 2975 of the Public Authorities Law (the “PAL”) for such year that will provide that in lieu of paying the full assessment pursuant to subdivisions 2 and 3 of Section 2975 of the PAL in any such year, any such assessment shall be reduced by the State Expense.

16. CERTAIN RISK DISCLOSURES

Operating and Capital Program Funding Risks - The MTA Group receives revenues for providing transit and commuter service and other sources such as leasing and advertising. Such revenues are not sufficient to cover all operating expenses associated with such services. In order to maintain a balanced budget, the members of the MTA Group rely on operating surpluses from MTA Bridges and Tunnel, operating subsidies provided by NYS and certain local governmental entities in the MTA commuter district and service reimbursements, and from the State of Connecticut. Non-operating subsidies to the MTA Group for transit and commuter service for the period ended March 31, 2026 and the year ended December 31, 2025 totaled \$849 million and \$11.1 billion respectively. The financial condition of NYS, Connecticut, and NYC and counties in the Metropolitan Commuter Transportation District (“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, the City to provide subsidies for MTA Bus, MTA Staten Island Railway, and Paratransit, and the State to continue to make special appropriations. A loss of revenue from NYS, NYC, CDOT and local governments could adversely affect the MTA.

Additionally, MTA's finances are influenced by federal public transportation provisions, funding levels and federal tax law. The receipt of capital grants by MTA from the Federal Transit Administration ("FTA") is not assured and is subject to approval by the FTA, the Secretary of Transportation and Office of Management and Budget, as well as appropriation by the U.S. Congress, to the allocation and delivery procedures of the U.S. Department of Transportation ("USDOT") and the FTA, and to compliance by MTA with conditions required by the grants. If federal funding for transit programs is reduced, whether as a result of sequestration or for other reasons, MTA's receipt of FTA grant funding, as well as MTA's substantial recurring revenue from the FTA, could be delayed, not approved or cancelled. Federal policies on transportation, taxation, and other topics can shift dramatically from one administration to another. Such shifts could result in reductions to levels of federal funding received by MTA and its Related Entities. For the period ended March 31, 2026 and the year ended December 31, 2025, revenues from Federal grants and reimbursements were \$308 million and \$5.9 billion respectively. A loss of revenue from the FTA and NYS could adversely affect the MTA Capital program.

Concentration of Workforce Covered by Collective Bargaining Agreement and Continuation of the Negotiation of Affordable Labor Contracts - The transportation services provided by the MTA Related Entities, as well as related maintenance and support services, are labor intensive. Consequently, a major portion of the Related Entities' expenses consists of the costs of salaries, wages and fringe benefits for employees and retirees, and achieving affordable wage settlements impacts MTA's financial position. MTA is committed to negotiating affordable collective bargaining agreements with its unions. Failure to reach agreements with labor unions, or failure to negotiate affordable labor contracts could have a significant adverse impact on the budgets of MTA and its Related Entities, and any potential labor disruption will decrease train services and disrupt the normal functioning of the railroad's operations.

17. POLLUTION REMEDIATION COST

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligatory event occurs. Pollution remediation obligations are estimates and subject to changes resulting from price increase or reductions, technology, or changes in applicable laws or regulations. The MTA does not expect any recoveries of cost that would have a material effect on the recorded obligations.

The MTA recognized pollution remediation expenses of \$3 and \$51 for the periods ended March 31, 2026 and 2025, respectively. A summary of the activity in pollution remediation liability at March 31, 2026 and December 31, 2025 were as follows:

	March 31, 2026	December 31, 2025
Balance at beginning of year	\$ 198	\$ 201
Current year expenses/changes in estimates	3	51
Current year payments	(1)	(54)
Balance at end of year	200	198
Less: current portion	30	30
Long-term liability	<u>\$ 170</u>	<u>\$ 168</u>

The MTA's pollution remediation liability primarily consists of future remediation activities associated with asbestos removal, lead abatement, ground water contamination, arsenic contamination and soil remediation.

18. NON-CURRENT LIABILITIES

Changes in the activity of non-current liabilities for the periods ended March 31, 2026 and December 31, 2025 are presented below:

	Balance December 31, 2024	Additions	Reductions	Balance December 31, 2025	Additions	Reductions	Balance March 31, 2026
Non-current liabilities:							
Contract retainage payable	\$ 500	\$ 87	\$ -	\$ 587	\$ 26	\$ -	\$ 613
Other long-term liabilities	267	24	-	291	-	(7)	284
Total non-current liabilities	<u>\$ 767</u>	<u>\$ 111</u>	<u>\$ -</u>	<u>\$ 878</u>	<u>\$ 26</u>	<u>\$ (7)</u>	<u>\$ 897</u>

19. FUEL HEDGE

MTA partially hedges its fuel cost exposure using financial hedges. All MTA fuel hedges provide for up to 24 monthly settlements. The table below summarizes twenty-four (24) active ultra-low sulfur diesel (“ULSD”) hedges in whole dollars:

Counterparty	Goldman Sachs	Cargill	Cargill	Cargill	Cargill	Cargill	Goldman Sachs	Goldman Sachs
Trade Date	4/29/2024	5/29/2024	6/27/2024	7/30/2024	8/28/2024	9/26/2024	10/31/2024	11/26/2024
Effective Date	4/1/2025	5/1/2025	6/1/2025	7/1/2025	8/1/2025	9/1/2025	10/1/2025	11/1/2025
Termination Date	3/31/2026	4/30/2026	5/31/2026	6/30/2026	7/31/2026	8/31/2026	9/30/2026	10/31/2026
Price/Gal	\$2.4632	\$2.4272	\$2.4759	\$2.3380	\$2.2900	\$2.2105	\$2.2460	\$2.1952
Original Notional Quantity	2,329,828	2,535,018	2,535,006	2,535,001	2,535,006	2,535,002	2,535,017	2,535,018

Counterparty	Goldman Sachs	Goldman Sachs	BOA Merrill	Cargill	Cargill	BOA Merrill	BOA Merrill	Cargill
Trade Date	12/23/2024	1/28/2025	2/24/2025	3/27/2025	4/29/2025	5/29/2025	6/25/2025	7/29/2025
Effective Date	12/1/2025	1/1/2026	2/1/2026	3/1/2026	4/1/2026	5/1/2026	6/1/2026	7/1/2026
Termination Date	11/30/2026	12/31/2026	1/31/2027	2/28/2027	3/31/2027	4/30/2027	5/31/2027	6/30/2027
Price/Gal	\$2.1568	\$2.2255	\$2.2142	\$2.1770	\$2.0747	\$2.0483	\$2.1496	\$2.2221
Original Notional Quantity	2,535,019	2,535,012	2,535,003	2,535,019	2,534,997	2,535,018	2,535,006	2,535,001

Counterparty	Goldman Sachs	BOA Merrill	Cargill	Cargill	Goldman Sachs	Cargill	Cargill	Cargill
Trade Date	8/28/2025	9/30/2025	10/29/2025	11/25/2025	12/30/2025	1/29/2026	2/26/2026	3/26/2026
Effective Date	8/1/2026	9/1/2026	10/1/2026	11/1/2026	12/1/2026	1/1/2027	2/1/2027	3/1/2027
Termination Date	7/31/2027	8/31/2027	9/30/2027	10/31/2027	11/30/2027	12/31/2027	1/31/2028	2/29/2028
Price/Gal	\$2.1690	\$2.1749	\$2.1909	\$2.1058	\$2.0798	\$2.2063	\$2.2929	\$2.6770
Original Notional Quantity	2,535,006	2,535,002	2,773,442	2,563,808	2,563,829	2,563,823	2,563,830	2,563,849

The monthly settlements are based on the daily prices of the respective commodities whereby MTA will either receive a payment, or make a payment to the various counterparties depending on the average monthly price of the commodities in relation to the contract prices. At a contract’s termination date, the MTA will take delivery of the fuel. As of March 31, 2026, the total outstanding notional value of the ULSD contracts was 47.4 million gallons with a positive fair value of \$37.6. The valuation of each trade was based on discounting future net cash flows to a single current amount (the income approach) using observable commodity futures prices (Level 2 inputs).

20. CONDENSED COMPONENT UNIT INFORMATION

The following tables present condensed financial information for MTA's component units (in millions).

		Metro - North Railroad	Long Island Railroad	New York City Transit Authority	Triborough Bridge and Tunnel Authority	Eliminations	Consolidated Total
March 31, 2026	MTA						
Current assets	\$ 15,133	\$ 303	\$ 314	\$ 794	\$ 3,841	\$ (17)	\$ 20,368
Capital assets	13,776	8,738	11,777	56,748	8,555	-	99,594
Other Assets	30,186	153	47	34	2,018	(28,616)	3,822
Intercompany receivables	(520)	285	270	3,938	13,683	(17,656)	-
Deferred outflows of resources	3,140	584	750	3,387	361	(60)	8,162
Total assets and deferred outflows of resources	\$ 61,715	\$ 10,063	\$ 13,158	\$ 64,901	\$ 28,458	\$ (46,349)	\$ 131,946
Current liabilities	\$ 3,431	\$ 325	\$ 347	\$ 2,322	\$ 2,484	\$ (53)	\$ 8,856
Non-current liabilities	26,514	2,441	3,548	22,883	29,810	(22)	85,174
Intercompany payables	16,335	153	52	567	485	(17,592)	-
Deferred inflows of resources	1,244	771	1,125	6,017	396	(1)	9,552
Total liabilities and deferred inflows of resources	\$ 47,524	\$ 3,690	\$ 5,072	\$ 31,789	\$ 33,175	\$ (17,668)	\$ 103,582
Net investment in capital assets	\$ (12,212)	\$ 8,522	\$ 11,703	\$ 56,189	\$ (17,549)	\$ (538)	\$ 46,115
Restricted	2,865	-	-	-	5,501	(510)	7,856
Unrestricted	23,538	(2,149)	(3,617)	(23,077)	7,331	(27,633)	(25,607)
Total net position	\$ 14,191	\$ 6,373	\$ 8,086	\$ 33,112	\$ (4,717)	\$ (28,681)	\$ 28,364
For the period ended March 31, 2026							
Fare revenue	\$ 43	\$ 152	\$ 162	\$ 897	\$ -	\$ -	\$ 1,254
Vehicle toll revenue	-	-	-	-	805	(3)	802
Rents, freight and other revenue	17	10	6	201	6	(11)	229
Total operating revenue	60	162	168	1,098	811	(14)	2,285
Total labor expenses	430	310	404	2,036	65	(1)	3,244
Total non-labor expenses	98	122	121	690	75	(13)	1,093
Depreciation and amortization	124	90	145	593	64	(1)	1,015
Total operating expenses	652	522	670	3,319	204	(15)	5,352
Operating (deficit) surplus	(592)	(360)	(502)	(2,221)	607	1	(3,067)
Subsidies and grants	123	-	-	94	2	(111)	108
Tax revenue	2,031	-	-	199	-	73	2,303
Interagency subsidy	361	206	316	151	-	(1,034)	-
Interest expense	(348)	(2)	(1)	(12)	(131)	-	(494)
Other	1,426	64	1	12	(188)	68	1,383
Total non-operating revenues (expenses)	3,593	268	316	444	(317)	(1,004)	3,300
Gain (Loss) before appropriations	3,001	(92)	(186)	(1,777)	290	(1,003)	233
Appropriations, grants and other receipts externally restricted for capital projects	(1,839)	165	226	542	229	970	293
Change in net position	1,162	73	40	(1,235)	519	(33)	526
Net position, beginning of period	13,029	6,300	8,046	34,347	(5,236)	(28,648)	27,838
Net position, end of period	\$ 14,191	\$ 6,373	\$ 8,086	\$ 33,112	\$ (4,717)	\$ (28,681)	\$ 28,364
For the period ended March 31, 2026							
Net cash (used by) / provided by operating activities	\$ (556)	\$ (163)	\$ (361)	\$ (1,399)	\$ 664	\$ (1)	\$ (1,816)
Net cash provided by / (used by) non-capital financing activities	2,064	266	316	949	811	(2,291)	2,115
Net cash (used by) / provided by capital and related financing activities	(2,401)	(101)	46	(193)	(104)	1,720	(1,033)
Net cash provided by / (used by) investing activities	769	-	-	722	(1,377)	572	686
Cash at beginning of period	1,526	19	5	16	24	-	1,590
Cash at end of period	\$ 1,402	\$ 21	\$ 6	\$ 95	\$ 18	\$ -	\$ 1,542

	Metro-North		Long Island		New York City Transit		Triborough Bridge and Tunnel		Consolidated
	MTA	Railroad	Railroad		Authority		Authority	Eliminations	Total
December 31, 2025									
Current assets	\$ 15,229	\$ 555	\$ 399	\$ 730	\$ 3,725	\$ (1,448)	\$ 19,190		
Capital assets	13,803	8,705	11,697	56,627	8,530	(50)	99,312		
Other Assets	30,878	56	49	37	2,254	(28,549)	4,725		
Intercompany receivables	737	168	209	4,564	11,880	(17,558)	-		
Deferred outflows of resources	2,145	583	751	3,387	422	(63)	7,225		
Total assets and deferred outflows of resources	\$ 62,792	\$ 10,067	\$ 13,105	\$ 65,345	\$ 26,811	\$ (47,668)	\$ 130,452		
Current liabilities	\$ 3,585	\$ 333	\$ 341	\$ 2,223	\$ 2,492	\$ (270)	\$ 8,704		
Non-current liabilities	26,968	2,494	3,548	22,756	28,640	(55)	84,351		
Intercompany payables	17,966	120	43	-	519	(18,648)	-		
Deferred inflows of resources	1,244	772	1,127	6,019	396	1	9,559		
Total liabilities and deferred inflows of resources	\$ 49,763	\$ 3,719	\$ 5,059	\$ 30,998	\$ 32,047	\$ (18,972)	\$ 102,614		
Net investment in capital assets	\$ (13,021)	\$ 8,482	\$ 11,622	\$ 56,064	\$ 1,948	\$ (18,948)	\$ 46,147		
Restricted	2,817	-	-	-	4,670	(803)	6,684		
Unrestricted	23,233	(2,134)	(3,576)	(21,717)	(11,854)	(8,945)	(24,993)		
Total net position	\$ 13,029	\$ 6,348	\$ 8,046	\$ 34,347	\$ (5,236)	\$ (28,696)	\$ 27,838		
For the period ended March 31, 2025									
Fare revenue	\$ 47	\$ 146	\$ 154	\$ 867	\$ -	\$ -	\$ 1,214		
Vehicle toll revenue	-	-	-	-	750	(2)	748		
Rents, freight and other revenue	17	11	7	203	8	(11)	235		
Total operating revenue	64	157	161	1,070	758	(13)	2,197		
Total labor expenses	\$ 360	\$ 295	\$ 376	\$ 1,900	\$ 64	\$ -	\$ 2,995		
Total non-labor expenses	111	112	126	634	91	(12)	1,062		
Depreciation and amortization	124	90	142	549	62	(1)	966		
Total operating expenses	595	497	644	3,083	217	(13)	5,023		
Operating (deficit) surplus	(531)	(340)	(483)	(2,013)	541	-	(2,826)		
Subsidies and grants	\$ 110	\$ -	\$ -	\$ 84	\$ 1	\$ (95)	\$ 100		
Tax revenue	1,363	-	-	139	-	176	1,678		
Interagency subsidy	312	226	174	74	-	(786)	-		
Interest expense	(344)	(2)	(1)	(27)	(129)	-	(503)		
Other	543	64	2	188	(313)	53	537		
Total non-operating revenues (expenses)	1,984	288	175	458	(441)	(652)	1,812		
Gain (Loss) before appropriations	1,453	(52)	(308)	(1,555)	100	(652)	(1,014)		
Appropriations, grants and other receipts externally restricted for capital projects	(730)	109	190	709	(269)	828	837		
Change in net position	723	57	(118)	(846)	(169)	176	(177)		
Net position, beginning of the period	8,589	5,500	7,517	30,779	(4,769)	(27,422)	20,194		
Net position, end of period	\$ 9,312	\$ 5,557	\$ 7,399	\$ 29,933	\$ (4,938)	\$ (27,246)	\$ 20,017		
For the period ended March 31, 2025									
Net cash (used in) / provided by operating activities	\$ 190	\$ (286)	\$ (267)	\$ (1,480)	\$ 504	\$ (399)	\$ (1,738)		
Net cash provided by / (used in) non-capital financing activities	1,376	291	259	1,788	1,436	(3,891)	1,259		
Net cash (used in) / provided by capital and related financing activities	(82)	(9)	18	(39)	352	2,971	3,211		
Net cash provided by / (used in) investing activities	(1,054)	-	-	(288)	(2,005)	1,319	(2,028)		
Cash at beginning of period	1,482	26	6	66	200	-	1,780		
Cash at end of period	\$ 1,912	\$ 22	\$ 16	\$ 47	\$ 487	\$ -	\$ 2,484		

21. SUBSEQUENT EVENTS

On April 1, 2026, MTA issued \$44.63 MTA Bridges and Tunnels Payroll Mobility Tax Bond, Series 2026A-2. Proceeds from the transaction were used to (i) refund Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2a-2, (ii) pay certain financing, legal and miscellaneous expenses. As part of this deal, the swap on Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2a-2 in notional amount of \$50 was re-allocated to Transportation Revenue Variable Rate Bonds, Subseries 2015E-1.

On April 1, 2026, MTA effected a mandatory tender and repaid \$50 of Transportation Revenue Variable Rate Bonds (Secured Overnight Financing Rate Tender Notes), Subseries 2012A-3.

On April 9, 2026, MTA amended its taxable revolving credit agreement with Wells Fargo Bank, National Association, to a \$500 credit agreement and extended it through April 9, 2029. On May 13, 2026, MTA amended it again to incorporate certain clarifying changes.

On April 15, 2026, MTA amended its taxable revolving credit agreement with JPMorgan Chase Bank, National Association, to a \$400 credit agreement and extended it through April 27, 2029.

On April 27, 2026, MTA entered into a \$200 taxable revolving credit agreement with The Bank of New York Mellon, which is active through April 26, 2029.

On April 28, 2026, MTA executed a 2,563,835 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.6963 (whole dollars) per gallon. The hedge covers the period from April 2027 through March 2028.

