Metropolitan Transportation Authority Deferred Compensation Program

Financial Statements as of and for the
Years Ended December 31, 2014 and 2013, and
Independent Auditors' Report

METROPOLITAN TRANSPORTATION AUTHORITY
DEFERRED COMPENSATION PROGRAM

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Committee of the
Metropolitan Transportation Authority Deferred Compensation Program

Report on the Financial Statements

We have audited the accompanying statements of Plans net position of the Metropolitan Transportation Authority Deferred Compensation Program, comprised of the Deferred Compensation Plans for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates, (collectively the "Plans") as of December 31, 2014 and 2013, and the related statements of changes in Plans 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plans' preparation and fair presentation of the financial statements 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 Plans' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plans' net position as of December 31, 2014 and 2013, and the respective changes in Plans' net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 22 be presented to supplement the basic financial statements. Such information, 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.

Deloitte & Touche LLP

January 25, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014 AND 2013

The Deferred Compensation Program is comprised of the Deferred Compensation Plans for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates ("457 Plan") and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates ("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, 2014 and 2013. 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 23.

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 Statement of Plans Net Position —** presents 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 fair value. All other assets and liabilities are determined on an accrual basis.

- **The Statements of Changes in Plans 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 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 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 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 $2.011 billion and the assets of the 401(k) plan exceeded its liabilities by $2.756 billion as of December 31, 2014. This net position is held in trust for distribution to the Plans participants and/or beneficiaries.

The assets of the 457 Plan exceeded its liabilities by $1.815 billion and the assets of the 401(k) plan exceeded its liabilities by $2.491 billion as of December 31, 2013. This net position is held in trust for distribution to the Plans participants and/or beneficiaries.

During 2014, the net positions held in trust for the 457 Plan and the 401(k) Plan increased by $195.933 million and $265.703 million respectively due primarily to net investment income and employer and employee contributions to the plans. This was offset by distributions to participants and plan expenses.

During 2013, the net positions held in trust for the 457 Plan and the 401(k) Plan increased by $278.814 million and $380.305 million respectively due primarily to net investment income and employer and employee contributions to the plans. This was offset by distributions to participants and plan expenses.

Deductions from the Plans' net position consist primarily of distributions to participant and transfers to other plans, and plan expenses in the amounts of $93.311 million and $76.193 million for the 457 Plan and $119.305 million and $110.965 million for the 401(k) Plan for the year ended December 31, 2014 and 2013, respectively.

Plans Net Position
As of December 31,
($ In Thousands)

457 Plan				Amount of Change		Percentage Change	
	2014	**2013**	**2012**	**(2014 - 2013)**	**(2013 - 2012)**	**(2014 - 2013)**	**(2013 - 2012)**
ASSETS:							
Investments at fair value:	$ 1,949,962	$ 1,759,129	1,484,329	$ 190,833	$ 274,800	10.8%	18.5%
Participant loans receivable	60,849	55,740	51,718	5,109	4,022	7.2	7.8
Total assets	2,010,811	1,814,869	1,536,047	195,942	278,822	10.8	18.2
LIABILITIES:							
Administrative expense reimbursement	66	57	49	9	8	15.8	16.3
Total liabilities	66	57	49	9	8	15.8	16.3
TOTAL NET POSITION	$ 2,010,745	$ 1,814,812	$ 1,535,998	$ 195,933	$ 278,814	10.8%	18.2%

401K Plan				Amount of Change		Percentage Change	
	2014	**2013**	**2012**	**(2014 - 2013)**	**(2013 - 2012)**	**(2014 - 2013)**	**(2013 - 2012)**
ASSETS:							
Investments at fair value:	$ 2,637,807	$ 2,379,654	$ 2,009,694	$ 258,153	$ 369,960	10.8%	18.4%
Participant loans receivable	118,639	111,081	101,727	7,558	9,354	6.8	9.2
Total assets	2,756,446	2,490,735	2,111,421	265,711	380,314	10.7	18.0
LIABILITIES:							
Administrative expense reimbursement	66	58	49	8	9	13.8	18.4
Total liabilities	66	58	49	8	9	13.8	18.4
TOTAL NET POSITION HELD IN TRUST	$ 2,756,380	$ 2,490,677	$ 2,111,372	$ 265,703	$ 380,305	10.7%	18.0%

Changes in Plans Net Position
For the Years Ended December 31,
($ In Thousands)

457 Plan

	2014	2013	2012	Amount of Change (2014 - 2013)	Amount of Change (2013 - 2012)	Percentage Change (2014 - 2013)	Percentage Change (2013 - 2012)
ADDITIONS:							
Investment income:	$ 84,328	$ 211,663	$ 108,827	$ (127,335)	$ 102,836	(48.6)%	94.5%
Contributions and additional deposits	202,375	141,077	129,003	61,298	12,074	30.3	9.4
Loan repayments - interest	2,541	2,267	2,238	274	29	12.1	1.3
Total additions	289,244	355,007	240,068	(65,763)	114,939	(18.5)	47.9
DEDUCTIONS:							
Distribution to participants	42,368	37,327	34,318	5,041	3,009	13.5	8.8
Transfers to other plans	47,317	36,761	28,505	10,556	8,256	28.7	29.0
Net participant loan activity	1,850	1,315	3,529	535	(2,214)	(168.4)	(62.7)
Other	1,776	790	764	986	26	(124.8)	3.4
	93,311	76,193	67,116	17,118	9,077	22.5	13.5
Increase in net position	195,933	278,814	172,952	(82,881)	105,862	(29.7)	61.2
TOTAL NET POSITION HELD IN TRUST							
Beginning of year	1,814,812	1,535,998	1,363,046	278,814	172,952	18.2	12.7
End of year	$ 2,010,745	$ 1,814,812	$ 1,535,998	$ 195,933	$ 278,814	10.8 %	18.2 %

401K Plan

	2014	2013	2012	Amount of Change (2014 - 2013)	Amount of Change (2013 - 2012)	Percentage Change (2014 - 2013)	Percentage Change (2013 - 2012)
ADDITIONS:							
Investment income:	$ 118,282	$ 303,221	$ 156,543	$ (184,939)	$ 146,678	61.0%	1136.5%
Contributions and additional deposits	261,753	182,497	167,895	79,256	14,602	43.4	8.7
Loan repayments - interest	4,973	4,552	4,358	421	194	9.2	4.5
Total additions	385,008	490,270	328,796	(105,262)	161,474	21.5	49.1
DEDUCTIONS:							
Distribution to participants	49,663	45,739	36,501	3,924	9,238	8.6	25.3
Transfers to other plans	64,409	61,783	42,704	2,626	19,079	4.3	44.7
Net participant loan activity	2,254	1,872	4,539	382	(2,667)	(20.4)	(58.8)
Other	2,979	1,571	1,262	1,408	309	19.7	24.5
	119,305	110,965	85,006	8,340	25,959	7.5	30.5
Increase in net position	265,703	379,305	243,790	(113,602)	135,515	(30.0)	55.6
TOTAL NET POSITION HELD IN TRUST							
Beginning of year	2,490,677	2,111,372	1,867,582	379,305	243,790	18.0	13.1
End of year	$ 2,756,380	$ 2,490,677	$ 2,111,372	$ 265,703	$ 379,305	10.7 %	18.0 %