CRZ Tolling Program - Subsequent Developments - MTA and the MTA Bridges and Tunnels, have been joined by NYSDOT and NYCDOT, in the ongoing legal dispute with the U.S. Department of Transportation ("USDOT") regarding the federal government's attempt to terminate approval for the CRZ Tolling Program. After federal officials declared the program ineligible under the Value Pricing Pilot Program ("VPPP"), the MTA filed suit and continued toll collection. Multiple letters from federal officials ordered tolls to cease and threatened funding and project-approval consequences. The court issued a temporary restraining order and later a preliminary injunction blocking federal enforcement actions. In March 2026, the court granted summary judgment largely in the MTA's favor, vacating the federal termination letters, restoring the prior agreement and approvals, and ruling that the USDOT Secretary may only terminate the VPPP Agreement under its explicit terms. On May 4, 2026, USDOT filed a notice to appeal the March 2026 court decision. On June 17, 2026, USDOT filed its appellate brief with the Second Circuit Court of Appeals.

On May 13, 2026, MTA amended its taxable revolving credit agreement with Bank of America, National Association, to incorporate certain clarifying changes.

On May 13, 2026, Fitch upgraded the ratings on Barclays Bank PLC and U.S. Bank National Association to F1+ from F1, resulting in an upgrade of the short-term rating for certain TRB and TBTA variable-rate bonds.

On May 28, 2026, Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels) issued \$895.550 General Revenue Bonds, Series 2026A, consisting of General Revenue Bonds, Subseries 2026A-1 and General Revenue Refunding Bonds, Subseries 2026A-2. The proceeds of the Subseries 2026A-1 Bonds were used to (i) finance bridge and tunnel projects included in the MTA Bridges and Tunnels' approved capital programs, and (ii) pay certain financing, legal, and miscellaneous expenses associated with the Subseries 2026A-1 Bonds. The proceeds of the Subseries 2026A-2 Bonds were used to (i) refund certain outstanding General Revenue Bonds of MTA Bridges and Tunnels, including bonds issued as Build America Bonds and (ii) pay certain financing, legal, and miscellaneous expenses associated with the Subseries 2026A-2 Bonds.

On May 28, 2026, TBTA redeemed \$295.905 Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels) General Revenue Bonds, Series 2016A, and defeased \$21.82 Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels) General Revenue Bonds, Series 2016A, and defeased \$23.155 Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels) General Revenue Bonds, Series 2015A.

On June 29, 2026, Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels) refunded \$73.34 Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels) General Revenue Bonds, Series 2009B (Build America Bonds).

On May 28, 2026, MTA executed a 2,796,013 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.8228 (whole dollars) per gallon. The hedge covers the period from May 2027 through April 2028.

On June 3, 2026, Fitch downgraded the ratings on U.S. Bank National Association to F1 from F1+, resulting in a downgrade of the short-term rating for certain TBTA variable-rate bonds.

On June 25, 2026, MTA executed a 2,675,604 gallon ultra-low sulfur diesel fuel hedge at an all-in price of \$2.6620 (whole dollars) per gallon. The hedge covers the period from June 2027 through May 2028.

On July 9, 2026, MTA effectuated a mandatory tender and remarketed \$84.450 of Transportation Revenue Variable Rate Refunding Bonds, Subseries 2012G-1. The bonds will remain as Variable Interest rate Obligations in Daily Mode and will



be replaced withbacked by an irrevocable direct-pay letter of credit issued by TD Bank, N.A. with an expiration date of July 8, 2031.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

(\$ in thousands)		LIRR Additional Plan									
Plan Measurement Date (December 31):		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:											
Service cost	\$	71	\$ 81	\$ 146	\$ 260	\$ 453	\$ 621	\$ 1,057	\$ 1,874	\$ 2,752	\$ 3,441
Interest		73,782	77,391	81,371	83,489	86,918	93,413	97,611	101,477	104,093	106,987
Effect of economic / demographic (gains) or losses		2,053	3,362	(1,347)	3,729	10,428	13,455	213	1,890	15,801	6,735
Effect of assumption changes or inputs		-	-	-	26,300	-	50,191	-	-	-	-
Benefit payments and withdrawals		(133,794)	(138,824)	(143,764)	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Net change in total pension liability		(57,888)	(57,990)	(63,594)	(34,852)	(54,247)	426	(60,684)	(54,476)	(35,947)	(39,908)
Total pension liability—beginning		1,200,887	1,258,877	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251	1,602,159
Total pension liability—ending (a)		1,143,000	1,200,887	1,258,877	1,322,471	1,357,323	1,411,570	1,411,144	1,471,828	1,526,304	1,562,251
Plan fiduciary net position:											
Employer contributions		74,957	140,400	70,764	70,553	68,724	62,774	59,500	76,523	81,100	100,000
Nonemployer contributions		-	-	-	-	-	-	-	145,000	70,000	-
Member contributions		45	50	50	73	140	249	333	760	884	1,108
Net investment income		57,553	58,303	(51,214)	95,247	4,024	116,092	(31,098)	112,614	58,239	527
Benefit payments and withdrawals		(133,794)	(138,824)	(143,764)	(148,630)	(152,046)	(157,254)	(159,565)	(159,717)	(158,593)	(157,071)
Administrative expenses		(915)	(546)	(761)	(610)	(612)	(718)	(1,180)	(1,070)	(611)	(1,218)
Net change in plan fiduciary net position		(2,155)	59,383	(124,925)	16,633	(79,770)	21,143	(132,010)	174,110	51,019	(56,654)
Plan fiduciary net position—beginning		711,781	652,398	777,323	760,690	840,460	819,317	951,327	777,217	726,198	782,852
Plan fiduciary net position—ending (b)		709,626	711,781	652,398	777,323	760,690	840,460	819,317	951,327	777,217	726,198
Employer's net pension liability—ending (a)-(b)		\$ 433,374	\$ 489,106	\$ 606,479	\$ 545,148	\$ 596,633	\$ 571,110	\$ 591,827	\$ 520,501	\$ 749,087	\$ 836,053
Plan fiduciary net position as a percentage of the total pension liability											
		62.08%	59.27%	51.82%	58.78%	56.04%	59.54%	58.06%	64.64%	50.92%	46.48%
Covered payroll		\$ 1,802	\$ 1,972	\$ 2,043	\$ 3,230	\$ 5,174	\$ 7,236	\$ 13,076	\$ 20,500	\$ 29,312	\$ 39,697
Employer's net pension liability as a percentage of covered payroll		24049.61%	24802.54%	29685.71%	16877.65%	11531.37%	7892.62%	4526.06%	2539.03%	2555.56%	2106.09%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans											(continued)
MaBSTOA Plan											
Plan Measurement Date (December 31):	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Total pension liability:											
Service cost	\$ 101,919	\$ 99,603	\$ 95,859	\$ 93,934	\$ 95,514	\$ 89,814	\$ 86,979	\$ 84,394	\$ 82,075	\$ 77,045	
Interest	302,222	292,158	285,410	274,270	266,588	265,454	256,084	246,284	236,722	232,405	
Effect of plan changes	12,932	2,586	1,760	-	-	-	-	-	-	-	
Effect of economic / demographic (gains) or losses	67,495	30,977	(20,721)	(19,177)	(720)	9,011	5,412	11,826	13,784	(68,997)	
Effect of assumption changes or inputs	-	-	-	72,032	-	168,752	-	6,347	-	-	
Benefit payments and withdrawals	(279,205)	(266,622)	(257,973)	(245,427)	(237,930)	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)	
Net change in total pension liability	205,363	158,702	104,336	175,632	123,452	311,810	134,648	139,729	144,758	60,525	
Total pension liability—beginning	4,685,055	4,526,353	4,422,018	4,246,386	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989	3,331,464	
Total pension liability—ending (a)	4,890,418	4,685,055	4,526,353	4,422,018	4,246,386	4,122,934	3,811,124	3,676,476	3,536,747	3,391,989	
Plan fiduciary net position:											
Employer contributions	189,884	328,430	158,618	156,204	159,486	206,390	205,433	202,684	220,697	214,881	
Member contributions	28,506	25,389	25,548	24,935	24,709	23,552	21,955	19,713	18,472	16,321	
Net investment income	364,654	413,734	(273,627)	416,287	60,326	447,365	(87,952)	350,186	212,260	(24,163)	
Benefit payments and withdrawals	(279,205)	(266,622)	(257,973)	(245,427)	(237,930)	(221,221)	(213,827)	(209,122)	(187,823)	(179,928)	
Administrative expenses	(529)	(567)	(806)	(264)	(244)	(220)	(196)	(208)	(186)	(88)	
Net change in plan fiduciary net position	303,310	500,364	(348,240)	351,735	6,347	455,866	(74,587)	363,253	263,420	27,023	
Plan fiduciary net position—beginning	3,810,475	3,310,111	3,658,351	3,306,616	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316	2,265,293	
Plan fiduciary net position—ending (b)	4,113,785	3,810,475	3,310,111	3,658,351	3,306,616	3,300,268	2,844,402	2,918,989	2,555,736	2,292,316	
Employer's net pension liability—ending (a)-(b)	\$ 776,633	\$ 874,580	\$ 1,216,242	\$ 763,667	\$ 939,770	\$ 822,666	\$ 966,722	\$ 757,487	\$ 981,011	\$ 1,099,673	
Plan fiduciary net position as a percentage of the total pension liability	84.12%	81.33%	73.13%	82.73%	77.87%	80.05%	74.63%	79.40%	72.26%	67.58%	
Covered payroll	\$ 870,820	\$ 820,468	\$ 775,512	\$ 768,868	\$ 802,100	\$ 786,600	\$ 776,200	\$ 749,666	\$ 716,527	\$ 686,674	
Employer's net pension liability as a percentage of covered payroll	89.18%	106.60%	156.83%	99.32%	117.16%	104.59%	124.55%	101.04%	136.91%	160.14%	

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans

(continued)

Plan Measurement Date (December 31):	MNR Cash Balance Plan										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Total pension liability:											
Interest	\$ 10	\$ 12	\$ 10	\$ 11	\$ 14	\$ 18	\$ 20	\$ 21	\$ 24	\$ 29	
Effect of economic / demographic (gains) or losses	14	(19)	(6)	(11)	10	4	(11)	12	(15)	(10)	
Effect of assumption changes or inputs	-	-	(16)	15	11	-	-	-	-	18	
Benefit payments and withdrawals	(34)	(41)	(33)	(38)	(105)	(53)	(58)	(71)	(77)	(113)	
Net change in total pension liability	(10)	(48)	(45)	(23)	(70)	(31)	(49)	(38)	(68)	(76)	
Total pension liability—beginning	262	310	355	378	448	479	528	566	634	710	
Total pension liability—ending (a)	252	262	310	355	378	448	479	528	566	634	
Plan fiduciary net position:											
Employer contributions	22	13	4	-	9	-	5	-	23	18	
Net investment income	8	2	(43)	(5)	32	40	1	20	16	6	
Benefit payments and withdrawals	(34)	(41)	(33)	(38)	(105)	(53)	(58)	(71)	(77)	(113)	
Administrative expenses	-	-	-	-	3	(3)	-	-	-	3	
Net change in plan fiduciary net position	(4)	(26)	(72)	(43)	(61)	(16)	(52)	(51)	(38)	(86)	
Plan fiduciary net position—beginning	253	279	351	394	455	471	523	574	612	698	
Plan fiduciary net position—ending (b)	249	253	279	351	394	455	471	523	574	612	
Employer's net pension liability—ending (a)-(b)	\$ 3	\$ 9	\$ 31	\$ 4	\$ (16)	\$ (7)	\$ 8	\$ 5	\$ -8	\$ 22	
Plan fiduciary net position as a percentage of the total pension liability	98.76%	96.48%	90.00%	98.87%	104.23%	101.45%	98.33%	99.05%	101.41%	96.53%	
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 277	\$ 278	\$ 268	\$ 471	\$ 846	\$ 1,474	
Employer's net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	-5.78%	-2.52%	2.99%	1.06%	-0.95%	1.49%	

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net Pension Liability and Related Ratios for Single Employer Pension Plans (continued)

Plan Measurement Date (December 31):	MTA Defined Benefit Plan									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 242,996	\$ 230,704	\$ 220,423	\$ 213,675	\$ 213,494	\$ 173,095	\$ 162,273	\$ 148,051	\$ 138,215	\$ 124,354
Interest	541,037	515,016	485,878	455,230	427,672	387,193	358,118	335,679	308,009	288,820
Effect of economic / demographic (gains) or losses	85,003	23,934	95,172	20,656	92,019	35,935	75,744	(27,059)	86,809	121,556
Effect of assumption changes or inputs	-	5,490	-	113,662	-	690,958	-	10,731	-	(76,180)
Effect of plan changes	10,126	349	-	-	-	-	61,890	76,511	73,521	6,230
Benefit payments and withdrawals	(399,832)	(375,485)	(351,857)	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)
Net change in total pension liability	479,330	400,008	449,616	477,750	439,349	1,022,196	415,676	310,937	396,931	265,208
Total pension liability—beginning	8,277,409	7,877,401	7,427,785	6,950,035	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946	4,099,738
Total pension liability—ending (a)	8,756,739	8,277,409	7,877,401	7,427,785	6,950,035	6,510,686	5,488,490	5,072,814	4,761,877	4,364,946
Plan fiduciary net position:										
Employer contributions	355,279	831,320	400,648	396,144	394,986	344,714	338,967	321,861	280,768	221,694
Member contributions	43,752	38,304	34,471	33,832	32,006	31,504	29,902	31,027	29,392	34,519
Net investment income	633,816	695,942	(464,023)	639,374	99,045	651,919	(150,422)	516,153	247,708	(45,122)
Benefit payments and withdrawals	(399,832)	(375,485)	(351,857)	(325,473)	(293,836)	(264,985)	(242,349)	(232,976)	(209,623)	(199,572)
Administrative expenses	(4,801)	(4,660)	(4,334)	(3,513)	(3,660)	(3,408)	(3,152)	(4,502)	(3,051)	(1,962)
Net change in plan fiduciary net position	628,214	1,185,421	(385,095)	740,364	228,541	759,744	(27,054)	631,563	345,194	9,557
Plan fiduciary net position—beginning	6,553,455	5,368,034	5,753,129	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777	3,065,220
Plan fiduciary net position—ending (b)	7,181,669	6,553,455	5,368,034	5,753,129	5,012,765	4,784,224	4,024,480	4,051,534	3,419,971	3,074,777
Employer's net pension liability—ending (a)-(b)	\$ 1,575,070	\$ 1,723,954	\$ 2,509,367	\$ 1,674,656	\$ 1,937,270	\$ 1,726,462	\$ 1,464,010	\$ 1,021,280	\$ 1,341,906	\$ 1,290,169
Plan fiduciary net position as a percentage of the total pension liability	82.01%	79.17%	68.14%	77.45%	72.13%	73.48%	73.33%	79.87%	71.82%	70.44%
Covered payroll	\$ 2,383,299	\$ 2,347,700	\$ 2,111,293	\$ 2,028,938	\$ 2,050,970	\$ 2,052,657	\$ 2,030,695	\$ 1,857,026	\$ 1,784,369	\$ 1,773,274
Employer's net pension liability as a percentage of covered payroll	66.09%	73.43%	118.85%	82.54%	94.46%	84.11%	72.09%	55.00%	75.20%	72.76%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the MTA's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans

(\$ in thousands)

	NYCERS Plan									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date: June 30										
MTA's proportion of the net pension liability	22.750%	21.980%	22.075%	21.900%	22.218%	24.420%	24.493%	23.682%	24.096%	23.493%
MTA's proportionate share of the net pension liability	\$ 3,022,481	\$ 3,615,094	\$ 3,938,599	\$ 3,964,996	\$ 1,424,952	\$ 5,147,445	\$ 4,536,510	\$ 4,176,941	\$ 5,003,811	\$ 5,708,052
MTA's actual covered payroll*	\$ 3,643,489	\$ 3,470,339	\$ 3,411,116	\$ 3,479,187	\$ 3,571,746	\$ 3,514,665	\$ 3,385,743	\$ 3,216,837	\$ 3,154,673	\$ 3,064,007
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll	82.956%	104.171%	115.464%	113.963%	39.895%	146.456%	113.989%	129.846%	158.616%	186.294%
Plan fiduciary net position as a percentage of the total pension liability	87.659%	84.300%	82.200%	81.276%	77.000%	76.933%	78.836%	78.826%	74.805%	69.568%
	NYSLERS Plan									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date: March 31										
MTA's proportion of the net pension liability	0.480%	0.355%	0.299%	0.310%	0.314%	0.346%	0.345%	0.327%	0.311%	0.303%
MTA's proportionate share of the net pension liability	\$ 82,359	\$ 52,271	\$ 64,289	\$ (25,856)	\$ 313	\$ 91,524	\$ 24,472	\$ 10,553	\$ 29,239	\$ 48,557
MTA's actual covered payroll*	\$ 211,247	\$ 160,810	\$ 115,946	\$ 101,385	\$ 106,047	\$ 105,457	\$ 109,252	\$ 105,269	\$ 96,583	\$ 87,670
MTA's proportionate share of the net pension liability as a percentage of the MTA's covered payroll	38.987%	32.505%	55.447%	-25.503%	0.295%	86.788%	22.400%	10.025%	30.273%	55.386%
Plan fiduciary net position as a percentage of the total pension liability	93.080%	93.880%	90.780%	103.650%	99.950%	86.392%	96.267%	98.240%	94.703%	90.685%

Note: The data provided in this schedule is based on the measurement date used by NYCERS and NYSLERS for the net pension liability.

* MTA's actual covered payroll have been restated from 2021 to 2023 to represent the plan fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the MTA's Contributions for All Pension Plans for the Year Ended December 31,

(\$ in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
LIRR Additional Plan										
Actuarially Determined Contribution	\$ 77,067	\$ 69,737	\$ 72,666	\$ 70,764	\$ 70,553	\$ 68,723	\$ 62,774	\$ 59,196	\$ 76,523	\$ 83,183
Actual Employer Contribution	1,389	74,957	140,400	70,764	70,553	68,724	62,774	59,500	221,523	151,100
Contribution Deficiency (Excess)	\$ 75,678	\$ (5,220)	\$ (67,734)	\$ -	\$ -	\$ (1)	\$ -	\$ (304)	\$ (145,000)	\$ (67,917)
Covered Payroll	\$ 1,344	\$ 1,802	\$ 1,972	\$ 2,043	\$ 3,230	\$ 5,174	\$ 7,236	\$ 13,076	\$ 20,500	\$ 29,312
Contributions as a % of Covered Payroll	103.35%	4159.66%	7119.68%	3463.99%	2184.33%	1328.26%	867.54%	455.02%	1080.62%	515.49%
MaBSTOA Plan										
Actuarially Determined Contribution	\$ 199,134	\$ 183,779	\$ 170,033	\$ 158,618	\$ 156,204	\$ 159,486	\$ 209,314	\$ 202,509	\$ 202,924	\$ 220,697
Actual Employer Contribution	18,277	189,884	328,430	158,618	156,204	159,486	206,390	205,434	202,684	220,697
Contribution Deficiency (Excess)	\$ 180,857	\$ (6,105)	\$ (158,397)	\$ -	\$ -	\$ -	\$ 2,924	\$ (2,925)	\$ 240	\$ -
Covered Payroll	\$ 880,382	\$ 870,820	\$ 820,468	\$ 775,512	\$ 768,868	\$ 802,100	\$ 786,600	\$ 776,200	\$ 749,666	\$ 716,527
Contributions as a % of Covered Payroll	2.08%	21.81%	40.03%	20.45%	20.32%	19.88%	26.24%	26.47%	27.04%	30.80%
Metro-North Cash Balance Plan										
Actuarially Determined Contribution	\$ 17	\$ 22	\$ 13	\$ 4	\$ -	\$ -	\$ 8	\$ 5	\$ -	\$ 23
Actual Employer Contribution	17	22	13	4	-	-	-	5	-	23
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277	\$ 278	\$ 268	\$ 471	\$ 846
Contributions as a % of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.87%	0.00%	2.68%
MTA Defined Benefit Plan										
Actuarially Determined Contribution	\$ 460,734	\$ 434,841	\$ 416,538	\$ 404,245	\$ 392,547	\$ 392,921	\$ 349,928	\$ 331,566	\$ 316,916	\$ 290,415
Actual Employer Contribution	92,450	355,279	829,720	404,245	396,144	393,961	343,862	339,800	321,861	280,767
Contribution Deficiency (Excess)	\$ 368,284	\$ 79,562	\$ (413,182)	\$ -	\$ (3,597)	\$ (1,040)	\$ 6,066	\$ (8,234)	\$ (4,945)	\$ 9,648
Covered Payroll	\$ 2,534,745	\$ 2,381,497	\$ 2,347,700	\$ 2,111,293	\$ 2,028,938	\$ 2,050,970	\$ 2,052,657	\$ 2,030,695	\$ 1,857,026	\$ 1,784,369
Contributions as a % of Covered Payroll	3.65%	14.92%	35.34%	19.15%	19.52%	19.21%	16.75%	16.73%	17.33%	15.73%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the MTA's Contributions for All Pension Plans for the Year Ended December 31,

(continued)

(\$ in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NYCERS										
Actuarially Determined Contribution	\$ 899,500	\$ 785,121	\$ 763,929	\$ 797,299	\$ 842,269	\$ 882,690	\$ 952,616	\$ 807,097	\$ 800,863	\$ 797,845
Actual Employer Contribution	899,500	785,121	763,929	797,299	842,269	882,690	952,616	807,097	800,863	797,845
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,470,695	\$ 4,211,013	\$ 4,169,696	\$ 3,848,798	\$ 3,637,544	\$ 3,771,595	\$ 3,948,283	\$ 3,974,494	\$ 3,768,885	\$ 3,523,993
Contributions as a % of Covered Payroll	20.12%	18.64%	18.32%	20.72%	23.15%	23.40%	24.13%	20.31%	21.25%	22.64%
NYSLERS										
Actuarially Determined Contribution	\$ 31,480	\$ 22,194	\$ 14,125	\$ 16,284	\$ 16,284	\$ 14,533	\$ 14,851	\$ 14,501	\$ 13,969	\$ 12,980
Actual Employer Contribution	31,480	22,194	14,125	16,284	16,284	14,533	14,851	14,501	13,969	12,980
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 240,794	\$ 211,876	\$ 150,682	\$ 110,702	\$ 99,129	\$ 102,838	\$ 106,913	\$ 109,210	\$ 103,787	\$ 94,801
Contributions as a % of Covered Payroll	13.07%	10.47%	9.37%	14.71%	16.43%	14.13%	13.89%	13.28%	13.46%	13.69%

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	LIRR Additional Plan		
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Measurement Date:	December 31, 2024	December 31, 2023	December 31, 2022
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Period specified in current valuation report (closed 9-year period from January 1, 2024) with level dollar payments.	Period specified in current valuation report (closed 10-year period from January 1, 2023) with level dollar payments.	Period specified in current valuation report (closed 11-year period from January 1, 2022) with level dollar payments.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	3.00%	3.00%	3.00%
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses	6.50%, net of investment expenses
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Pre-retirement:	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for males and 100% for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	LIRR Additional Plan (continued)		
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Period specified in current valuation report (closed 12-year period from January 1, 2021) with level dollar payments.	Period specified in current valuation report (closed 13 year period beginning January 1, 2020) with level dollar payments.	Period specified in current valuation report (closed 14 year period beginning January 1, 2019) with level dollar payments.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	3.00%	3.00%	3.00%
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses.	6.50%, net of investment expenses.
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

LIRR Additional Plan (continued)				
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Period specified in current valuation report (closed 15 year period beginning January 1, 2018) with level dollar payments.	Period specified in current valuation report (closed 16 year period beginning January 1, 2017) with level dollar payments.	Period specified in current valuation report (closed 17 year period beginning January 1, 2016) with level dollar payments.	Period specified in current valuation report (closed 18 year period beginning January 1, 2015) with level dollar payments.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	3.00%	3.00%	3.00%	3.00%
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A

Inflation/Railroad Retirement Wage Base:	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MaBSTOA Plan		
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Measurement Date:	December 31, 2024	December 31, 2023	December 31, 2022
Actuarial cost method:	Frozen Initial Liability cost method	Frozen Initial Liability cost method	Frozen Initial Liability cost method
Amortization method:	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, 15 years for Fresh Start base as of January 1, 2020 and subsequent changes in actuarial assumptions and plan provisions. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, 15 years for Fresh Start base as of January 1, 2020, mortality change and recognition of Chapter 56 Laws of 2022. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses	6.50%, net of investment expenses
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Pre-retirement:	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 92% for males and 100% for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	Pri-2012 Disabled Annuitant mortality table for males and females.	Pri-2012 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.25%	2.25%	2.25%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

		MaBSTOA Plan (continued)		
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019	
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019	
Actuarial cost method:	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)	
Amortization method:	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	
Salary increases:	Reflecting general wage, merit and promotion increases for operating employees and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating employees and non-operating members. Varies by years of employment.	Reflecting general wage, merit, and promotion increases of 3.5% for operating employees and 4.0% for non-operating employees per year. Large increases are assumed in the first 5 years of a member's career.	
Actuarial assumptions:				
Discount Rate:	6.50%	6.50%	6.50%	
Investment rate of return:	6.50%, net of investment expenses.	6.50%, net of investment expenses.	6.50%, net of investment expenses.	
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	
Inflation/Railroad Retirement Wage Base:	2.25%	2.25%	2.25%	
Cost-of-Living Adjustments:	1.35% per annum	1.35% per annum	1.35% per annum	

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MaBSTOA Plan (continued)				
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method:	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, period specified in current valuation 30-year level dollar. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Varies by years of employment and employment type.	Varies by years of employment and employment type.	Varies by years of employment and employment type.	Varies by years of employment and employment type.
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%

**Cost-of-Living
Adjustments:**

1.375% per annum

1.375% per annum

1.375% per annum

1.375% per annum

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MNR Cash Balance Plan		
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Measurement Date:	December 31, 2024	December 31, 2023	December 31, 2022
Actuarial cost method:	Unit Credit	Unit Credit	Unit Credit
Amortization method:	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method:	Actuarial value equals fair value.	Actuarial value equals fair value.	Actuarial value equals fair value.
Salary increases:	N/A	N/A	N/A
Actuarial assumptions:			
Discount Rate:	4.00%	4.00%	4.00%
Investment rate of return:	4.00%, net of investment expenses	4.00%, net of investment expenses	4.00%, net of investment expenses
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.
Post-retirement Healthy Lives:	97% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 100% of the rates from the RP-2000 Healthy Annuitant mortality table for females, both projected on a generational basis using Scale AA.	97% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 100% of the rates from the RP-2000 Healthy Annuitant mortality table for females, both projected on a generational basis using Scale AA.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females, both projected on a generational basis using Scale AA.
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.37%	2.32%	2.40%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MNR Cash Balance Plan (continued)		
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost
Amortization method:	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method:	Actuarial value equals fair value.	Actuarial value equals fair value.	Actuarial value equals fair value.
Salary increases:	N/A	N/A	N/A
Actuarial assumptions:			
Discount Rate:	3.00%	3.00%	3.50%
Investment rate of return:	3.00%, net of investment expenses.	3.00%, net of investment expenses.	3.50%, net of investment expenses.
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on an experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on an experience study for all MTA plans.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females, both projected on a generational basis using Scale AA.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.25%	2.25%	2.25%
Cost-of-Living Adjustments:	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MNR Cash Balance Plan (continued)				
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost	Unit Credit Cost
Amortization method:	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method:	Actuarial value equals fair value.	Actuarial value equals fair value.	Actuarial value equals fair value.	Actuarial value equals fair value.
Salary increases:	N/A	N/A	N/A	N/A
Actuarial assumptions:				
Discount Rate:	4.00%	4.00%	4.00%	4.00%
Investment rate of return:	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.00%, net of investment expenses.	4.00%, net of investment expenses.
Mortality:	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2017 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2017 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA. Mortality assumption is based on a 2012 experience study for all MTA plans.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.30%	2.30%
Cost-of-Living Adjustments:	N/A	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MTA Defined Benefit Plan		
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Measurement Date:	December 31, 2024	December 31, 2023	December 31, 2022
Actuarial cost method:	Frozen Initial Liability cost method	Frozen Initial Liability cost method	Frozen Initial Liability cost method
Amortization method:	For FIL bases, 15 years remaining for Fresh start base, including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, 15 years remaining for Fresh start base, including vacation pay adjustment base as of January 1, 2022; 15 years for other changes in actuarial assumptions and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For FIL bases, 16 years remaining for Fresh start base, including vacation pay adjustment base as of January 1, 2022, 15 years for the mortality change and the period specified in current valuation report for specific plan change bases. All bases are determined on a closed basis. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.	Varies by years of employment, and employee group; 2.75% GWI increases for MTA Bus hourly employees.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return:	6.50%, net of investment expenses	6.50%, net of investment expenses	6.50%, net of investment expenses
Mortality:	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021
Pre-retirement:	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Active Members of Transit and TBTA Ordinary and Accidental Death (no projection scale is applied to the Accidental Death table).	Pri-2012 Employee mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Active Members of Transit and TBTA Ordinary and Accidental Death (no projection scale is applied to the Accidental Death table).	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Service Retirees for Housing Police and Transit Police.	Pri-2012 Retiree mortality table with blue collar adjustments multiplied by 97% for rail males, 92% for MTA Bus males and 100% for females. For Police, the Mortality Rates for NYC Service Retirees for Housing Police and Transit Police.	95% of the RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	MTA Defined Benefit Plan		
	January 1, 2024	January 1, 2023	January 1, 2022
Valuation Dates:	January 1, 2024	January 1, 2023	January 1, 2022
Post-retirement Disabled Lives:	PRI-2012 Disabled Annuitant mortality table for males and females. For Police, the Mortality Rates for NYC Disabled Retirees for Housing Police and Transit Police.	PRI-2012 Disabled Annuitant mortality table for males and females. For Police, the Mortality Rates for NYC Disabled Retirees for Housing Police and Transit Police.	RP-2014 Disabled Annuitant mortality table for males and females.
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MTA Defined Benefit Plan (continued)			
Valuation Dates:	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date:	December 31, 2021	December 31, 2020	December 31, 2019
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	For FIL bases, 18 years for Fresh start base as of January 1, 2020 and period specified in current valuation report for specific assumption and plan change bases. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For Frozen Initial Liability ("FIL") bases, 18 years for Fresh start base as of Jan 1, 2020 and period specified in current valuation report for specific plan change bases. Future gains/ losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary or service, of the projected population for each group and further weighted by total present value of benefits for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Varies by years of employment, and employee group; 2.75% general wage increases increases for TWU Local 100 MTA Bus hourly employees.	Varies by years of employment, and employee group. 2.75% general wage increases for TWU Local 100 MTA Bus hourly employees.	Varies by years of employment, and employee group. 2.75% general wage increases for TWU Local 100 MTA Bus hourly employees.
Actuarial assumptions:			
Discount Rate:	6.50%	6.50%	6.50%
Investment rate of return :	6.50%	6.50%	6.50%
Mortality:	Based on experience of all MTA sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the RP-2000 Healthy Annuitant mortality table for males with Blue Collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.
Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females	RP-2014 Disabled Annuitant mortality table for males and females
Inflation/Railroad Retirement Wage Base:	2.25%; 3.25%	2.25%; 3.25%	2.25%; 3.25%
Cost-of-Living Adjustments:	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.	60% of inflation assumption or 1.35%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

MTA Defined Benefit Plan (continued)				
Valuation Dates:	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Measurement Date:	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.	For Frozen Initial Liability ("FIL") bases, period specified in current valuation report. Future gains/ losses are amortized through the calculation of the normal cost in accordance with FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population for each group.
Asset Valuation Method:	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.	Actuarial value equals fair value less unrecognized gains/losses over a 5-year period. Gains/losses are based on fair value of assets.
Salary increases:	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.	Varies by years of employment, and employee group. 3.5% for MTA Bus hourly employees.
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%	7.00%	7.00%	7.00%
Mortality:	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.	Pre-retirement and post-retirement healthy annuitant rates are projected on a generational basis using Scale AA. As a general table, it reflects mortality improvements both before and after the measurement date.
Pre-retirement:	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.
Post-retirement Healthy Lives:	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.

Post-retirement Disabled Lives:	RP-2014 Disabled Annuitant mortality table for males and females	RP-2014 Disabled Annuitant mortality table for males and females	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively.	75% of the rates from the RP-2000 Healthy Annuitant mortality table for males and females. At age 85 and later for males and age 77 and later for females, the disability rates are set to the male and females healthy rates, respectively.
Inflation/Railroad Retirement Wage Base:	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%	2.50%; 3.50%
Cost-of-Living Adjustments:	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.	55% of inflation assumption or 1.375%, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYCERS Plan		
Valuation Dates:	June 30, 2024	June 30, 2023	June 30, 2022
Measurement Date:	June 30, 2025	June 30, 2024	June 30, 2023
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	N/A	N/A	N/A
Asset Valuation Method:	The Plan Fiduciary Net Positions are based on the Fair Values of Assets at the Measurement Dates with certain adjustments made to reflect the Actuary's understanding of the accruals within and the transfers between the QPP and the VSFs for NYCERS, POLICE, and FIRE.	The Plan Fiduciary Net Positions are based on the Fair Values of Assets at the Measurement Dates with certain adjustments made to reflect the Actuary's understanding of the accruals within and the transfers between the QPP and the VSFs for NYCERS, POLICE, and FIRE.	The Plan Fiduciary Net Positions are based on the fair values of Assets at the Measurement Dates with certain adjustments made to reflect the Actuary's understanding of the accruals within and the transfers between the QPP and the VSFs for NYCERS, POLICE, and FIRE.
Salary increases:	3% per annum.	3% per annum.	3% per annum.
Actuarial assumptions:			
Discount Rate:	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses	7.00%, net of investment expenses	7.00%, net of investment expenses
Mortality:	Tables adopted by the Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.	Tables adopted by the Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries.	Tables adopted by the Boards of Trustees during Fiscal Year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries to active ordinary death mortality rates and pre-commencement mortality rates for deferred vesteds.
Pre-retirement:	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYCERS Plan (continued)		
Valuation Dates:	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Date:	June 30, 2022	June 30, 2021	June 30, 2020
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.
Asset Valuation Method:	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.
Salary increases:	3% per annum.	3% per annum.	3% per annum.
Actuarial assumptions:			
Discount Rate:	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was prepared by Bolton, Inc. dated June 2019 analyzed the four-year and ten-year periods ended June 30, 2017.
Pre-retirement:	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

NYCERS Plan (continued)				
Valuation Dates:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Actuarial cost method:	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method:	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.	Increasing Dollar for Initial Unfunded; Level Dollar for Post 2010 Unfunded.
Asset Valuation Method:	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.	Modified six-year moving average of fair values with a fair value Restart as of June 30, 2011.
Salary increases:	3% per annum.	3% per annum.	3% per annum.	3% per annum.
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.	Mortality tables for service and disability pensioners were developed from an experience study of NYCERS's pensioners. The mortality tables for beneficiaries were developed from an experience review of NYCERS' beneficiaries. The most recently completed study was published by Gabriel Roeder & Company ("GRS"), dated October 2015, and analyzed experience for Fiscal Years 2010 through 2013.
Pre-retirement:	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.	1.5% per annum for Auto COLA and 2.5% per annum for Escalation.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYSLERS Plan		
Valuation Dates:	April 1, 2024	April 1, 2023	April 1, 2022
Measurement Date:	March 31, 2025	March 31, 2024	March 31, 2023
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
Amortization method:	N/A	N/A	N/A
Asset Valuation Method:	8-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	8-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	Market restart
Salary increases:	4.3% in ERS, 6.0% in PFRS	4.4% in ERS, 6.2% in PFRS	4.4% in ERS, 6.2% in PFRS
Actuarial assumptions:			
Discount Rate:	5.90%	5.90%	5.90%
Investment rate of return:	5.90%, net of investment expenses.	5.90%, net of investment expenses.	5.90%, net of investment expenses.
Mortality:	Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of actuaries's Scale MP-2021.	Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of actuaries's Scale MP-2021.	Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of actuaries's Scale MP-2021.
Pre-retirement:	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.90%	2.90%	2.70%
Cost-of-Living Adjustments:	1.5% per annum.	1.5% per annum.	1.4% per annum.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYSLERS Plan (continued)		
Valuation Dates:	April 1, 2021	April 1, 2020	April 1, 2019
Measurement Date:	March 31, 2022	March 31, 2021	March 31, 2020
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
Amortization method:	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.
Asset Valuation Method:	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Salary increases:	4.4% in ERS, 6.2% in PFRS	4.40% in ERS; 6.20% in PFRS	4.20% in ERS; 5.00% in PFRS
Actuarial assumptions:			
Discount Rate:	5.90%	5.90%	6.80%
Investment rate of return:	6.80%, net of investment expenses.	5.90%, net of investment expenses.	6.80%, net of investment expenses.
Mortality:	Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2015 through March 31, 2020 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.
Pre-retirement:	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.70%	2.70%	2.50%
Cost-of-Living Adjustments:	1.3% per annum.	1.4% per annum.	1.3% per annum.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions for All Pension Plans

	NYSLERS Plan (continued)			
Valuation Dates:	April 1, 2018	April 1, 2017	April 1, 2016	April 1, 2015
Measurement Date:	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Actuarial cost method:	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method	Aggregate Cost method
Amortization method:	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.	Evenly over the remaining working lifetimes of the active membership.
Asset Valuation Method:	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Salary increases:	3.80%	3.80%	3.80%	3.80%
Actuarial assumptions:				
Discount Rate:	7.00%	7.00%	7.00%	7.00%
Investment rate of return:	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.	7.00%, net of investment expenses.
Mortality:	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2015 experience study of the period April 1, 2010 through March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.	Annuitant mortality rates are based on NYSLERS's 2010 experience study of the period April 1, 2005 through March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.
Pre-retirement:	N/A	N/A	N/A	N/A
Post-retirement Healthy Lives:	N/A	N/A	N/A	N/A
Post-retirement Disabled Lives:	N/A	N/A	N/A	N/A
Inflation/Railroad Retirement Wage Base:	2.50%	2.50%	2.50%	2.50%
Cost-of-Living Adjustments:	1.3% per annum.	1.3% per annum.	1.3% per annum.	1.3% per annum.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of MTA's Contributions for All Pension Plans

(concluded)

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in Cost Sharing, Multiple-Employer pension plans, the NYCERS plan and the NYSLERS plan, are presented as notes to the schedule.

Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors:

Changes of Benefit Terms:

Refer to Note 5 Employee Benefits.

Changes of Assumptions:

There were no significant changes in the economic and demographic used in the June 30, 2024 valuation for the NYCERS plan.

There were no significant changes in the economic and demographic assumptions used in the April 1, 2024 valuation for the NYSLERS plan.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the MTA's Net OPEB Liability and Related Ratios and Notes to Schedule

(\$ in thousands)	2024	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date (December 31):								
Total OPEB liability:								
Service cost	\$ 1,016,084	\$ 991,091	\$ 1,240,342	\$ 1,250,950	\$ 1,097,051	\$ 928,573	\$ 1,002,930	\$ 884,548
Interest on total OPEB liability	722,115	855,614	530,983	535,642	610,160	840,532	734,968	731,405
Effect of plan changes	291,217	74,166	-	-	-	-	1,580	27,785
Effect of economic/demographic (gains) or losses	51,425	(3,036,310)	14,299	292,154	(43,890)	247,871	(19,401)	13,605
Effect of assumption changes or inputs	(1,732,215)	1,154,349	(3,449,438)	(738,829)	1,939,528	311,286	(1,800,135)	911,465
Benefit payments	(944,296)	(882,260)	(846,299)	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Net change in total OPEB liability	(595,670)	(843,350)	(2,510,113)	546,933	2,878,108	1,597,585	(771,180)	1,917,814
Total OPEB liability—beginning	21,603,051	22,446,401	24,956,514	24,409,581	21,531,473	19,933,888	20,705,068	18,787,254
Total OPEB liability—ending (a)	21,007,381	21,603,051	22,446,401	24,956,514	24,409,581	21,531,473	19,933,888	20,705,068
Plan fiduciary net position:								
Employer contributions	944,296	2,201,541	846,299	792,984	387,371	730,677	691,122	650,994
Net investment income	58,822	43,031	11,828	-	(77,118)	63,647	(18,916)	47,370
Benefit payments	(944,296)	(882,260)	(846,299)	(792,984)	(724,741)	(730,677)	(691,122)	(650,994)
Administrative expenses	(145)	(143)	(176)	(46)	(209)	(200)	(56)	-
Net change in plan fiduciary net position	58,677	1,362,169	11,652	(46)	(414,697)	63,447	(18,972)	47,370
Plan fiduciary net position—beginning	1,373,905	11,736	84	130	414,827	351,380	370,352	322,982
Plan fiduciary net position—ending (b)	1,432,582	1,373,905	11,736	84	130	414,827	351,380	370,352
Net OPEB liability—ending (a)-(b)	\$ 19,574,799	\$ 20,229,146	\$ 22,434,665	\$ 24,956,430	\$ 24,409,451	\$ 21,116,646	\$ 19,582,508	\$ 20,334,716
Plan fiduciary net position as a percentage of the total OPEB liability	6.82%	6.36%	0.05%	0.00%	0.00%	1.93%	1.76%	1.79%
Covered payroll	\$ 7,677,009	\$ 7,490,519	\$ 6,848,347	\$ 6,537,709	\$ 6,716,423	\$ 6,901,690	\$ 6,903,700	\$ 5,394,332
Net OPEB liability as a percentage of covered payroll	254.98%	270.06%	327.59%	381.73%	363.43%	305.96%	283.65%	376.96%

Notes to Schedule:

Changes of benefit terms:

In the July 1, 2023 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions:

In the July 1, 2023 actuarial valuation, there were updates to various healthcare assumptions including the per capita claim costs assumption and healthcare trend assumptions.

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the MTA's Contributions to the OPEB Plan for the years ended December 31:

(\$ in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual Employer Contribution (1)	\$ 942,439	\$ 944,296	\$ 2,201,541	\$ 846,299	\$ 813,195	\$ 391,529	\$ 737,297	\$ 691,122	\$ 650,994
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Payroll	\$ 8,127,961	\$ 7,677,009	\$ 7,490,519	\$ 6,848,347	\$ 6,537,709	\$ 6,716,423	\$ 6,901,690	\$ 6,903,700	\$ 5,394,200
Actual Contribution as a Percentage of Covered Payroll	11.60%	12.30%	29.39%	12.36%	12.44%	5.83%	10.68%	10.01%	12.07%

(1) Actual employer contribution includes the implicit rate of subsidy adjustment of \$66,606 and \$62,445 for the years ended December 31, 2024 and 2023, respectively.

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedule of the MTA's Contributions to the OPEB Plan:

Valuation date	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021
Measurement date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Discount rate	4.08%, net of expenses	3.26%, net of expenses	3.72%, net of expenses	2.06%, net of expenses
Inflation	2.30%	2.31%	2.33%	2.30%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%	4.25%	4.25%
Investment rate of return	4.25%	4.25%	3.72%	2.06%
Salary increases	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.
Valuation date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Measurement date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Discount rate	2.12%, net of expenses	2.74%, net of expenses	4.10%, net of expenses	3.44%, net of expenses
Inflation	2.25%	2.25%	2.50%	2.50%
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.50%	4.50%	4.50%
Investment rate of return	2.12%	5.75%	6.50%	6.50%
Salary increases	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.	3%. Varies by years of service and differs for members of the various pension plans.

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

(A Component Unit of the State of New York)
SUPPLEMENTARY INFORMATION
Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2025

(\$ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ASSETS:					
Cash	\$ 11,216	\$ 839	\$ 6,188	\$ -	\$ 18,243
Receivables:					
Employee loans	-	-	31,065	-	31,065
Participant and union contributions	-	2	279	-	281
Investment securities sold	-	122	5,229	-	5,351
Accrued interest and dividends	10,808	808	5,530	22,552	39,698
Other receivables	9,244	514	-	-	9,758
Total receivables	20,052	1,446	42,103	22,552	86,153
Investments at fair value/NAV:					
Equity securities	3,484,898	260,595	2,057,346	-	5,802,839
Fixed income securities	2,285,244	170,887	1,169,460	1,494,659	5,120,250
Other Alternative investments*	2,061,994	228,503	1,153,070	-	3,443,567
Total Investments at fair value/NAV	7,832,136	659,985	4,379,876	1,494,659	14,366,656
Total assets	\$ 7,863,404	\$ 662,270	\$ 4,428,167	\$ 1,517,211	\$ 14,471,052
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 7,198	\$ 354	\$ 2,415	\$ -	\$ 9,967
Payable for investment securities purchased	9,359	700	9,704	-	19,763
Accrued benefits payable	-	-	17	248	265
Accrued postretirement death benefits (PRDB) payable	-	-	6,051	-	6,051
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	167	-	167
Other liabilities	6,844	512	-	-	7,356
Total liabilities	23,401	1,566	18,354	248	43,569
NET POSITION:					
Restricted for pensions	7,840,003	660,704	4,409,813	-	12,910,520
Restricted for postemployment benefits other than pensions	-	-	-	1,516,963	1,516,963
Total net position	7,840,003	660,704	4,409,813	1,516,963	14,427,483
Total liabilities and net position	\$ 7,863,404	\$ 662,270	\$ 4,428,167	\$ 1,517,211	\$ 14,471,052

*Other Alternative investments include Opportunistic, Real estate, Absolute return, Private equity and Short-term investment.

See Independent Auditor's Review Report.

(A Component Unit of the State of New York)
SUPPLEMENTARY INFORMATION
Pension And Other Employee Benefit Trust Funds
Combining Statement of Fiduciary Net Position as of December 31, 2024

(\$ in thousands)	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefits Plan	Total
ASSETS:					
Cash	\$ 344	\$ 31	\$ 3,579	\$ -	\$ 3,954
Receivables:					
Employee loans	-	-	30,500	-	30,500
Participant and union contributions	-	(4)	415	-	411
Investment securities sold	-	217	2,502	-	2,719
Accrued interest and dividends	10,800	960	5,361	12,262	29,383
Other receivables	4,232	66	-	-	4,298
Total receivables	15,032	1,239	38,778	12,262	67,311
Investments at fair value/NAV:					
Equity securities	3,405,531	302,598	1,941,601	-	5,649,730
Fixed income securities	1,880,732	167,112	1,028,649	1,420,535	4,497,028
Other Alternative investments*	1,898,348	240,398	1,118,717	-	3,257,463
Total Investments at fair value/NAV	7,184,611	710,108	4,088,967	1,420,535	13,404,221
Total assets	\$ 7,199,987	\$ 711,378	\$ 4,131,324	\$ 1,432,797	\$ 13,475,486
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 6,435	\$ 696	\$ 2,144	\$ -	\$ 9,275
Payable for investment securities purchased	11,512	1,023	8,098	-	20,633
Accrued benefits payable	-	-	21	215	236
Accrued postretirement death benefits (PRDB) payable	-	-	5,728	-	5,728
Accrued 55/25 Additional Members Contribution (AMC) payable	-	-	1,098	-	1,098
Other liabilities	371	33	450	-	854
Total liabilities	18,318	1,752	17,539	215	37,824
NET POSITION:					
Restricted for pensions	7,181,669	709,626	4,113,785	-	12,005,080
Restricted for postemployment benefits other than pensions	-	-	-	1,432,582	1,432,582
Total net position	7,181,669	709,626	4,113,785	1,432,582	13,437,662
Total liabilities and net position	\$ 7,199,987	\$ 711,378	\$ 4,131,324	\$ 1,432,797	\$ 13,475,486

See Independent Auditor's Review Report.

(A Component Unit of the State of New York)
SUPPLEMENTARY INFORMATION
Pension And Other Employee Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2025

	Pension Funds		Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefit Plan
(\$ in thousands)				Total
ADDITIONS:				
Contributions:				
Employer contributions	\$ 92,450	\$ 1,389	\$ 18,277	\$ 990,705
Implicit rate subsidy contribution	-	-	-	63,850
Participant rollovers	3,878	-	-	-
Member contributions	42,880	32	34,242	-
Total contributions	139,208	1,421	52,519	942,439
Investment income:				
Net appreciation / depreciation in fair value of investments	869,753	71,779	488,663	31,909
Dividend income	67,202	5,511	39,688	-
Interest income	63,778	5,169	35,606	53,530
Less:				
Investment expenses	45,713	3,297	26,098	886
Investment income, net	955,020	79,162	537,859	84,553
Total additions	1,094,228	80,583	590,378	1,026,992
DEDUCTIONS:				
Benefit payments and withdrawals	430,246	128,790	293,753	878,589
Implicit rate subsidy payments	-	-	-	63,850
Transfer to other plans	467	-	-	-
Administrative expenses	5,181	715	597	172
Total deductions	435,894	129,505	294,350	942,611
Net increase / (decrease) in fiduciary net position	658,334	(48,922)	296,028	84,381
NET POSITION:				
Restricted for Benefits:				
Beginning of year	7,181,669	709,626	4,113,785	1,432,582
End of year	\$ 7,840,003	\$ 660,704	\$ 4,409,813	\$ 1,516,963
				\$ 14,427,483

See Independent Auditor's Review Report.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

Pension And Other Employee Benefit Trust Funds

Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2024

	Pension Funds			Other Employee Benefit Trust Fund	
	Defined Benefit Pension Plan	LIRR Additional Plan	MaBSTOA Plan	Other Post-employment Benefit Plan	Total
(\$ in thousands)					
ADDITIONS:					
Contributions:					
Employer contributions	\$ 355,279	\$ 74,956	\$ 189,884	\$ 877,690	\$ 1,497,809
Implicit rate subsidy contribution	-	-	-	66,606	66,606
Participant rollovers	4,216	-	-	-	4,216
Member contributions	39,536	45	28,506	-	68,087
Total contributions	399,031	75,001	218,390	944,296	1,636,718
Investment income:					
Net appreciation / depreciation in fair value of investments	555,464	50,777	318,669	12,118	937,028
Dividend income	65,346	6,074	39,686	-	111,106
Interest income	57,241	5,230	32,818	47,541	142,830
Less:					
Investment expenses	44,234	4,528	26,520	837	76,119
Investment income, net	633,817	57,553	364,653	58,822	1,114,845
Total additions	1,032,848	132,554	583,043	1,003,118	2,751,563
DEDUCTIONS:					
Benefit payments and withdrawals	398,888	133,794	279,205	877,690	1,689,577
Implicit rate subsidy payments	-	-	-	66,606	66,606
Transfer to other plans	944	-	-	-	944
Administrative expenses	4,801	915	529	144	6,389
Total deductions	404,633	134,709	279,734	944,440	1,763,516
Net increase / (decrease) in fiduciary net position	628,215	(2,155)	303,309	58,678	988,047
NET POSITION:					
Restricted for Benefits:					
Beginning of year	6,553,454	711,781	3,810,476	1,373,904	12,449,615
End of year	\$ 7,181,669	\$ 709,626	\$ 4,113,785	\$ 1,432,582	\$ 13,437,662

See Independent Auditor's Review Report.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2026

(\$ in millions)

Category	Financial Plan Actual	Statement GAAP Actual	Variance
REVENUE:			
Farebox revenue	\$ 1,277	\$ 1,254	\$ (23)
Vehicle toll revenue	630	802	172
Other operating revenue	269	229	(40)
Total revenue	2,176	2,285	109
OPERATING EXPENSES:			
Labor:			
Payroll	1,833	1,601	(232)
Overtime	295	333	38
Health and welfare	526	490	(36)
Pensions	448	434	(14)
Other fringe benefits	373	303	(70)
Postemployment benefits	243	215	(28)
Reimbursable overhead	1	(132)	(133)
Total labor expenses	3,719	3,244	(475)
Non-labor:			
Electric power	164	190	26
Fuel	63	60	(3)
Insurance	7	19	12
Claims	110	96	(14)
Paratransit service contracts	198	178	(20)
Maintenance and other operating contracts	271	229	(42)
Professional service contract	219	124	(95)
Pollution remediation project costs	2	3	1
Materials and supplies	223	172	(51)
Other business expenses	80	22	(58)
Total non-labor expenses	1,337	1,093	(244)
Depreciation and amortization	980	1,015	35
Other Expenses Adjustment	(2)	-	2
Total operating expenses	6,034	5,352	(682)
NET OPERATING LOSS	\$ (3,858)	\$ (3,067)	\$ 791

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

SCHEDULE OF CONSOLIDATED SUBSIDY ACCRUAL RECONCILIATION BETWEEN FINANCIAL PLAN AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2026

(\$ in millions)

	Financial Plan Actual	Financial Statement GAAP Actual	Variance	
Accrued Subsidies				
Mass transit trust fund subsidies	\$ 152	\$ 136	-\$16	{1}
Mortgage recording tax 1 and 2	117	114	(3)	{1}
MRT transfer	-	(1)	(1)	{1}
Urban tax	118	190	72	{1}
State and local operating assistance	7	7	0	{1}
Station maintenance	53	55	2	{1}
Connecticut Department of Transportation (CDOT)	72	67	(5)	{1}
Subsidy from New York City for MTA Bus and SIRTOA	239	145	(94)	{1}
Build American Bonds Subsidy	-	2	2	{1}
Mobility tax	1,620	1,674	54	{1}
Assistance Fund (For hire vehicle)	88	99	11	{1}
Real Property Transfer Tax Surcharge (Mansion Tax)	84	106	22	{1}
Internet Marketplace Tax	84	83	(1)	{1}
Transfer to Central Business District Capital Lockbox	(736)	-	736	{1}
Other non-operating income	1,032	117	(915)	{2}
Total accrued subsidies	2,930	2,794	(136)	
Net operating deficit before subsidies and debt service	(3,858)	(3,067)	791	
Debt Service	(766)	(494)	272	
Conversion to Cash basis: Depreciation	980	-	(980)	
Conversion to Cash basis: Pollution & Remediation	2	-	(2)	
Conversion to Cash basis: GASB Lease Adjustment	5	-	(5)	
Total net operating surplus/(deficit) before appropriations, grants and other receipts restricted for capital projects	\$ (707)	\$ (767)	\$ (60)	

{1} The Financial Plan records on a cash basis while the Financial Statement records on an accrual basis.