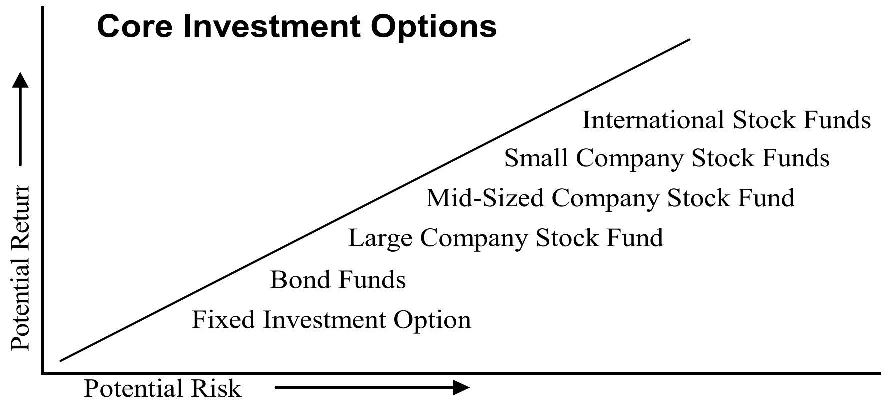
Investment Options

The MTA Plans offer ten (10) Target Lifecycle Funds which provide a diversified mix of the Plans' investment options and allow a participant to choose the fund closest to the withdrawal date. The Target-Year Lifecycle Funds are designed to provide a complete 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. Allocations are automatically rebalanced to their targets on a quarterly basis.

Fund Name	Asset Class	Portfolio Allocations
MTA Target-Year Lifecycle 2010 Fund	Large Cap 9%	MTA Large Cap Core Index Fund 3%
	Mid Cap 2%	MTA Large Cap Value Portfolio 3%
	Small Cap 2%	MTA Large Cap Growth Portfolio 3%
	International 8%	MTA Mid Cap Core Portfolio 2%
	Market Bonds 15%	MTA Small Cap Core Portfolio 2%
	Stable Value 43%	MTA International Portfolio 8%
	TIPS 21%	MTA Bond Core Plus Portfolio 15%
		MTA Stable Value Fund 43%
		MTA TIPS 21%
MTA Target-Year Lifecycle 2015 Fund	Large Cap 9%	MTA Large Cap Core Index Fund 5%
	Mid Cap 4%	MTA Large Cap Value Portfolio 2%
	Small Cap 4%	MTA Large Cap Growth Portfolio 2%
	International 10%	MTA Mid Cap Core Portfolio 4%
	Market Bonds 17%	MTA Small Cap Core Portfolio 4%
	Stable Value 36%	MTA International Portfolio 10%
	TIPS 20%	MTA Bond Core Plus Portfolio 17%
		MTA Stable Value Fund 36%
		MTA TIPS 20%
MTA Target-Year Lifecycle 2020 Fund	Large Cap 13%	MTA Large Cap Core Index Fund 7%
	Mid Cap 4%	MTA Large Cap Value Portfolio 3%
	Small Cap 4%	MTA Large Cap Growth Portfolio 3%
	International 14%	MTA Mid Cap Core Portfolio 4%
	Market Bonds 20%	MTA Small Cap Core Portfolio 4%
	Stable Value 28%	MTA International Portfolio 14%
	TIPS 17%	MTA Bond Core Plus Portfolio 20%
		MTA Stable Value Fund 28%
		MTA TIPS 17%
MTA Target-Year Lifecycle 2025 Fund	Large Cap 18%	MTA Large Cap Core Index Fund 10%
	Mid Cap 6%	MTA Large Cap Value Portfolio 4%
	Small Cap 6%	MTA Large Cap Growth Portfolio 4%
	International 18%	MTA Mid Cap Core Portfolio 6%
	Market Bonds 23%	MTA Small Cap Core Portfolio 6%
	Stable Value 15%	MTA International Portfolio 18%
	TIPS 14%	MTA Bond Core Plus Portfolio 23%
		MTA Stable Value Fund 15%
		MTA TIPS 14%

Fund Name	Asset Class	Portfolio Allocations
MTA Target-Year Lifecycle 2030 Fund	Large Cap 20% Mid Cap 6% Small Cap 6% International 21% Market Bonds 27% Stable Value 8% TIPS 12%	MTA Large Cap Core Index Fund 10% MTA Large Cap Value Portfolio 5% MTA Large Cap Growth Portfolio 5% MTA Mid Cap Core Portfolio 6% MTA Small Cap Core Portfolio 6% MTA International Portfolio 21% MTA Bond Core Plus Portfolio 27% MTA Stable Value Fund 8% MTA TIPS 12%
MTA Target-Year Lifecycle 2035 Fund	Large Cap 22% Mid Cap 7% Small Cap 6% International 24% Market Bonds 30% TIPS 11%	MTA Large Cap Core Index Fund 12% MTA Large Cap Value Portfolio 5% MTA Large Cap Growth Portfolio 5% MTA Mid Cap Core Portfolio 7% MTA Small Cap Core Portfolio 6% MTA International Portfolio 24% MTA Bond Core Plus Portfolio 30% MTA TIPS 11%
MTA Target-Year Lifecycle 2040 Fund	Large Cap 28% Mid Cap 8% Small Cap 8% International 28% Market Bonds 28%	MTA Large Cap Core Index Fund 14% MTA Large Cap Value Portfolio 7% MTA Large Cap Growth Portfolio 7% MTA Mid Cap Core Portfolio 8% MTA Small Cap Core Portfolio 8% MTA International Portfolio 28% MTA Bond Core Plus Portfolio 28%
MTA Target-Year Lifecycle 2045 Fund	Large Cap 31% Mid Cap 10% Small Cap 10% International 34% Market Bonds 15%	MTA Large Cap Core Index Fund 15% MTA Large Cap Value Portfolio 8% MTA Large Cap Growth Portfolio 8% MTA Mid Cap Core Portfolio 10% MTA Small Cap Core Portfolio 10% MTA International Portfolio 34% MTA Bond Core Plus Portfolio 15%
MTA Target-Year Lifecycle 2050 Fund	Large Cap 33% Mid Cap 10% Small Cap 10% International 36% Market Bonds 11%	MTA Large Cap Core Index Fund 11% MTA Large Cap Value Portfolio 11% MTA Large Cap Growth Portfolio 11% MTA Mid Cap Core Portfolio 10% MTA Small Cap Core Portfolio 10% MTA International Portfolio 36% MTA Bond Core Plus Portfolio 11%
MTA Income Fund	Large Cap 5% Mid Cap 2% Small Cap 2% International 6% Market Bonds 12% Stable Value 50% TIPS 23%	MTA Large Cap Core Index Fund 1% MTA Large Cap Value Portfolio 2% MTA Large Cap Growth Portfolio 2% MTA Mid Cap Core Portfolio 2% MTA Small Cap Core Portfolio 2% MTA International Portfolio 6% MTA Bond Core Plus Portfolio 12% MTA Stable Value Fund 50% MTA TIPS 23%

In addition to the ten target year lifecycle funds, the Plans offer a spectrum of investment options that include two international funds, two small company stock funds, two mid-size company stock funds, three large company stock funds, two bond funds, and the Stable 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 www.Prudential.com/MTA.