{2} The Financial Plan records do not include other non-operating income or changes in fair value.

{3} Timing of receipt in the Financial Plan.

(A Component Unit of the State of New York)

SUPPLEMENTARY INFORMATION

SCHEDULE OF FINANCIAL PLAN TO FINANCIAL STATEMENTS RECONCILIATION

RECONCILING ITEMS

FOR THE PERIOD ENDED MARCH 31, 2026

(\$ in millions)

Financial Plan Actual Operating Loss at March 31, 2026	\$ (3,858)
The Financial Plan Actual Includes:	
1 Lower Other operating revenue	109
2 Higher labor expense primarily from higher payroll expense projections	475
3 Higher non-labor expense primarily from higher professional service contract expense	244
4 Other expense adjustments	(37)
Total operating reconciling items	<u>791</u>
Financial Statements Operating Loss at March 31, 2026	<u>\$ (3,067)</u>
Financial Plan Deficit after Subsidies and Debt Service	\$ (707)
The Audited Financial Statements Includes:	
1 Debt service bond principal payments	272
2 Adjustments for non-cash liabilities:	
Depreciation	(980)
Other non-cash liability adjustment	<u>(7)</u>
	(987)
The Financial Statement includes:	
3 Lower subsidies and other non-operating revenues and expenses	(136)
4 Total operating reconciling items (from above)	<u>791</u>
Financial Statement Loss Before Capital Appropriations	<u>\$ (767)</u>

	Quarterly March 31, 2025		ACFR December 31, 2025		December 31, 2024	
	e n d i n g _ balance	Rounded in _ millions	e n d i n g _ balance	Rounded in _ millions	e n d i n g _ balance	Rounded in _ millions
CONSOLIDATED STATEMENTS OF NET POSITION	2,999,999.31	247,376.00	(138,998.16)	260,904.00	(82,914.28)	240,466.00
ASSETS:		115,409.00		123,227.00		111,890.00
DEFERRED OUTFLOWS OF RESOURCES:		8,279.00		7,225.00		8,343.00
LIABILITIES:		94,692.00		93,055.00		91,056.00
CURRENT LIABILITIES:		8,905.00		8,704.00		8,060.00
NON-CURRENT LIABILITIES:		85,787.00		84,351.00		82,996.00
Net pension liability		6,755.00		5,890.00		6,755.00
Estimated liability arising from injuries to persons		5,809.00		6,360.00		5,789.00
Net OPEB liability		20,229.00		19,575.00		20,229.00
Loan payable		50.00		42.00		51.00
Long-term debt		49,963.00		49,336.00		47,232.00
Lease payable		879.00		860.00		868.00
Subscription-Based Information Technology Arrangements		107.00		76.00		118.00
Financed purchase		186.00		250.00		183.00
Compensated absences		757.00		819.00		749.00
Pollution remediation projects		165.00		168.00		166.00
Contract retainage payable		523.00		587.00		500.00
Derivative liabilities		97.00		97.00		89.00
Other long-term liabilities		267.00		291.00		267.00
DEFERRED INFLOWS OF RESOURCES:		8,979.00		9,559.00		8,983.00
NET POSITION:		20,017.00		27,838.00		20,194.00
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		46,063.00		96,743.00		72,105.00
OPERATING REVENUES:		2,197.00		9,544.00		8,508.00
Fare revenue		1,214.00		5,207.00		4,996.00
Vehicle toll revenue		748.00		3,257.00		2,564.00
Rents, freight, and other revenue		235.00		1,080.00		948.00
OPERATING EXPENSES:		5,023.00		21,199.00		20,935.00
Salaries and wages		1,822.00		7,594.00		7,273.00
Salaries and wages excluding overtimes		1,538.00		6,442.00		6,162.00
Overtimes		284.00		1,152.00		1,111.00
Retirement and other employee benefits		963.00		3,359.00		3,359.00
Health and welfare		442.00		1,840.00		1,663.00
Pensions		381.00		1,200.00		1,394.00
Other fringe benefits		290.00		1,020.00		971.00
Reimbursable overhead		(150.00)		(701.00)		(669.00)
Postemployment benefits other than pensions		210.00		1,121.00		1,305.00
Electric power		150.00		634.00		531.00
Fuel		58.00		206.00		205.00
Insurance	1,014,883.79	1.00	627,299.20	1.00	7,845,876.46	8.00
Claims		99.00		1,029.00		1,160.00
Paratransit service contracts		168.00		717.00		617.00
Maintenance and other operating contracts		218.00		915.00		909.00
Professional service contracts		110.00		602.00		602.00
Pollution remediation projects	646,953.11	1.00		18.00		52.00
Materials and supplies		173.00		694.00		646.00
Depreciation and amortization		966.00		4,016.00		3,951.00
Other		84.00		293.00		317.00
OPERATING INCOME (LOSS)		(2,826.00)		(11,655.00)		(12,427.00)
NON-OPERATING REVENUES (EXPENSES):		1,812.00		14,335.00		11,380.00
Grants, appropriations and taxes:		1,778.00		11,067.00		9,660.00
Tax-supported subsidies — NYS:		1,343.00		8,804.00		7,770.00
Mass Transportation Trust Fund subsidies		153.00		587.00		599.00
Metropolitan Mass Transportation Operating Assistance subsidies	-	-		3,151.00		3,000.00
Payroll Mobility Tax subsidies		1,039.00		4,258.00		3,375.00
MTA Aid Trust Account subsidies		67.00		469.00		463.00
Internet sales tax subsidies		84.00		339.00		333.00
Tax-supported subsidies — NYC and Local:		335.00		1,347.00		1,066.00

DRAFT

	Quarterly		ACFR		December 31, 2024	
	March 31, 2025		December 31, 2025			
	e n d i n g _ balance	Rounded in _ millions	e n d i n g _ balance	Rounded in _ millions	e n d i n g _ balance	Rounded in _ millions
Mortgage Recording Tax subsidies		104.00		440.00		352.00
Urban Tax subsidies		124.00		490.00		387.00
Real Estate Transfer Tax		107.00		417.00		327.00
Other subsidies:		100.00		916.00		824.00
Operating Assistance - 18-B program		5.00		406.00		376.00
Build America Bond subsidy	(957,366.21)	1.00		56.00		75.00
New York City Assistance Fund		94.00		454.00		373.00
Connecticut Department of Transportation		58.00		238.00		260.00
Subsidies paid to Dutchess, Orange, and Rockland Counties	1,250,000.01	(1.00)		(14.00)		(12.00)
Interest on long-term debt and leases		(503.00)		(1,965.00)		(1,950.00)
Station maintenance, operation and use assessments		51.00		226.00		211.00
Operating subsidies recoverable from NYC		140.00		583.00		573.00
Federal Transit Administration reimbursement		181.00		3,060.00		2,309.00
Commercial gaming license fee	-	-		500.00	-	-
Investment income and other net non-operating revenues		108.00		640.00		329.00
GAIN / (LOSS) BEFORE APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS		(1,014.00)		2,680.00		(1,047.00)
APPROPRIATIONS, GRANTS AND OTHER RECEIPTS EXTERNALLY RESTRICTED FOR CAPITAL PROJECTS		837.00		4,964.00		4,368.00
CHANGE IN NET POSITION		(177.00)		7,644.00		3,321.00
NET POSITION— Beginning		20,194.00		20,194.00		16,873.00
NET POSITION — End		20,017.00		27,838.00		20,194.00
Cross check	-	-	0.14	(0.14)	-	(1.00)

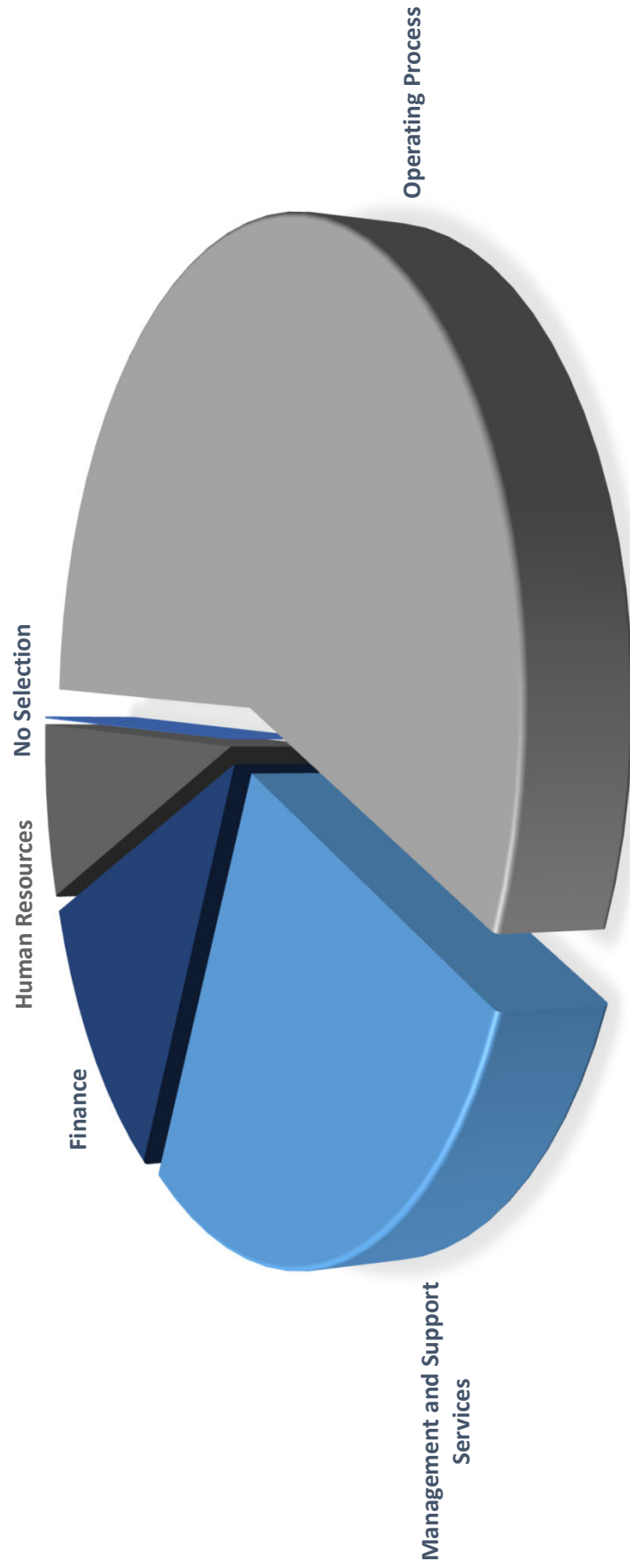


MTA CORPORATE COMPLIANCE

Enterprise Risk Management Status Report

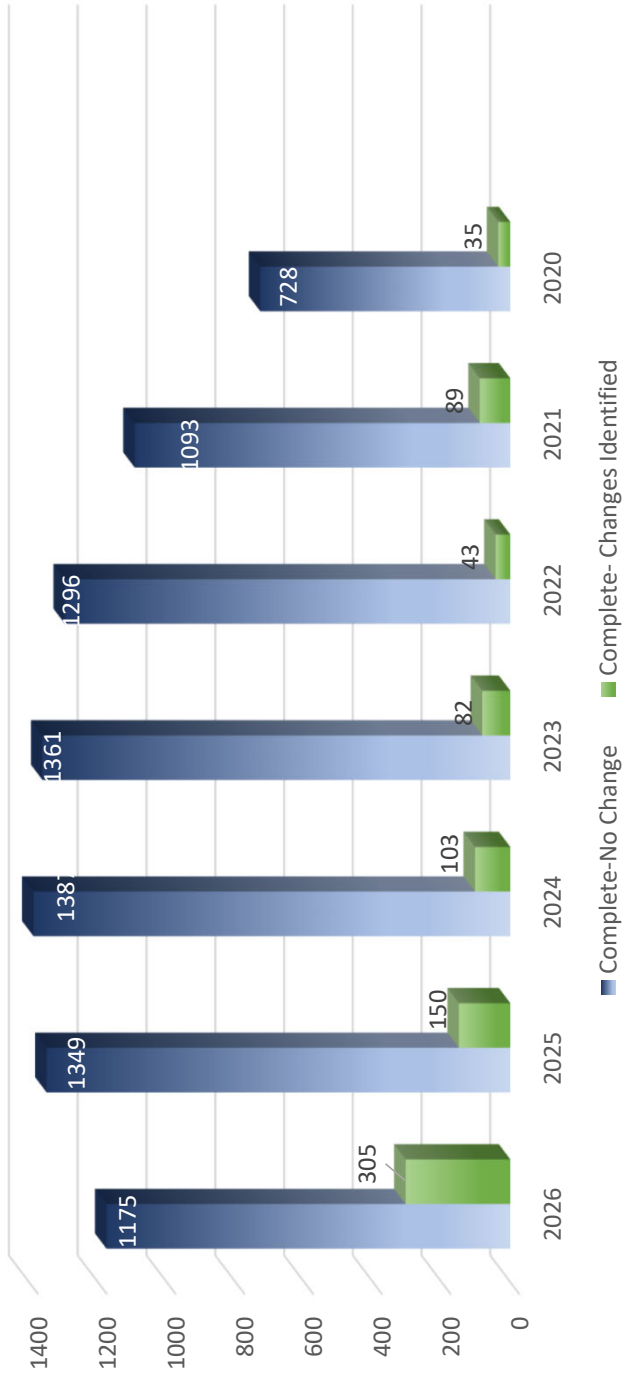
Report to the Audit Committee
July 2026

ERM: Business Processes by Type



ERM: Risk Assessments

In 2026 we conducted
1,480 Risk Assessments



Control Self Assessments (CSAs)

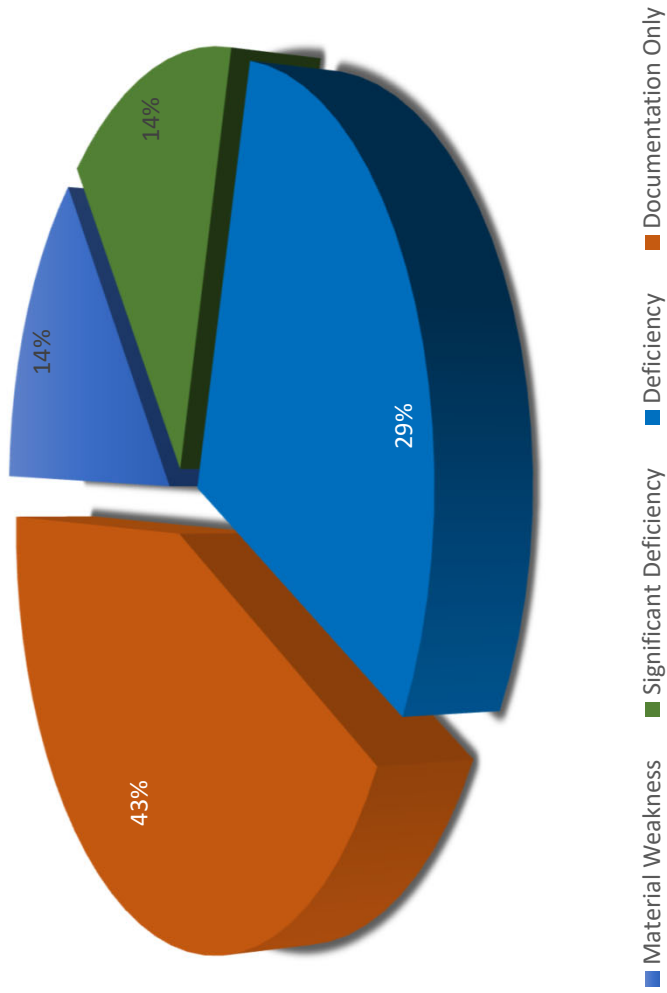
In 2026, launched 1,111 CSAs

Currently, of the 1,111 CSAs:
 380 passed
 6 failed
 725 In Progress



Deficiencies by Significance

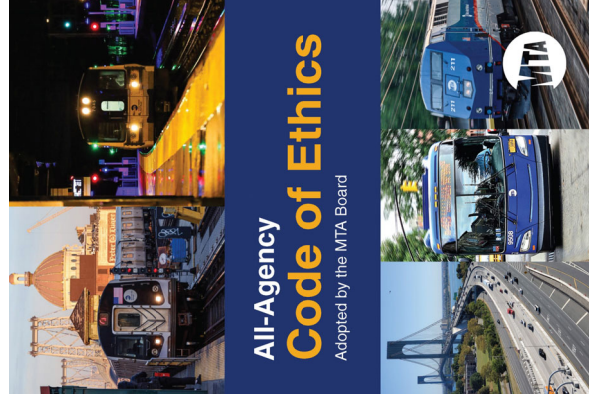
As of this report 6 deficiencies by
significance for 2026



ETHICS & COMPLIANCE PROGRAM

Annual Report to the Audit
Committee – July 2026

Presented by MTA Corporate Compliance



Corporate Compliance Program

Created in 2004 at the direction of the Board as part of overall governance reform.

The program is responsible for Ethics, Enterprise Risk Management, Corporate Governance and Compliance.



The New York Times

MTA Board Adopts Code of Ethics

May 25, 2005

M.T.A. Adopts Ethics Code Curbing Gifts to Employees

By Sewell Chan
May 26, 2005

The Metropolitan Transportation Authority adopted a code of ethics yesterday for its 65,000 employees, establishing a "zero-tolerance policy" toward employees who receive gifts from companies and individuals that do business with the authority.

The 44-page ethics code -- which described itself as "a comprehensive guide" to matters like conflicts of interest, travel reimbursement, nepotism, financial disclosures and whistle-blowing -- will be distributed next month to all employees, from contracting officers to bus drivers.

The authority's chairman, Peter S. Kalikow, said the code would take the "transparency and openness of our agency one more step" forward.