International Equity Funds

MTA International Index Fund – The fund invests wholly in State Street Global Advisors ("SSgA") Global All Cap Equity ex U.S. Index Fund – Class C. The fund seeks to match as closely as possible, before expenses, the performance of the MSCI ACWI ex-USA Index over the long term.

MTA International Portfolio – 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 Institutional International Growth Fund** – (Foreign Large Growth) The fund seeks long-term capital appreciation. The fund normally invests at least 80% of total assets in a diversified portfolio of equity securities, including common stocks and other forms of equity investments, issued by companies of all sizes domiciled outside the U.S. that the Advisor believes have above-average growth, profitability and quality characteristics. Its investments are normally allocated among at least six different countries and no more than 50% of the fund's equity holdings may be invested in securities of issuers in one country at any given time.
2. **Target International Equity Q Fund –** (Foreign Large Blend) The fund seeks capital appreciation. The fund is advised by Prudential Investments LLC and normally invests at least 80% of investable assets in stocks of companies in diverse array of foreign countries. It may invest in large, mid or small capitalization companies. The fund may invest in securities of companies that are organized under the laws of a foreign country, companies that derive more than 50% of their revenues from activities in foreign countries, and companies that have at least 50% of their assets located abroad.

Small-Cap Equity Funds

MTA Small Cap Core Index Fund – (Small Cap Blend) The fund invests wholly in the SSgA Russell 2000 Index Non-Lending Series Fund – Class A. The SSgA Fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Russell 2000 Index over the long term.

MTA Small Cap Core Portfolio – 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. **The Conestoga Small Cap Growth Fund** – (Small Growth) This Separate Account is advised by Conestoga Capital Advisors LLC. The Strategy seeks long-term capital appreciation.

2. **The Denver Small Cap Value Fund – (**Small Blend) This Separate Account is advised by Denver Investment Advisors LLC. The strategy seeks to achieve long-term capital appreciation primarily through investments in dividend paying companies with small capitalizations whose stocks appear to be undervalued.

Mid-Cap Equity Funds

MTA Mid Cap Core Index Fund – (Blend) The fund invests wholly in the SSgA S&P Mid Cap Index Non-Lending – Class C. The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the S&P MidCap 400 Index over the long term.

MTA Mid Cap Core Portfolio – 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. **Frontier Capital Fund Mid Cap Growth** – (Growth) This Separate Account is advised by Frontier Capital Management Company LLC. The fund seeks to provide capital appreciation and outperform the Russell MidCap Growth Index over the long term. The securities of mid-capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements.
2. **Vanguard Selected Value Fund** – (Value) The fund is advised by Barrow, Hanley, Mewhinney & Strauss Inc. and Donald Smith & Co. The investment seeks to provide long-term growth of capital appreciation and income. The fund invests mainly in the stocks of medium-size U.S. companies, choosing stocks considered by an advisor to be undervalued which are generally those that are out of favor with investors and are trading at prices that the advisor feels are below average in relation to measures such as earnings and book value. These Stocks often have above-average dividend yields.

Large-Cap Equity Funds

MTA Large Cap Value Portfolio – (Value) The Portfolio invests wholly in the T. Rowe Price Institutional Large Cap Value Fund. The investment seeks to provide long-term capital growth through investment in the common stocks of large-cap growth companies. The fund follows a growth investment approach and expects to normally invest in approximately 100 to 130 growth companies. The Portfolio invests at least 80% of its net assets in large-cap companies. The fund defines a large-cap company as one whose market capitalization is larger than the median market capitalization of companies in the Russell 1000 Growth Index. It may invest in foreign stocks in keeping with the fund’s objectives.

MTA Large Cap Growth Portfolio – (Growth) The Portfolio invests wholly in the Large Cap Growth Jennison Fund. The Separate Account is advised by Jennison, following its Large Cap Growth Equity Investment strategy. It seeks to outperform, over the long term, both the Russell 1000 Growth and the S&P 500 Indexes and to be the best performing manager among its peers, with a consistent risk profile.

MTA Large Cap Core Index Fund – (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 attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up Standard & Poor’s 500 Index, holding each stock in approximately the same proportion as its weighting in the index.

Bond Funds

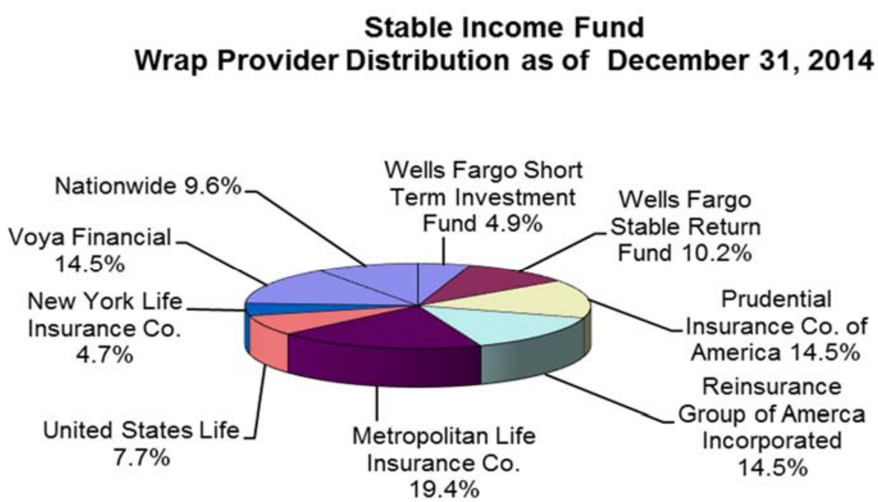
MTA Bond Core Plus Portfolio – The Portfolio invests wholly in the Core Plus Bond/PIMCO Fund. This Separate Account is advised by PIMCO following their Full Authority Fixed Income Total Return Investment Strategy, pursuant to an agreement with Prudential Retirement. It seeks to exceed the return of the Barclays U.S. Aggregate Bond Index, consistent with preservation of capital by investing in a diversified portfolio of fixed income securities.

MTA Bond Aggregate Index Fund - The Fund invests wholly in the SSgA US Bond Index Non-Lending – Class C. The Fund seeks to match, as closely as possible, before expenses, the performance of the Barclays U.S. Aggregate Bond Index over the long term.