Before the authority's board unanimously voted to approve the policy, he told its members, jokingly, "I was going to make everybody take a test on this."

How do we Build Trust?

Tone from the Top

Commitment to Ethical Standards

Encourage Employees to Do the Right Thing,
Even When it is Difficult

Treating the Code not as a Set of Rules, but
as a Guide to Acting Ethically

Fostering an Atmosphere to Seek Assistance
and to Speak up

Code of Ethics - Building Trust

The Metropolitan Transportation Authority is committed to conducting all our activities with integrity consistent with our Code of Ethics. The adherence to a strict Code of Ethics is central to gaining and keeping the trust of our stakeholders.

This Code of Ethics is our combined commitment to all our stakeholders that we will conduct ourselves in a manner to maintain and build the public trust. Our ethical standards are based upon doing the right thing even when it is difficult or unpopular. Our Code of Ethics is a guide, therefore as an Employee of the MTA you are expected not only to comply with the letter of the Code but its spirit as well.

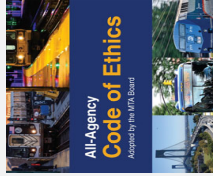
We must foster an atmosphere that encourages Employees to seek assistance if faced with ethical dilemmas and to be alert to potential ethical issues. **I encourage you to speak up if you see something that does not seem right.**

If you have an ethics-related question, you should reach out to MTA Corporate Compliance for guidance.

Lamond W. Kearsse

Chief Ethics, Risk and Compliance Officer

Year in Review

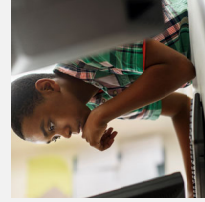


MTA Code of Ethics Celebrated its 20th Anniversary



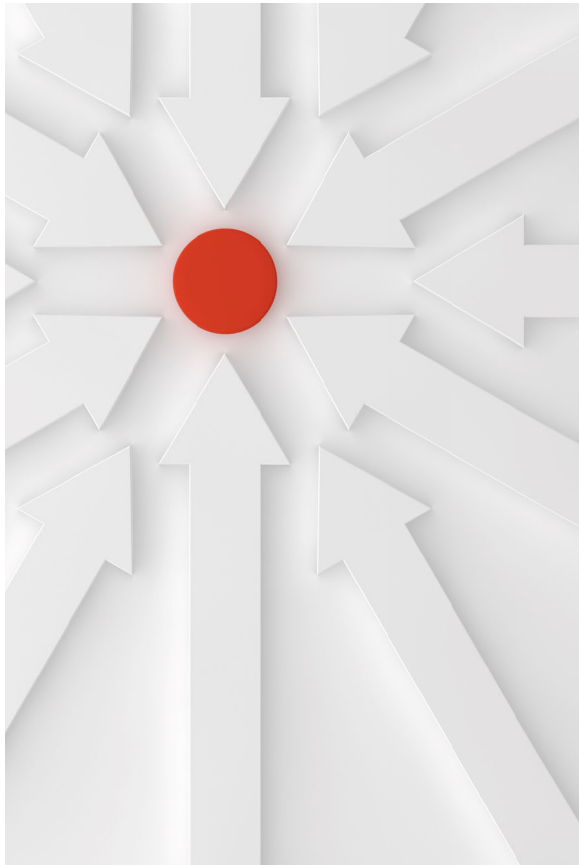
Established New Conflict of Interest Certifications in Archer

1. Various Types Conflict of Interest
2. Outside Activities



Expanded New On-Demand Ethics Training

Matters HANDLED

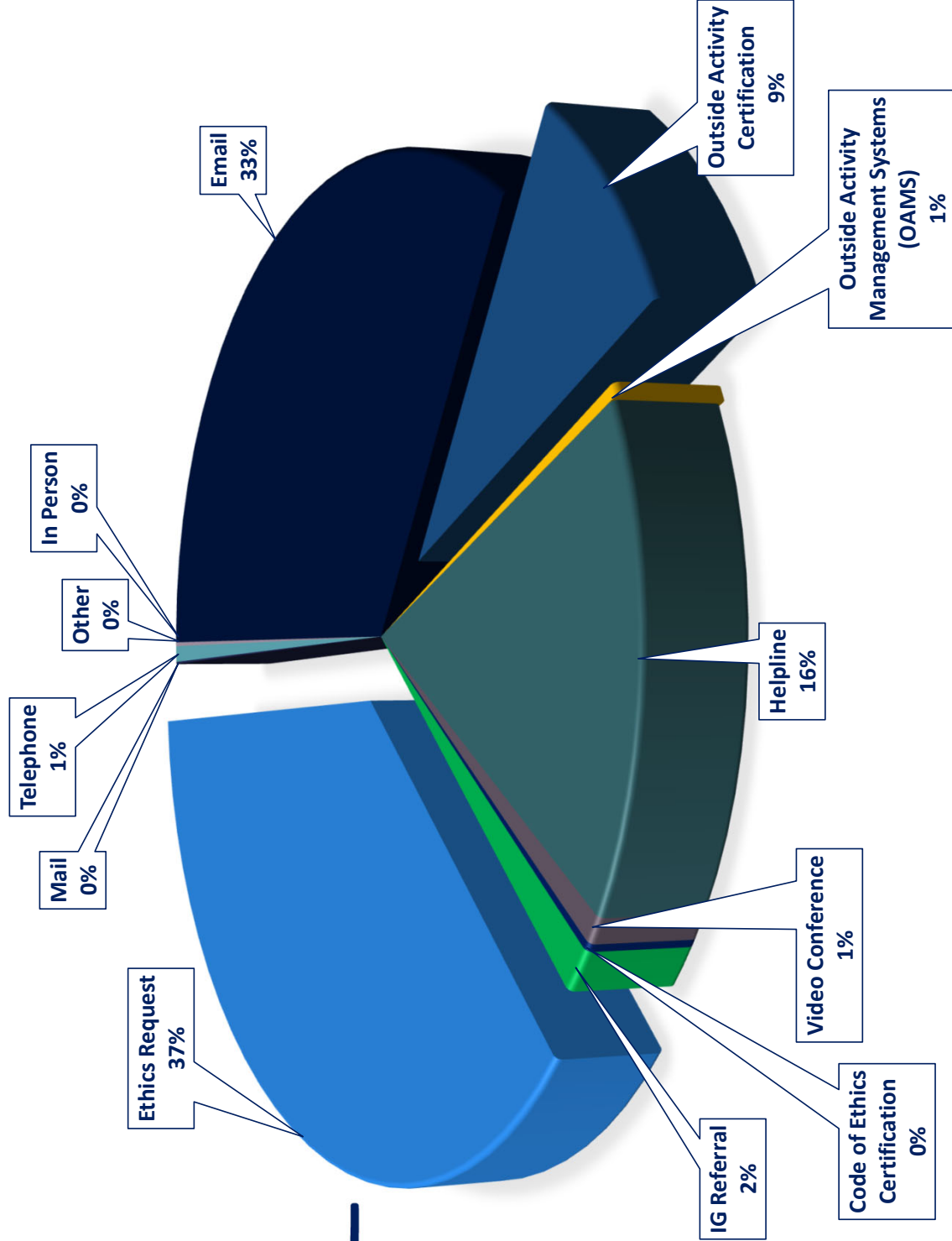


Representing an almost 21% increase year over year 

2.9k
2025

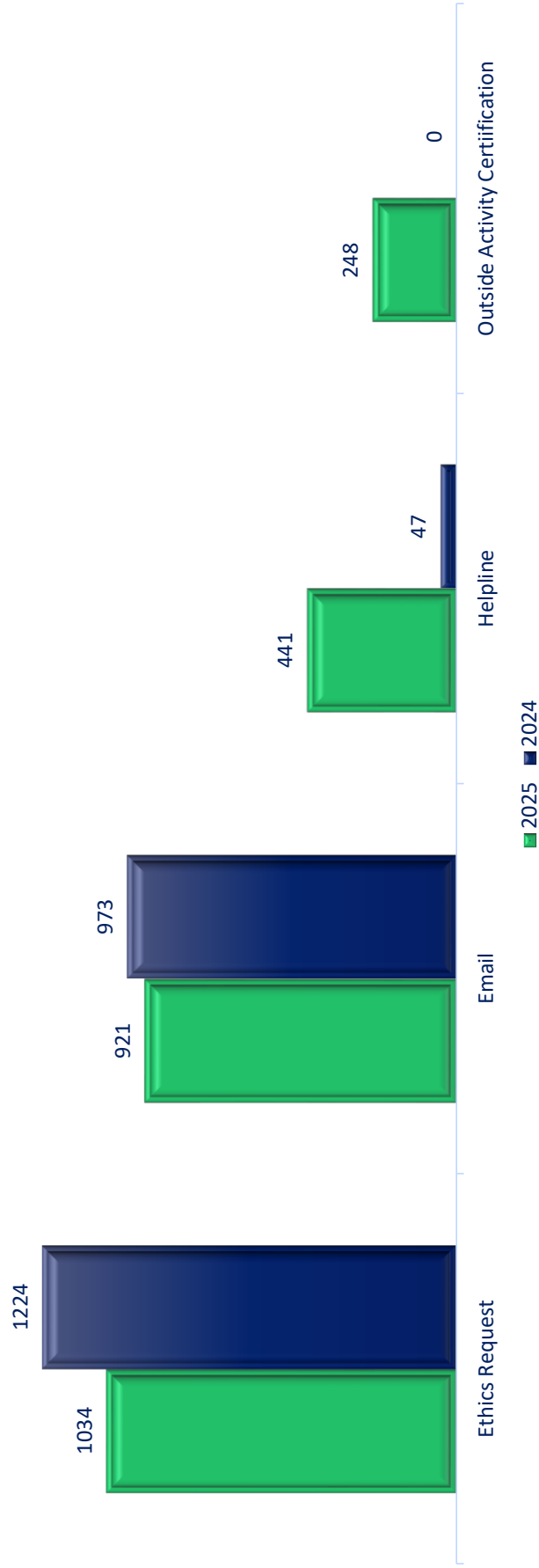
2.4k
2024

By Source 2025



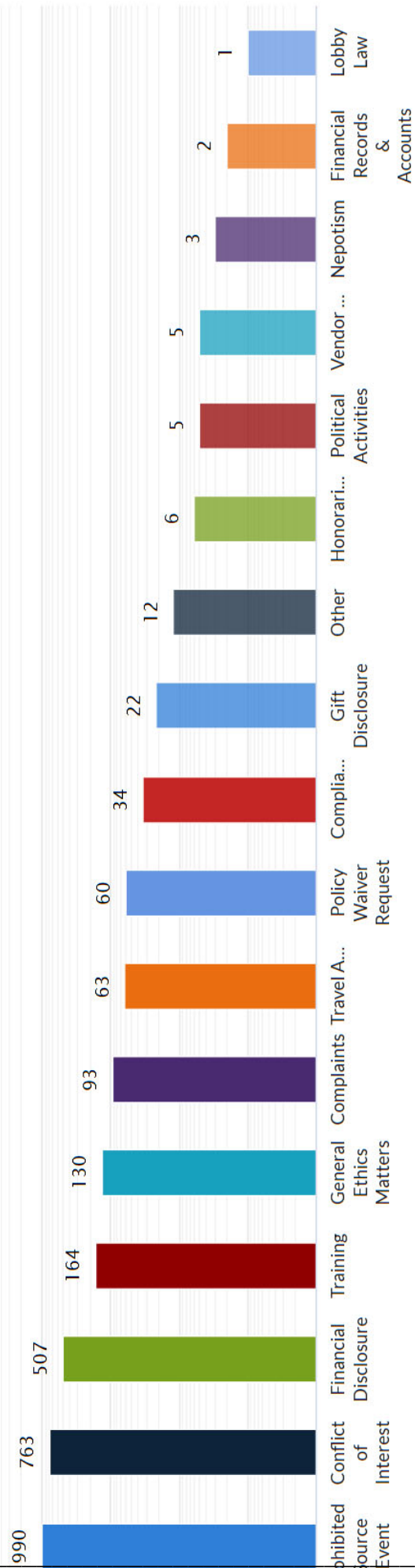
We continue to see Emails and Ethics Requests utilizing Archer as the most used means of contact, accounting for 70%.

Sources with Significant Change



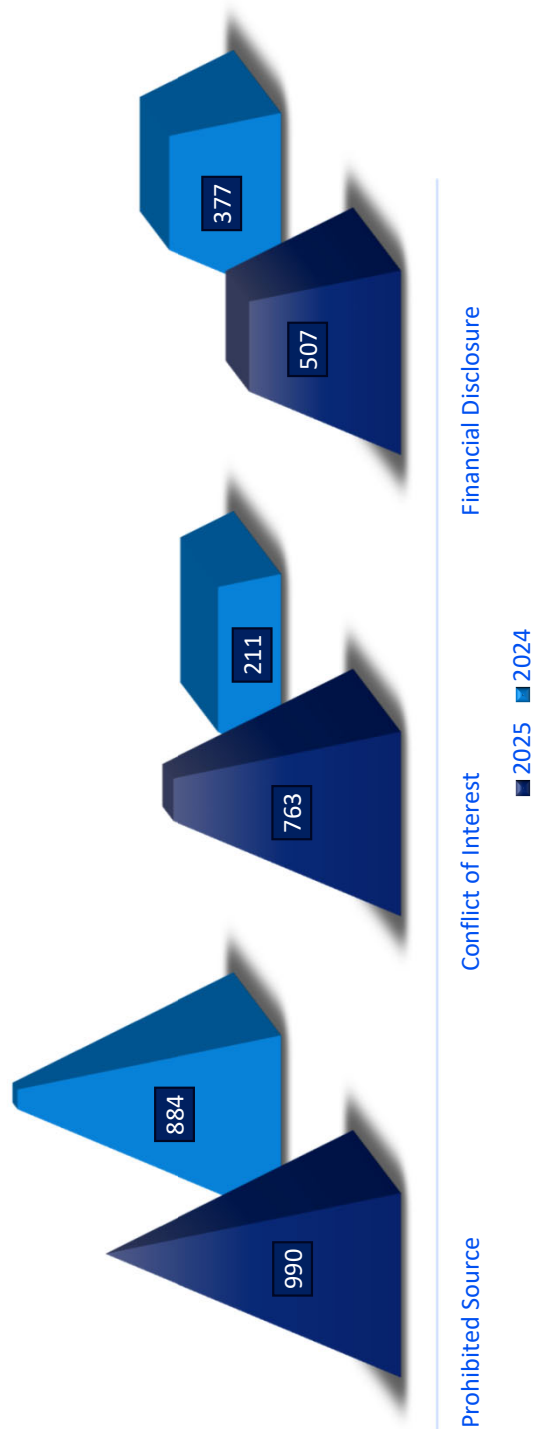
While we have seen a slight decrease in Emails and Ethics Requests there has been a significant increase in Helpline calls. In addition, the new Outside Activity Certification has created almost 250 new matters in 2025

By Category 2025



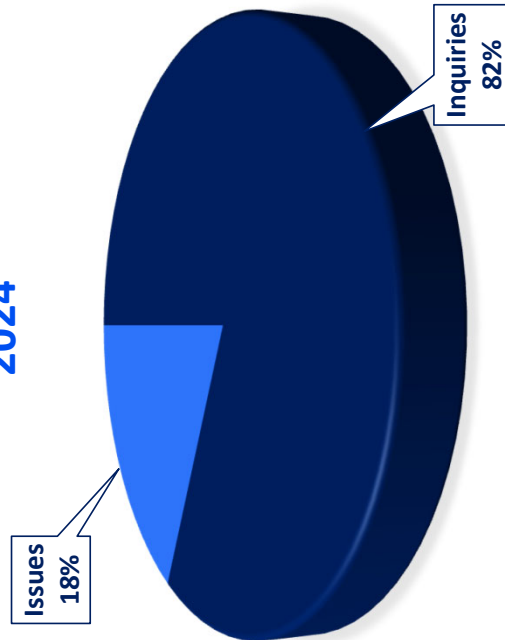
Top Three Category

While the number of Prohibited Source and Financial Disclosure- related matters remained relatively consistent between 2024 and 2025, however there was an increase in Conflict-of-Interest inquiries.