Fixed Investment Option

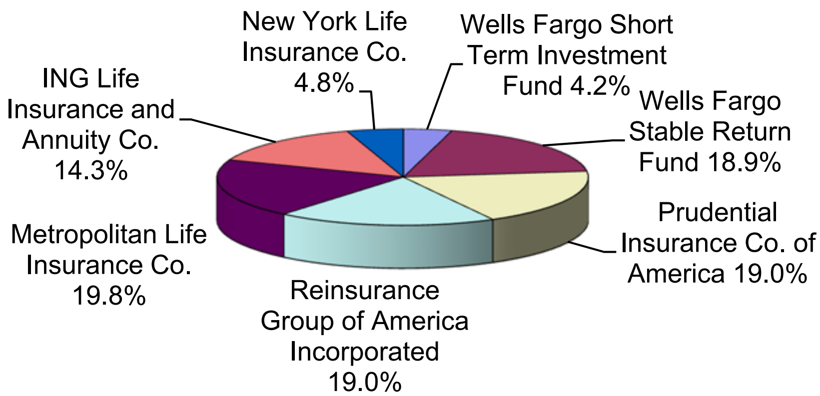
MTA Stable Value Fund – Seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. The fund is managed by Galliard Capital Management and is primarily comprised of investment contracts issued by 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 invests include Separate Account 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 an 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, 2014 and 2013.



*The Wells Fargo Stable Return Fund G is not a part of the wrapped portfolio.

Stable Income Fund
Wrap Provider Distribution as of December 31, 2013



*The Wells Fargo Stable Return Fund G is not a part of the wrapped portfolio.

The MTA Plans' investment options performance is outlined in the following tables. The MTA, 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, 2014

Stable Value

	3 Months	1 Year	3 Years	5 Years	7 Years
MTA Stable Value	0.5%	1.9%	2.3%	2.8%	3.3%
Galliard 5YrCMT+50bps	0.5%	2.2%	1.7%	1.9%	2.2%

Domestic Fixed

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA Aggregate Bond Index Fund	1.8%	6.0%	2.6%	4.4%	4.8%
Barclays Capital U.S. Aggregate	1.8%	6.0%	2.7%	4.5%	4.8%
SSgA U.S. Inflation Protected Bond Index Fund	0.0%	3.5%	.3%	4.0%	4.1%
Barclays Capital U.S. TIPS	0.0%	3.6%	.4%	4.1%	4.2%
Prudential Core Plus (Separate Account)	2.0%	5.1%	4.7%	4.7%	5.8%
Barclays Capital U.S. Aggregate	1.8%	6.0%	2.7%	4.5%	4.8%

Performance Summary

Year ended December 31, 2014 (continued)

Domestic Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
Vanguard Institutional Index Fund Institutional Plus	4.9%	13.7%	20.4%	15.5%	7.3%
S&P 500	4.9%	13.7%	20.4%	15.5%	7.3%
T Rowe Price Institutional Large-Cap Value Fund	4.4%	13.1%	21.3%	14.9%	7.3%
Russell 1000 Value	5.0%	13.5%	20.9%	15.4%	6.4%
Jennison Large Cap Growth (Prudential Separate Account)	2.9%	10.1%	20.6%	14.4%	8.6%
Russell 1000 Growth	4.8%	13.0%	20.3%	15.8%	8.4%
SSgA S&P400 MidCap Index	6.4%	9.7%	19.9%	16.5%	9.4%
S&P 400 MidCap	6.3%	9.8%	20.0%	16.5%	9.5%
Vanguard Selected Value Fund Investor	2.9%	6.4%	20.3%	16.0%	9.1%
Russell Midcap Value	6.1%	14.7%	22.0%	17.4%	9.1%
Frontier Mid Cap Growth (Prudential Separate Account)	6.8%	11.3%	20.6%	15.6%	8.6%
Russell Midcap Growth	5.8%	11.9%	20.7%	16.9%	8.6%
SSgA Russell 2000 Index	9.8%	4.9%	19.2%	15.5%	8.1%
Russell 2000	9.7%	4.9%	19.2%	15.5%	8.2%
Denver Small Cap Value (Separate Account)	10.7%	6.8%	NA	NA	NA
Westcore Small Cap Value Dividend Fund Inst	10.9%	6.6%	17.0%	15.2%	7.4%
Russell 2000 Value	9.4%	4.2%	18.3%	14.3%	7.6%
Conestoga Small Cap Growth (Separate Account)	9.5%	-7.9%	NA	NA	NA
Conestoga Small Cap Fund	9.7%	-8.0%	15.1%	16.8%	9.1%
Russell 2000 Growth	10.1%	5.6%	20.1%	15.7%	8.7%

International Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA MSCI ACWI ex-U.S. IMI Index	-4.4%	-4.3%	9.2%	NA	NA
MSCI AC World ex U.S. Net	-3.9%	-3.9%	9.2%	4.7%	-.3%
William Blair Institutional International Growth Fund	-1.6%	-2.7%	12.8%	8.3%	.3%
MSCI AC World ex U.S. Growth Net WHT	-2.3%	-2.6%	9.5%	5.2%	-.4%
Target International Equity Q	-4.1%	-7.0%	9.5%	NA	NA
MSCI AC World ex U.S. Value Net WHT	-5.4%	-5.1%	8.5%	8.5%	-.9%
MSCI EAFE Value NET WHT	-4.9%	-5.4%	11.0%	11.0%	-1.0%

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Performance Summary

Year ended December 31, 2014 (continued)

Lifecycle

	3 Months	1 Year	3 Years	5 Years	7 Years
MTA Income	.8%	2.8%	4.2%	4.7%	4.1%
MTA Income Composite Index	.8%	3.4%	3.9%	4.6%	3.9%
MTA 2010	0.9%	3.2%	5.2%	5.5%	4.8%
MTA 2010 Composite Index	0.9%	3.8%	4.8%	5.4%	4.4%
MTA 2015	1.2%	3.2%	6.0%	6.3%	5.6%
MTA 2015 Composite Index	1.1%	4.0%	5.7%	6.2%	5.0%
MTA 2020	1.3%	3.4%	7.2%	6.9%	5.4%
MTA 2020 Composite Index	1.2%	4.3%	6.7%	6.7%	4.9%
MTA 2025	1.7%	3.8%	9.1%	8.1%	5.6%
MTA 2025 Composite Index	1.6%	5.0%	8.7%	8.0%	5.2%
MTA 2030	1.7%	3.9%	9.9%	8.4%	5.4%
MTA 2030 Composite Index	1.6%	5.2%	9.3%	8.9%	5.3%
MTA 2035	1.8%	4.1%	10.8%	8.8%	5.1%
MTA 2035 Composite Index	1.6%	5.4%	10.1%	8.7%	5.3%
MTA 2040	2.2%	4.2%	12.8%	9.8%	5.0%
MTA 2040 Composite Index	2.0%	5.8%	12.2%	9.8%	5.2%
MTA 2045	2.2%	3.7%	14.2%	10.5%	4.8%
MTA 2045 Composite Index	2.0%	5.5%	13.9%	10.7%	5.2%
MTA 2050	2.1%	3.6%	14.6%	10.7%	4.5%
MTA 2050 Composite Index	1.9%	5.4%	14.4%	10.8%	5.1%