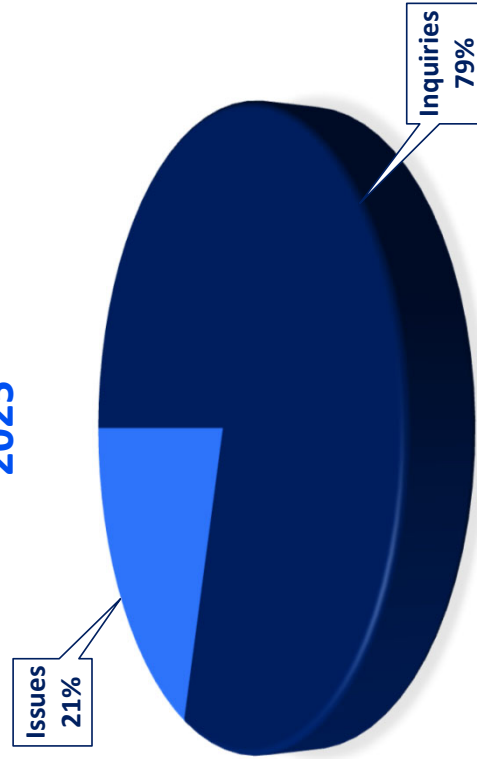


Issues vs. Inquiries

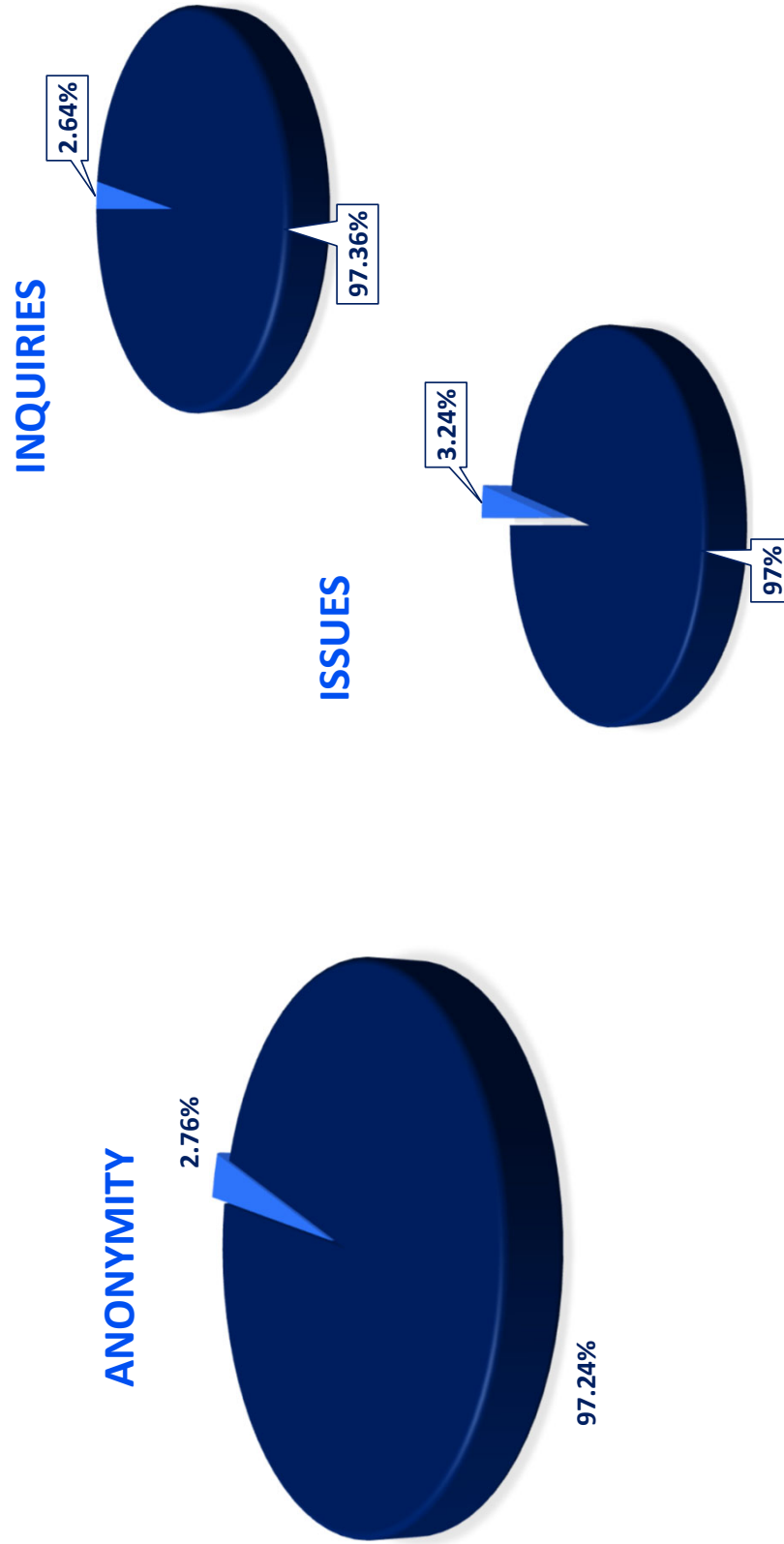
2024



2025



Employee Requests for Anonymity 2025



COI

Outside Activity Requests Submitted

MTA Outside Activity Management System 2025

Triborough Bridge and Tunnel Authority	23
MTA Bus Company	33
Metro-North Railroad	119
Long Island Rail Road	117
Construction & Development Company	164
New York City Transit Authority	360
MTA Headquarters	328

We experienced a 38% increase in the number of outside activity requests year over year

1.1k

2025

797

2024

Ethics Training

- Live Ethics Training
- On Demand Ethics Training
- New Employee Orientation
- MNR Management Training
-

Ethics Training Live and On Demand



57.3k

2025

2.8k

2024



Questions



Memorandum



Metropolitan Transportation Authority

State of New York

Date: July 13, 2026

To: Audit Committee Financial Disclosure Statement

From: Lamond W. Kears, Chief Ethics, Risk & Compliance Officer

Re: Annual Report on 2025 Financial Interest Reporting Compliance

At its January 1992 meeting, this Committee requested an annual report regarding compliance by MTA Headquarters and its Agencies ("MTA") with the financial interest reporting requirements established by Public Officers Law and the MTA All Agency Code of Ethics.

Pursuant to MTA's Code of Ethics and Public Officers Law §73-a, each year MTA identifies those employees who are required to file a Financial Disclosure Statement based upon earning in excess of the statutory amount and those employees who are designated policy makers. This information is sent to Commission on Ethics and Lobbying in Government ("Commission"). Employees in these categories receive notices from the Commission that they are required to complete a Financial Disclosure Statement which must be returned to the Commission by the statutory deadline of May 15.

At its January 1996 board meeting, the Board authorized and directed the Chairman or his designees to actively assist the Commission in its enforcement of the State's financial disclosure reporting requirements and to impose disciplinary action in appropriate cases.

In accordance with the Board's directive, and in order to reinforce in the minds of all MTA employees the MTA's commitment to compliance with the State's financial disclosure requirements, the annexed memoranda regarding compliance with financial disclosure was sent to all MTA employees and Board Members concurrently with the notice from the Commission.

This year the MTA has almost 8,000 filers. MTA Corporate Compliance will be monitoring compliance closely in the coming year.

The MTA will also continue actively to assist the Commission in its enforcement of the law.

Memorandum



Metropolitan Transportation Authority

State of New York

Date: April 22, 2026

To: All MTA Financial Disclosure Statement Filers

From: Lamond W. Kearse, Chief Compliance Officer 

Re: Financial Disclosure Statement – Covering Calendar Year 2025

The Commission on Ethics and Lobbying in Government (“COELIG”) emailed notices regarding the New York State Annual Financial Disclosure Statement for calendar year 2025, to required filers. We have been advised that some employees may not have received the notification; therefore, we have attached a FAQ to this communication for your reference. Employees who are subject to the filing requirements have an obligation to file a Financial Disclosure Statement with COELIG. This statement, whether completed on-line or hard copy, should be filled out carefully and thoughtfully and filed with COELIG **no later than Friday, May 15, 2026** pursuant to COELIG’s instructions. **To file your statement electronically, please go to my.ny.gov.**

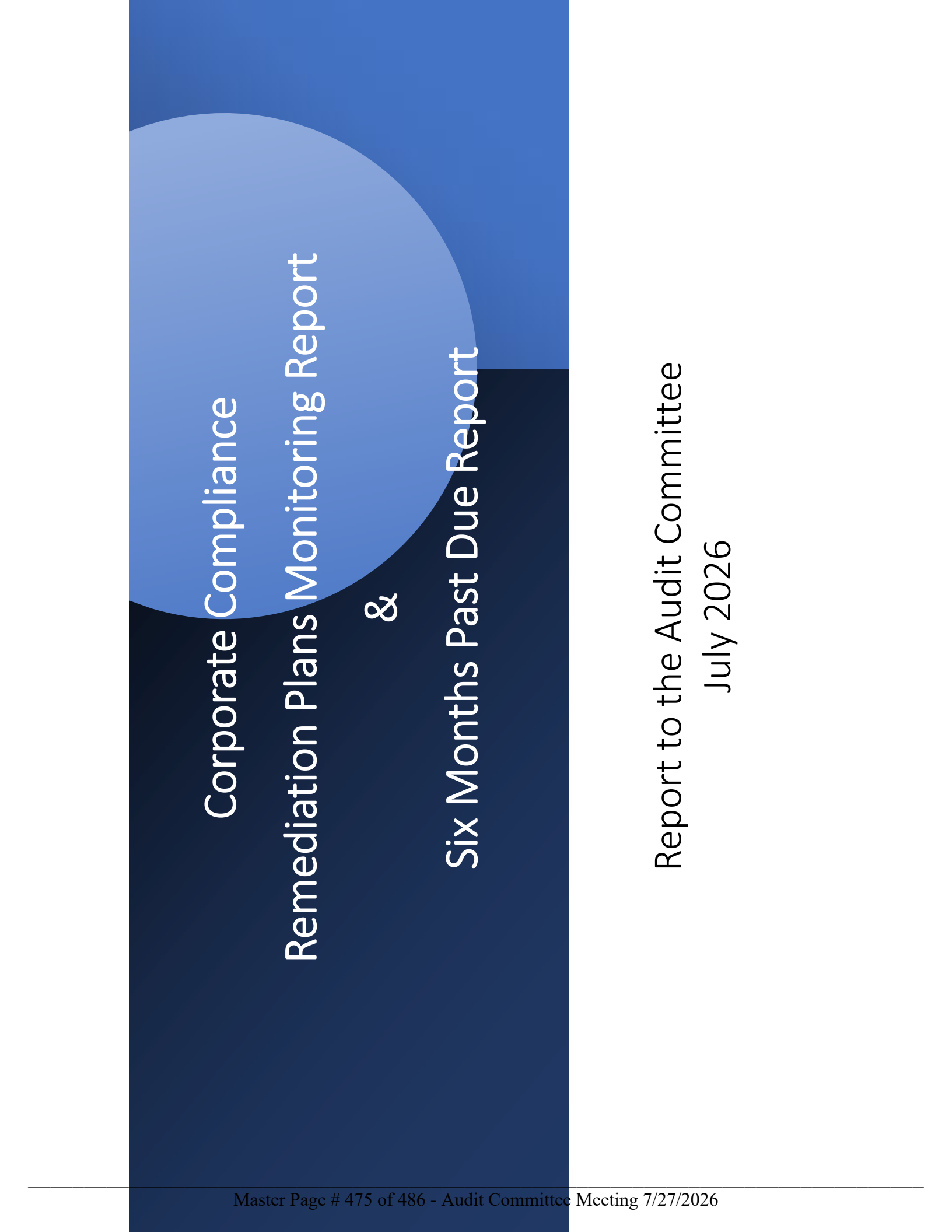
I urge all employees to review our MTA All Agency Code of Ethics. A copy of the code can be found on [MTA’s Ethics and Compliance Portal](#), Internet or obtained from MTA Corporate Compliance. As you complete your financial disclosure statement, you should be aware of any actual or potential conflicts of interest that you may need to report.

There is no exemption from filing for anyone who is away from work for any part of the calendar year or is working a reduced work schedule. New employees that are required to file, who commence service after the MTA reports its list of required filers, must file within 30 days of notification from COELIG.

As you know, COELIG is authorized to enforce the State’s ethics and financial reporting laws, which include the ability to impose a civil penalty up to \$40,000 or to seek prosecution as Class A misdemeanor violations of those laws. Pursuant to Board guidelines, in addition to providing its full cooperation and assistance to COELIG in its enforcement of the law, the MTA will impose such disciplinary action as may be appropriate in the case of violations.

Again, this year COELIG may assess penalties for filings received after the statutory deadline. To avoid late fines and possible disciplinary action, your statement must be received by COELIG **no later than May 15, 2026**.

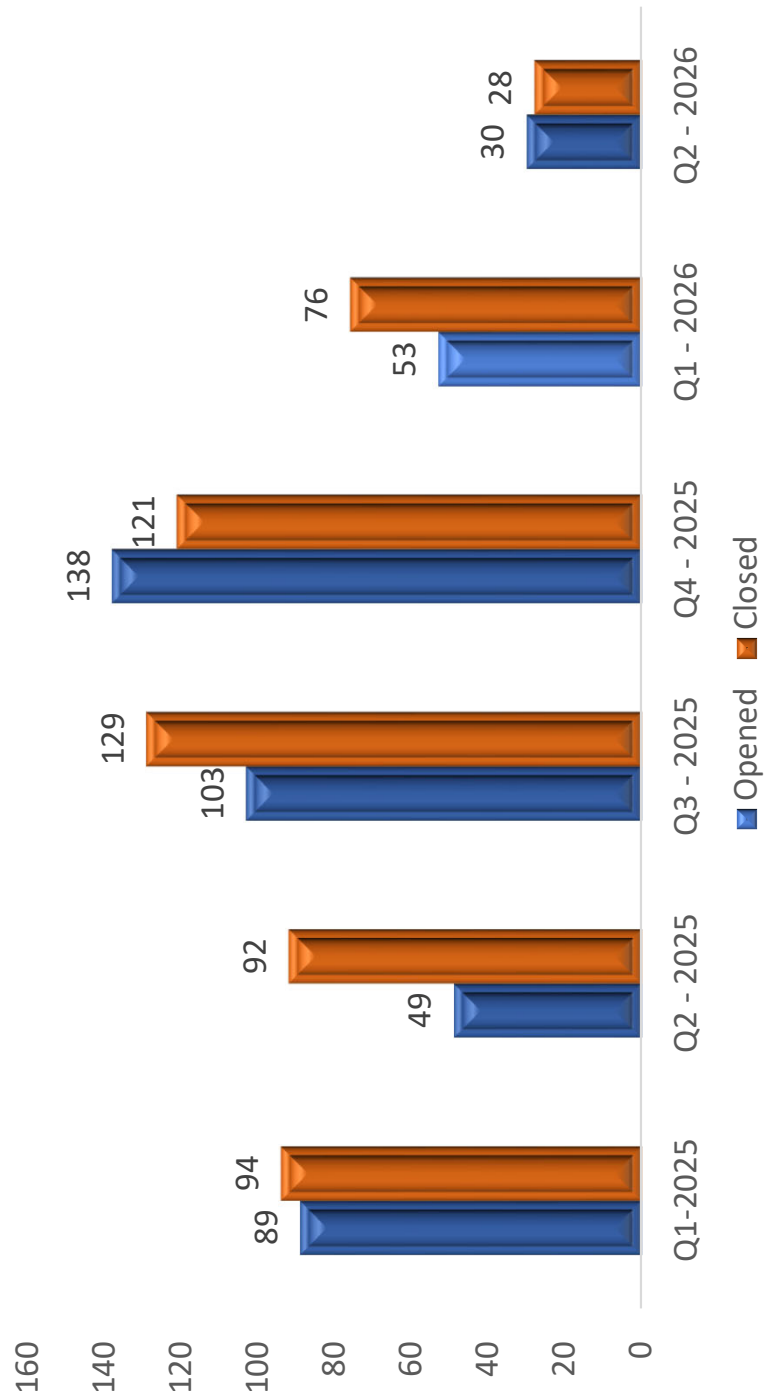
Should you find yourself in a situation that raises any question as to your obligations concerning conflicts of interest or whether you are required to file a financial disclosure statement with COELIG, I encourage you to contact the Ethics Helpline at 888 U-ASK-MTA (888-827-5682) for guidance.



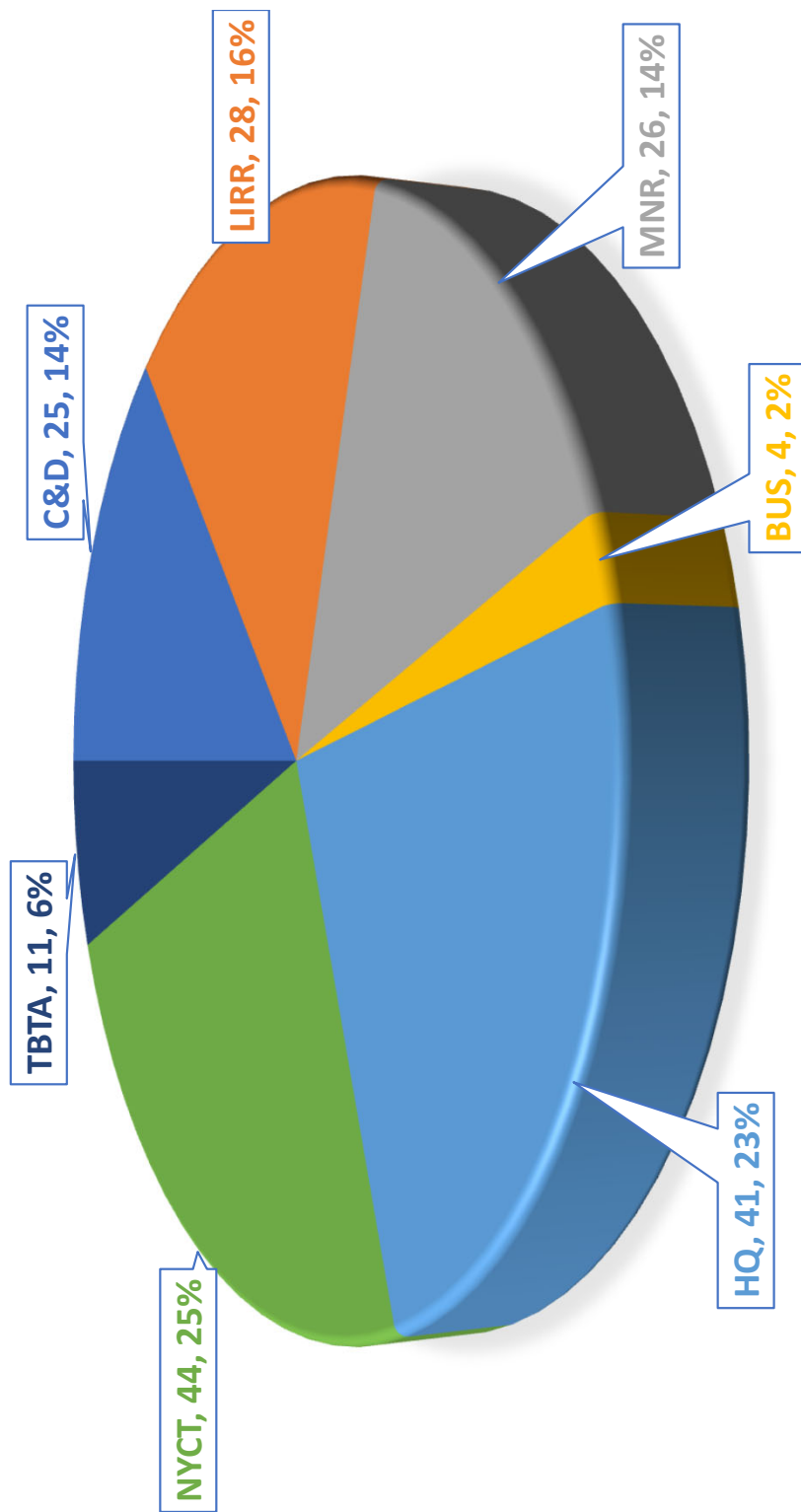
Corporate Compliance Remediation Plans Monitoring Report & Six Months Past Due Report