Performance Summary

Year ended December 31, 2013 (continued)

Stable Value

	3 Months	1 Year	3 Years	5 Years	7 Years
MTA Stable Value	0.5%	2.3%	2.8%	3.2%	3.7%
Galliard 5YrCMT+50bps	0.5%	1.7%	1.7%	2.0%	2.6%
Citigroup 3-Month Tbill + 150 bp Premium	0.4%	1.6%	1.6%	1.6%	2.5%

Domestic Fixed

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA Aggregate Bond Index Fund	-0.2%	-2.1%	3.2%	4.5%	5.09%
Barclays Capital U.S. Aggregate	-.1%	-2.0%	3.3%	6.0%	4.9%
SSgA U.S. Inflation Protected Bond Index Fund	-2.0%	-8.7%	3.4%	5.5%	5.2%
Barclays Capital U.S. TIPS	-2.0%	-8.6%	3.5%	5.6%	5.3%
PIMCO Total Return (Prudential Separate Account)	0.0%	-0.9%	3.8%	5.9%	6.3%
Barclays Capital U.S. Aggregate	-0.1%	-2.0%	3.3%	4.5%	4.9%
Vanguard Institutional Index Fund Institutional Plus	10.5%	32.4%	16.2%	18.0%	6.2%
S&P 500	10.5%	32.4%	16.2%	17.9%	6.1%
T Rowe Price Institutional Large-Cap Value Fund	9.9%	34.0%	16.0%	17.8%	5.7%
Russell 1000 Value	10.0%	32.5%	16.1%	16.7%	4.5%
Jennison Large Cap Growth (Prudential Separate Account)	12.3%	36.7%	16.9%	20.4%	8.8%
Russell 1000 Growth	10.4%	33.5%	16.5%	20.4%	8.2%
SSgA S&P400 MidCap Index	8.3%	33.4%	15.6%	21.8%	9.2%
S&P 400 MidCap	8.3%	33.5%	15.6%	21.9%	9.2%
Vanguard Selected Value Fund Investor	10.0%	42.0%	18.2%	21.8%	8.1%
Russell Midcap Value	8.6%	33.5%	16.0%	21.2%	6.8%
Frontier Mid Cap Growth (Prudential Separate Account)	8.4%	33.8%	14.8%	20.0%	NA
Russell Midcap Growth	8.2%	35.7%	15.6%	23.4%	8.5%
SSgA Russell 2000 Index	8.7%	38.7%	15.6%	19.9%	7.1%
Russell 2000	8.7%	38.8%	15.7%	20.1%	7.2%
Denver Small Cap Value (Separate Account)	7.1%	NA	NA	NA	NA
Westcore Small Cap Value Dividend Fund Inst	7.0%	36.9%	14.4%	18.4%	NA
Russell 2000 Value	9.3%	34.5	14.5	17.6%	5.4%
Conestoga Small Cap Growth (Separate Account)	NA	NA	NA	NA	NA
Conestoga Small Cap Fund	11.0%	49.3%	20.1%	22.6%	11.4%
Russell 2000 Growth	8.2%	43.3%	16.8%	22.6%	8.39%

Performance Summary

Year ended December 31, 2013 (continued)

International Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
SSgA MSCI ACWI ex-U.S. IMI Index	4.8%	15.2%	NA	NA	NA
MSCI AC World ex U.S. Net	4.7%	15.8%	5.1%	13.5%	2.4%
William Blair Institutional International Growth Fund	7.3%	18.9%	8.4%	16.9%	3.2%
MSCI AC World ex U.S. Growth Net WHT	4.7%	15.5%	4.9%	12.9%	2.7%
Target International Equity Q	5.8%	20.9%	NA	NA	NA
MSCI AC World ex U.S. Value Net WHT	4.9%	15.0%	5.3%	12.7%	1.5%
MSCI EAFE Value NET WHT	6.3%	23.0%	8.3%	12.0%	0.6%

Lifecycle

	3 Months	1 Year	3 Years	5 Years	7 Years
MTA Income	1.1%	3.0%	4.6%	5.9%	4.6%
MTA Income Composite Index	0.2%	-0.6%	4.7%	5.7%	4.3%
MTA 2010	1.6%	4.6%	5.3%	7.7%	NA
MTA 2010 Composite Index	0.8%	1.3%	5.8%	7.3%	NA
MTA 2015	2.1%	6.2%	5.9%	9.3%	6.5%
MTA 2015 Composite Index	1.8%	5.4%	5.6%	8.0%	5.5%
MTA 2020	2.8%	8.3%	6.7%	10.2%	NA
MTA 2020 Composite Index	2.4%	7.5%	6.3%	9.0%	NA
MTA 2025	3.9%	12.1%	8.0%	11.7%	6.4%
MTA 2025 Composite Index	3.4%	10.8%	7.6%	10.6%	5.6%
MTA 2030	4.3%	13.4%	8.4%	12.4%	NA
MTA 2030 Composite Index	4.3%	12.4%	9.2%	12.2%	NA
MTA 2035	4.8%	14.9%	9.0%	13.1%	6.0%
MTA 2035 Composite Index	4.2%	13.1%	8.4%	12.2%	5.4%
MTA 2040	6.1%	20.0%	10.1%	14.7%	NA
MTA 2040 Composite Index	5.5%	18.1%	9.6%	13.9%	NA
MTA 2045	7.2%	24.1%	11.0%	16.0%	5.7%
MTA 2045 Composite Index	6.5%	21.9%	10.5%	15.5%	5.7%
MTA 2050	7.6%	25.4%	11.3%	16.5%	NA
MTA 2050 Composite Index	6.8%	23.1%	10.8%	16.0%	NA

The table below summarizes the Plans' investments by category at December 31, 2014:

FUND INVESTMENT SUMMARY

Investment at Fair Value	457 Fair Value Distribution		401k Fair Value Distribution	
Target-Year Lifecycle Funds	$310,082,729	15.90%	$466,322,084	17.68%
International Equity Funds	92,685,736	4.75	131,360,638	4.98
Small-Cap Equity Funds	88,454,049	4.54	125,007,402	4.74
Mid-Cap Equity Funds	152,311,762	7.81	195,652,664	7.42
Large-Cap Equity Funds	459,490,678	23.56	671,727,401	25.47
Bond Funds	73,070,359	3.75	106,953,196	4.05
Stable Income Fund	771,831,770	39.58	938,061,759	35.56
Self-Directed Brokerage Option	2,035,410	0.11	2,721,576	0.10
Total Investments	$1,949,962,493	100%	$2,637,806,720	100%

The table below summarizes the Plans' investments by category at December 31, 2013:

FUND INVESTMENT SUMMARY

Investment at Fair Value	457 Fair Value Distribution		401k Fair Value Distribution	
Target-Year Lifecycle Funds	$279,837,713	15.91%	$429,211,484	18.04%
International Equity Funds	82,561,847	4.69	115,383,144	4.85
Small-Cap Equity Funds	87,278,820	4.96	124,296,260	5.22
Mid-Cap Equity Funds	133,833,691	7.61	175,438,114	7.37
Large-Cap Equity Funds	384,841,472	21.87	565,727,243	23.77
Bond Funds	53,075,375	3.02	79,231,672	3.33
Stable Income Fund	735,826,594	41.83	888,014,832	37.32
Self-Directed Brokerage Option	1,873,383	0.11	2,351,529	0.10
Total Investments	$ 1,759,128,895	100.00%	$ 2,379,654,278	100.00%

At December 31, 2014, the investment option holding the largest portion of participants' funds in both the 457 and 401(k) Plans was the Stable Income Funds with 39.58% and 36.56% of invested funds, respectively. This was followed by the Large-Cap Equity Funds with 23.56% and 25.47% of invested 457 and 401(k) funds, respectively.

At December 31, 2013, the investment option holding the largest portion of participants' funds in both the 457 and 401(k) Plans was the Stable Income Funds with 41.83% and 37.32% of invested funds, respectively. This was followed by the Large-Cap Equity Funds with 21.87% and 23.77% of invested 457 and 401(k) funds, respectively.

Economic Factors

Market Overview 2014

Calendar year 2014 saw U.S. equities and bonds performed better than most analysts predicted in their 2014 investment outlook. The job market outperformed, consumer and business confidence improved and corporations aggressively put cash to work after years of staying on the side-lines. As a result, 2014 proved to be a good year for U.S. stocks, to this end, the S&P 500 returned 13.7% for the year, and the Russell 2000 gained 4.9%. These advances came amid a slump in the rest of the world with the Morgan Stanley Capital International Europe, Australia and Far East ("MSCI EAFE") Index falling 3.5% in December 2014. The drop was fueled by a 4.3% decline in European shares with investors even shrugging off intensifying expectations of additional monetary policy accommodation by the European Central Bank ("ECB"). Domestic fixed income indices, although mixed in December, ended the year on a strong note with the Barclays Aggregate Index up 6.0% for 2014. Domestic fixed income indices were bolstered through the year by narrowing Treasury yields, despite the market's anticipation of rates rising. The yield on the 10-year Treasury fell to 2.11% in December from 2.16% a month earlier. In contrast, the World Government Bond Index ("WGBI Index") declined by 0.7%, partially affected by currency depreciation in international markets. By contrast, emerging market equities returned -2.2% for 2014 after a very difficult year. The pattern of returns across asset classes over the year, and especially in the fourth quarter, drove home the impact that divergent global growth and by extension divergent monetary policy has had on asset markets.

The fourth quarter of 2014 was, in many regards, a perfect microcosm of the issues that had built in global markets over the course of the year. Three factors are notable, and persistent: i) the slow but inexorable U.S. economic recovery; ii) the contrasting sluggishness of the rest of the world economy, large parts of which remain heavily reliant on stimulus; and iii) the excess capacity that exists in parts of the global economy and is currently most visible in commodity markets. Both of the periods of market disruption in early October and early December last year were likely influenced by these factors as markets re-priced their impact.

Despite the pockets of market volatility during the fourth quarter, the Chicago Board Options Exchange Market Volatility Index ("VIX") averaged just 16 over the quarter, which was 2.5 points above the average of the prior three quarters, but still well below crisis levels. Indeed, the price action in key asset classes in the fourth quarter showed an extension of the full year trends. Global equities added 290 basis points ("bps"), global bonds added 340bps, and global credit added 160bps; meanwhile commodities, already down 7.5% at the end of the third quarter, fell a further 27.7% as oil slumped below $60/bbl.

The anatomies of the market shakeouts that occurred in October and December are worth noting. First, the relative speed with which equity markets, specifically U.S. equities regained their footing, reinforces the view that the underlying economy is gradually improving. Secondly, the failure of high yield credit markets to rebound strongly with equities may be explained in part by the impact of weaker oil prices on the U.S. mid and small cap energy sector, but is also likely to be a function of liquidity fears. Little wonder then that markets directly affected by liquidity stimulus notably Japan, rebounded very sharply from their lows, while markets where liquidity is scarce (high yield, emerging market debt) struggled to recover. Finally, the extreme moves in bond markets were only partly to do with capitulations of short positions. The weakness in commodity markets is very likely to precipitate a marked drop in global inflation. This global disinflationary impulse, together with ongoing demand for duration from central banks, is clearly holding yields down.

In retrospect, 2014 was a year of many themes that never materialized. With the 10-year Treasury at 3.03% at the end of 2013, markets were poised for lower returns amid expectations that a continued rise in rates, in conjunction with the tapering monetary policy, would negatively affect fixed income securities; instead, bond markets posted robust returns and rode rates all the way down to pre-taper levels. Furthermore, a rally in equities lasting nearly five years and a Gross Domestic Product ("GDP") contraction in the first quarter of 2014 were reason enough to express caution around US markets. That said, successive quarters of stronger-than-expected growth quickly eased these fears and allowed U.S. equities to continue their winning streak. In June, oil prices rose to over $110 per barrel amid conflict in Ukraine and the Middle East, only to fall by more than half by year end. Even the Federal Reserve Bank's planned winding down of its bond purchases mostly went off without a hitch when the very idea of tapering caused havoc in markets only a year earlier.

As with any investment, there exists the possibility of a risk of loss. Those risks include the risk of changes in economic and market conditions, the concentration of investments within a portfolio, and the volatility of securities or the assets underlying the investment. With alternative investments, investors may be required to hold the investment for a certain time period before they can sell and there can be conditions when fund managers are not required to make distributions. Also, in the case of certain alternative investments, management and their investment advisors use assumptions and judgments to determine the estimated fair value for these investments as they are not always readily marketable. The actual results, ultimately realized, could differ from these estimates. Additionally, each of the above discussed factors could affect the ultimate fair value realized from an investment. The fair value that management has determined for financial statement presentation purposes may not be indicative of the amounts ultimately realized upon a sale of a security.

Market Overview and Outlook – 2015

Despite low returns across all major markets and asset classes, 2015 was an eventful year. Market performance was framed by an ever complicated macro environment. Europe was the focus in the first half of the year, as renewed concern about sovereign debt weighed on the common currency. Such concern ultimately led Switzerland to abandon its currency peg to the Euro. Greece continued to make headlines with its contested austerity program, posing an existential threat to the European common currency. In the second half, eyes turned toward a weakening Chinese economy, resulting in commodity markets continuing their steep decline and volatility rising across the equity and fixed income markets. Emerging markets, particularly those centered on commodities where demand is tied to Chinese growth, experienced sharp declines for the year.

Weak global growth and low inflation set the stage for divergent central bank monetary policies in developed markets. The year ended with the U.S. Federal Reserve raising interest rates for the first time in nearly 10 years. The European Central Bank and Bank of Japan took a different path, as they continued their quantitative easing programs in an effort to boost inflation and lagging growth in their economies. Perhaps the story for the year was what played out in China, emerging markets, and the commodity markets. As China's ability to generate the growth expected by the markets became more suspect, the impact was felt across commodity markets. Oil ended the year below $40/barrel, well off its price of just 18 months ago of approximately $120/barrel. Similarly, copper, iron ore, nickel and other industrial metals all are touching lows not seen in recent years. Emerging markets, many of which are tied to China's growth by supplying it with the raw materials necessary to fuel the economic engine, sold off as investors pulled their risk capital from the markets. Within this context, there were few places to invest to generate meaningful positive returns, while other areas experienced performance not seen since the Great Financial Crisis.