Report to the Audit Committee
July 2026

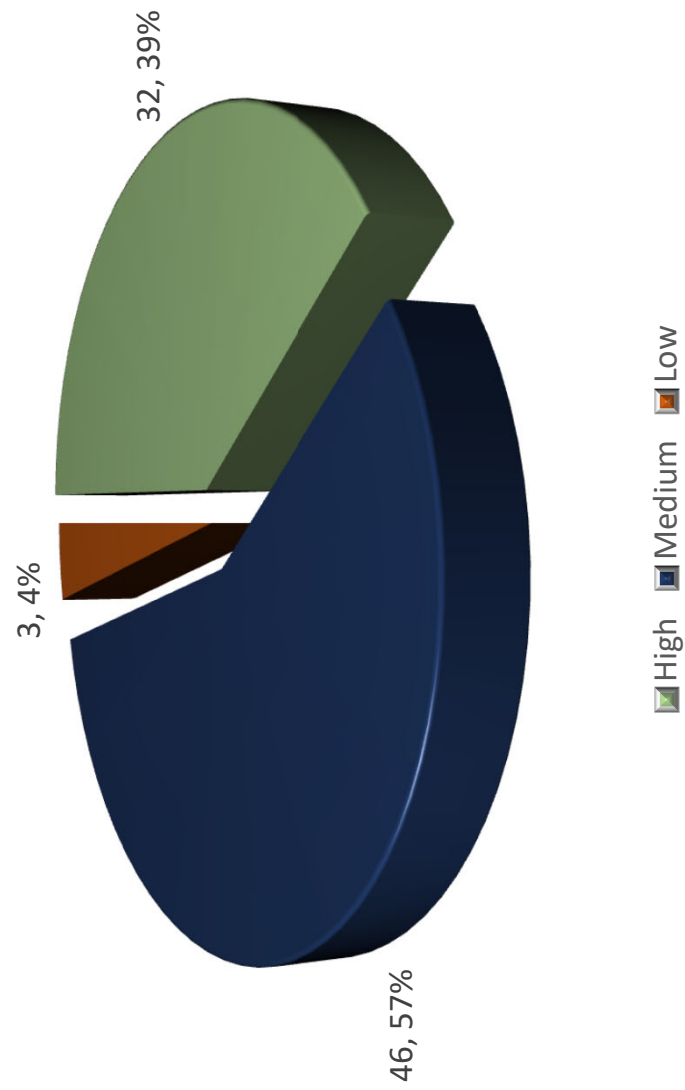
Remediation Plans: Opened/Closed by Quarter



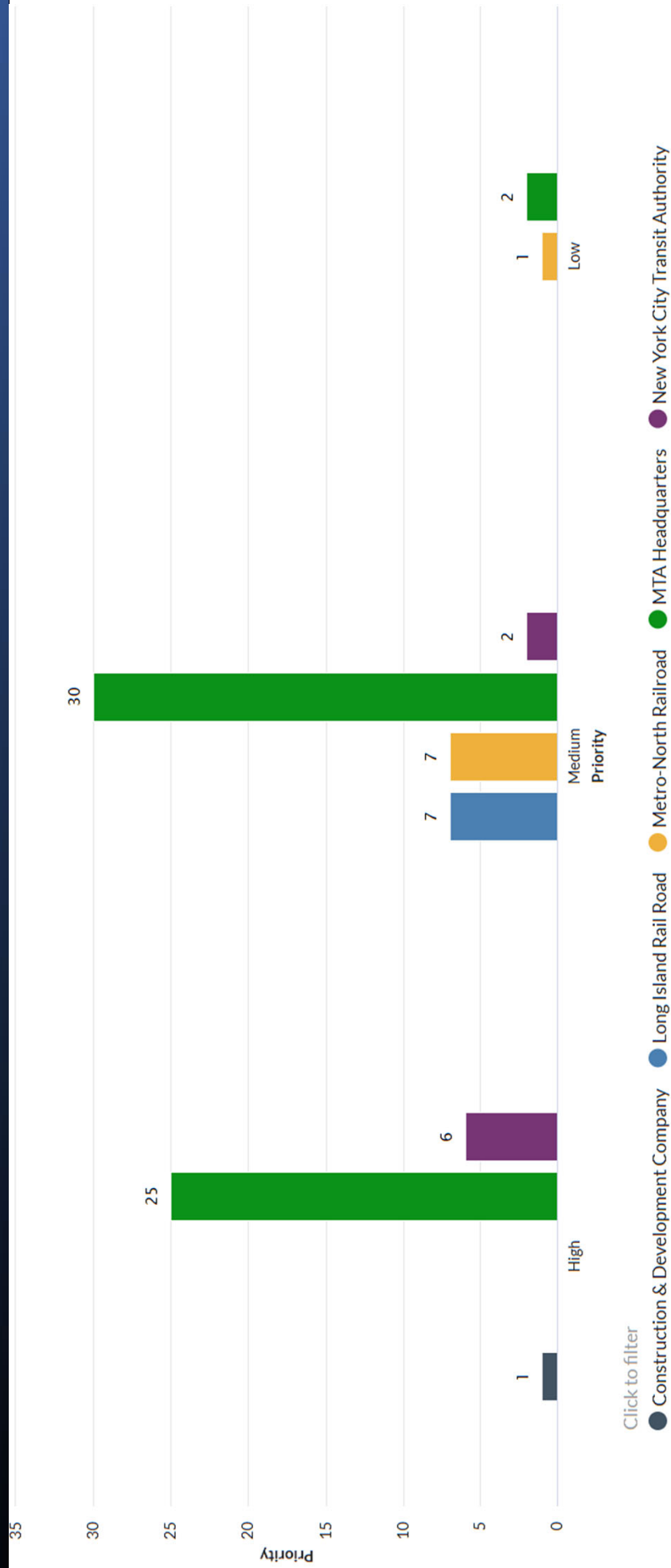
Remediation Plans: Closed Q1 and Q2 2026



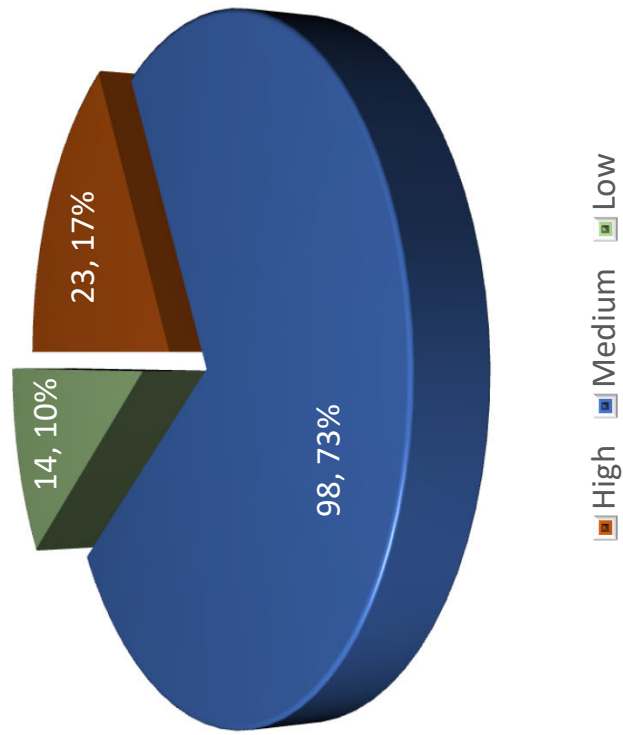
Remediation Plans: Implemented Awaiting Closure



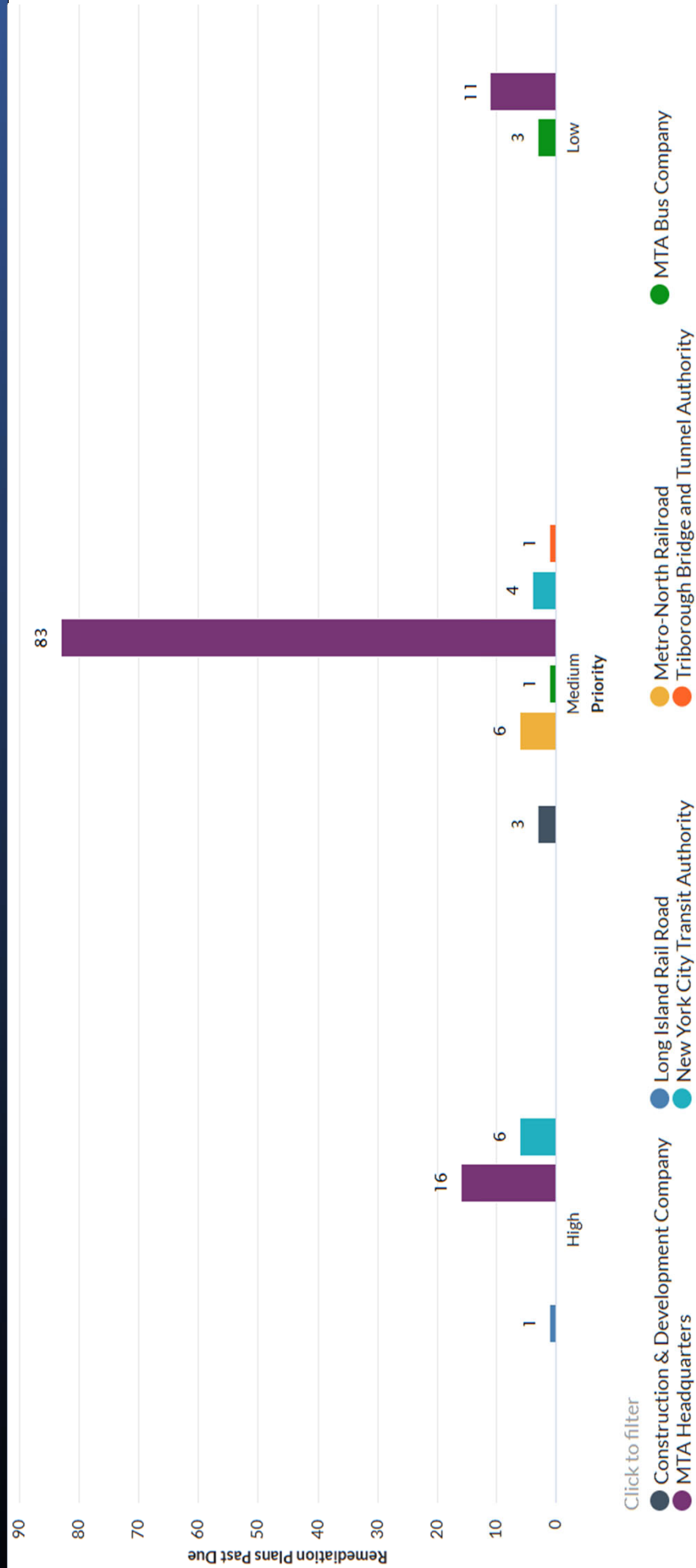
Remediation Plans: Implemented Awaiting Closure by Agency & Priority



Remediation Plans Six Months Past Due by Priority



Remediation Plans Six Months Past Due by Agency & Priority



MTA Audit Services

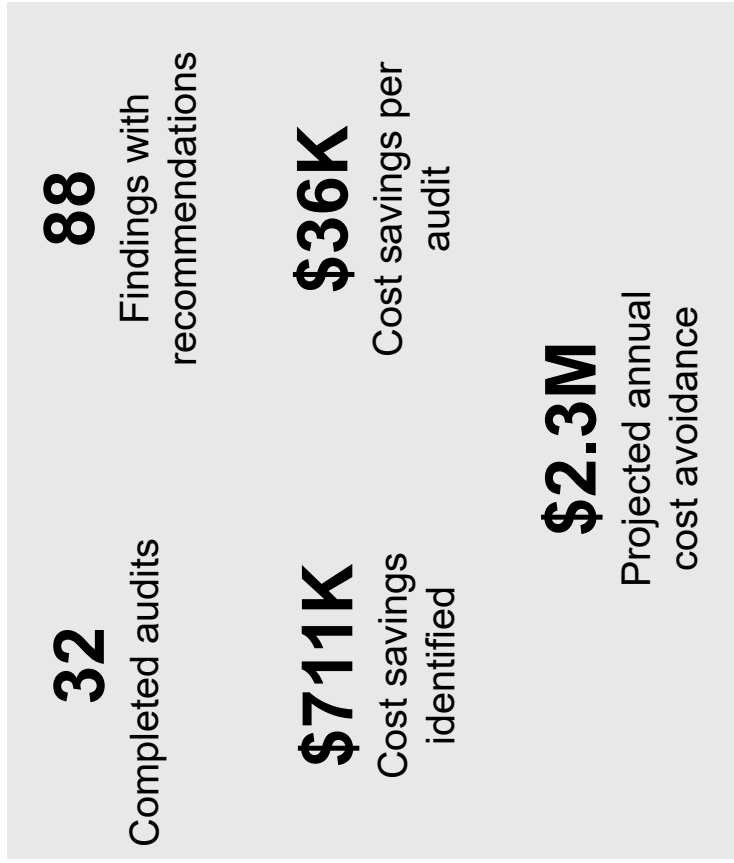
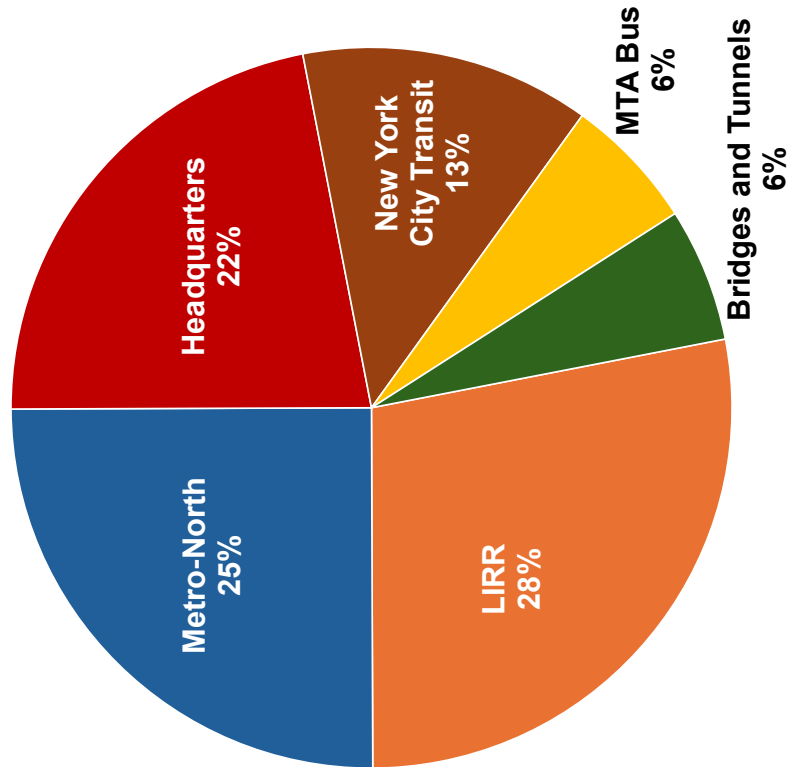
Mid-Year Update and Audit Plan Status

Audit Committee
July 27, 2026



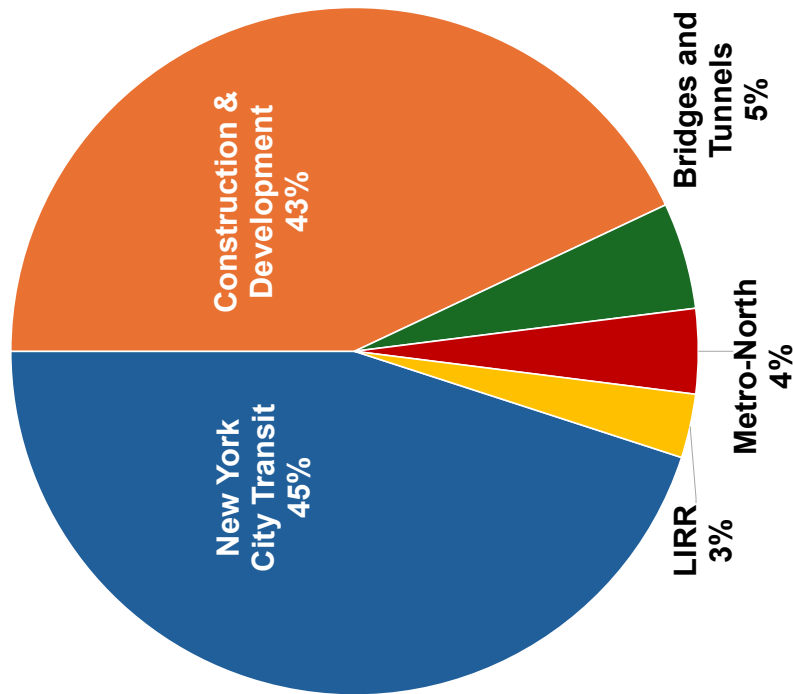
Operations audits and special projects

We conduct financial, operational, and technology audits to improve transparency, governance and internal controls and reduce risk.



Capital and other project audits

We review capital projects including cost proposals, contracting billings, and claims.



61
Completed audits

247
Pre-award reviews

\$110.6M
Dollars audited

\$5.6M
Questioned costs

\$4.5M
Estimated costs to
be recovered

Project highlights

- ✓ Conducted **time and attendance** checks
- ✓ Developed **bus depot audit training**
- ✓ Performed **financial reviews** of cost proposals for sole source procurements and impact claims
- ✓ Continue to audit **Superstorm Sandy projects** via the Sandy Audit Unit



Audit Department employee engagement

90% of Audit employees feel proud of their work.

We're working to improve the following areas:

- Conduct succession planning and map out responsibilities
- Streamline report templates
- Digitize audit processes
- Understand how AI can support our work
- Modernize our software systems
- Tour key MTA facilities to better understand operations
- Re-introduce "Auditor of the Quarter"