Macro Themes

- Weak global growth continuing into 2017
- Central Bank policy divergence, U.S. tightening while Europe and Japan eases
- China weakening; turmoil in emerging markets and commodities
- Volatile currency markets and sovereign debt stress

The macro picture was framed by tepid global growth in 2015, with the likelihood that sub-optimal economic performance would continue into 2016 and 2017. Developed markets look to remain weak, with GDP growth not breaking through the 3% level in the U.S., Europe, or Japan in 2016 or 2017 according to both the IMF and World Bank. Inflation remains non-existent across the developed markets while currency depreciation in emerging markets have led to spikes in inflation. The U.S. is in an environment where interest rates will likely rise over the next two years; Europe and Japan are in a decidedly different place. Weak demand and low inflation in Europe and Japan have led to further central bank intervention and easing. In emerging markets, central banks have moved to increase interest rates in order to tame both inflation and capital outflows. Ultimately, U.S. interest rate increases will continue to result in a strengthening U.S. Dollar, potentially impacting the U.S. manufacturing and exporting sectors and likely restraining the Fed from increasing rates too quickly. Costs of a rising dollar and interest rates may be partially offset by cheaper natural resources and energy costs.

Europe continues to be impacted by high levels of public debt and low economic growth. Like many emerging markets, much of Europe's exports are tied to Chinese demand and growth. Lower growth in China will continue to place pressures on Europe, in particular Germany. Debt levels have not yet moderated post-financial crisis and flare-ups in the periphery, such as in Greece, Portugal, Italy, and Spain, are likely to continue as growth remains challenged and reforms and austerity lose support. Banks will continue their deleveraging cycle as new rules on risk capital are implemented. In Japan, where banks are in better health; high public debt, low growth, a weakening regional economic picture, and aging demographics will challenge the government in delivering their growth and inflation targets. Emerging markets have seen their economic performance deteriorate over the past few years, coinciding with both a weaker global growth picture, sovereign debt concerns in developed markets, and a collapse in energy and mineral prices. The main emerging markets, as defined as the "BRICs" all face their own challenges. Brazil faces high inflation, high interest rates, low growth and a government beset by allegation of corruption. China, in attempting to shift from being manufacturing-oriented to a consumer-based economy, faces significant pressures to meet its growth target of 7% per year. Russia faces a deteriorating financial condition as lower energy prices and economic sanctions take their toll. Finally, India seems to continually disappoint in liberalizing its economy and implementing the structural reforms necessary to unleash its potential. No longer can an argument be made that emerging markets have de-coupled from the developed world.

United States

Markets in the U.S. were challenged for the year, but were among the best performers in 2015. Unlike other regions, the U.S. appears to be on relatively sound footing, with unemployment continuing to decline and the remaining hangovers from the 2008 financial crisis continuing to dissipate. The better economic picture provided the Federal Reserve enough leeway to raise interest rates in December for the first time in nearly ten years. The 25 basis point move is largely symbolic, as the frequency and velocity of future interest rate hikes will be determined by continued improvement in the economy.

Equity

- Worst year for U.S. Equities since 2008
- Valuations neither cheap nor expensive
- Risk Aversion – Large Cap outperformed small & mid cap. Growth outperformed Value
- Energy and Materials lagged the broader markets significantly
- Health Care and Consumer Sectors relatively strong
- Equity markets set for another low-return year

Large cap stocks were barely positive, with the S&P 500 and Russell 1000 posting returns of +1.4% and +0.9%, respectively. Small Cap and Mid Cap indices underperformed large cap. Small Cap, as measured by the Russell 2000 Index, returned -4.4%. The Russell Mid Cap Index performed better, at -2.4%, but still posting its first negative year since 2008. Digging deeper, there was significant performance dispersion across the sectors. Energy and materials performed remarkably poorly. Large cap energy stocks fell by 21.1% for the year while mid cap energy stocks fell by over 33%. Consumer areas performed reasonably well. Consumer Discretionary (+10.1%), Health Care (+6.9%) and Staples (+6.6%) were the leading performers in the S&P 500. With the potential for a new interest rate regime in the U.S., active management may finally start to deliver against passive investment options. Dispersion amongst sectors and stocks, as well as increased volatility from a cloudy global macro picture, should provide active managers an adequate environment to deliver value in relation to their fees.

Fixed Income

Unlike recent years where fixed income could be counted on to deliver performance in a weak year for equities, bonds disappointed across all asset classes. Treasuries returned 0.84% for the year, with long-dated bonds outperforming shorter-dated bonds. Importantly, Treasuries were among the best performing areas of the bond markets for 2015. And perhaps more significantly, most investors have been both underweight Treasuries and positioned toward the front end of the yield curve, in anticipation of rising interest rates. This shorter-duration strategy hurt investors in 2015 as the 7-10 Year Index outperformed the 1-3 Year Index by 100 bps for the year. The underweight to Treasuries further eroded performance for many investors in their bond portfolios.

- Intermediate Treasuries returned less than 2%
- Investment Grade Credit posted negative returns, driven by BBB-rated
- High Yield markets sold off in second half
- Declining liquidity in corporate bonds due to capital rules on dealer balance sheets
- Fixed income likely to continue to disappoint as interest rates creep higher

Volatility entered the fixed income markets significantly in the back half of the year. High Yield, which had seen strong inflows in recent years, sold off as investors became nervous of rising interest rates, illiquidity, and the impact from the decline in energy prices. Energy issuers comprise roughly 15% of the high yield market and are under significant pressure due to the decline in oil prices. High profile fund closures and liquidations in the fourth quarter added to the volatility in the high yield market. Investment grade was not immune to the volatility either as risk aversion was evident in the corporate bond markets. Lower-rated investment grade, defined as “BBB” by S&P, posted a -1.5% return for the year, underperforming “A” rated bond by nearly 200 bps. Investment in fixed income will remaining challenging in 2016. Potential interest rate increases should continue to dampen returns for Treasuries and risk-aversion in investment grade and high-yield will likely lead to further volatility. Nimbleness and patient deployment of capital in fixed income could offer opportunities to take advantage of periods of market stress. As we have likely entered the later stages of the credit cycle, prudent allocation of risk to the credit sectors will become ever more important.

International Developed

- Weak year in Developed Markets ($U.S. returns)
- Eurozone, United Kingdom, Australia, Canada all posting negative returns
- Japan, Italy, and Scandinavia only major markets positive for the year
- Equity valuations in developed markets appear relatively cheaper than the U.S.
- Low returns in fixed income in 2015 and expected through 2016

Europe muddled through 2015, never quite able to shake-off a steady procession of crises or concerns, whether the headlines were Greece, sovereign debt levels, weak growth, the viability of the Euro, or the influx of migrants. In $U.S., all major developed markets posted negative performance in 2015. Banks in Europe continue their deleveraging programs, selling off non-core holdings and impaired

assets. Opportunities in Europe will continue to exist in taking advantage of the deleveraging cycle, although the space has become crowded with ever increasing amounts of capital seeking returns. Unlike the U.S., equity valuations appear a little more attractive in Europe and there may be a likelihood that investors will shift their focus from U.S. to European Equities. In Asia, most developed markets continue to experience very weak performance in $U.S. terms, with the one exception being Japan. Japan, which has embarked on aggressive policies to pull the country from two decades of stagnation, returned +9.6% in 2015. Whether the strong relative performance continues is an open question, particularly in light of the developments in China and whether the Yen can continue to depreciate against other currencies.
Fixed income markets in Europe and Japan are largely centered on government bonds, with corporate and asset-backed issuance making up a fraction of the overall markets. European Treasuries returned 1.7% in 2015, and with the latest round of quantitative measures employed by the European Central Bank, returns are likely to be similar in 2016.

Emerging Markets

- Terrible year in Emerging Markets (U.S.$ returns)
- Weighed by capital outflows and commodity sell-off
- Major markets of Indonesia, Brazil, South Africa, Turkey, Malaysia, Thailand at least 20% lower
- Only Hungary and Russia posted positive returns
- Local Currency Bonds significantly down; hard currency bonds modestly positive
- No end in sight for volatility and macro risks remain elevated

Emerging markets posted performance not seen since the financial crisis. The broad emerging markets index declined 14.9% for the year. Only two markets tracked by MSCI, Hungary and Russia, posted positive performance for the year, although Russia was largely a result of performance in the non-energy and basic materials sectors. China, which made significant news through the fall and into winter with the deterioration of its economy and clumsy financial controls implemented to arrest a steep decline in its equity markets, performed better than the broader emerging markets index, falling 7.8% for the year. The worst performance in emerging markets came from Latin America. The Emerging Markets ("EM") Latin America index fell by 31.0% in 2015, with the worst performance coming from the commodity-heavy economies of Brazil (-41.4%), Peru (-31.7%), and Columbia (-41.8%).

More troubling may be the performance of the bond markets of emerging markets. In local currency terms, most emerging markets fixed income indices posted positive performance in 2-5% range. In $U.S. terms, the declines in local currency bonds have been staggering. Brazil (-30.1%), South Africa (-28.2%), and Turkey (-20.9%) highlight the impact of currency on performance. Hard currency bonds, generally issued in $U.S., performed better in 2015, due to the strength of the dollar. The strong performance does not mask the risk due to currency mismatches in the hard currency market and the perennial risk of devaluation, default, and repudiation. Declining currencies, commodity price volatility, high debt levels, and high inflation will likely provide little respite in 2016 for emerging markets.

Commodities

- One of the worst years on record for commodities
- Slowing China growth, weak global demand, over supply interrelated factors
- Little expectation for a recovery in commodity prices in the near term

Commodities posted amongst the worst performance of any asset class in 2015. The Dow Jones Commodity Index fell by over 25% in 2015, with the energy components leading the downward spiral in prices. Only Cocoa and Cattle provided any positive returns in the index. The Brent Crude Index fell by 45.7% in 2015; Heating Oil fell by 41.4% and Natural Gas fell by 39.1%. While potentially a benefit to consumers, the collapse in energy prices has negative effects near (U.S. shale producers) and far (emerging markets sovereign debt and currencies). Industrial metals were also not immune to the sell-off. As China demand for industrial metals has declined, prices for industrial metals declined by 25% in 2015. The volatility in prices, as well as the impairment on company financials, has led to a significant amount of capital raised in the private equity space in seeking to take advantage of the environment. With little reason to believe that a recovery is near, performance will likely broadly disappoint.

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 PLANS NET POSITION
AS OF DECEMBER 31, 2014 AND DECEMBER 31, 2013
($ In THOUSANDS)

	2014		2013	
	457	**401K**	**457**	**401K**
ASSETS:				
Investments at fair value:				
Stable Income Fund	$ 771,832	$ 938,062	$ 735,827	$ 888,015
Bond Funds	73,070	106,953	53,075	79,232
Large-Cap Equity Funds	459,490	671,727	384,841	565,727
Mid-Cap Equity Funds	152,312	195,653	133,834	175,438
Small-Cap Equity Funds	88,454	125,007	87,279	124,296
International Equity Funds	92,686	131,361	82,562	115,383
Target-Year Lifecycle Funds	310,083	466,322	279,838	429,211
Self-Directed Brokerage Option	2,035	2,722	1,873	2,352
Total investments	1,949,962	2,637,807	1,759,129	2,379,654
Other plan investments:				
Participant loans receivable	60,849	118,639	55,740	111,081
Total other plan investments	60,849	118,639	55,740	111,081
Total assets	2,010,811	2,756,446	1,814,869	2,490,735
LIABILITIES:				
Administrative expense reimbursement	66	66	57	58
Total liabilities	66	66	57	58
TOTAL NET POSITION HELD IN TRUST	$ 2,010,745	$ 2,756,380	$ 1,814,812	$ 2,490,677

See notes to financial statements.

METROPOLITAN TRANSPORTATION AUTHORITY
DEFERRED COMPENSATION PROGRAM

STATEMENTS OF CHANGES IN PLANS NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
($ In THOUSANDS)

	2014		2013	
	457	401K	457	401K
ADDITIONS:				
Investment income:				
Net appreciation in fair value of investments	$ 84,328	$ 118,285	$ 211,649	$ 303,215
Interest/dividend	-	(3)	14	6
Total investment income	84,328	118,282	211,663	303,221
Contributions:				
Employee contributions, net	197,250	240,181	134,032	166,277
Participant rollovers	5,125	17,705	7,045	12,356
Employer contributions	-	3,867	-	3,864
Total contributions	202,375	261,753	141,077	182,497
Other additions:				
Loan repayments - interest	2,541	4,973	2,267	4,552
Total additions	289,244	385,008	355,007	490,270
DEDUCTIONS:				
Distribution to participants	42,368	49,663	37,327	45,739
Transfers to other plans	47,317	64,409	36,761	61,783
Net loan initiations/repayments	(73)	(207)	(37)	(256)
Loan defaults/offsets	1,923	2,461	1,352	2,128
Loan fees transfers to other plans	225	490	208	470
Other deductions	1,485	2,423	525	1,043
Administrative expense	66	66	57	58
Total deductions	93,311	119,305	76,193	110,965
Increase in net position	195,933	265,703	278,814	379,305
TOTAL NET POSITION HELD IN TRUST				
Beginning of year	1,814,812	2,490,677	1,535,998	2,111,372
End of year	$ 2,010,745	$ 2,756,380	$ 1,814,812	$ 2,490,677

See notes to financial statements.

1. PLANS BACKGROUND AND DESCRIPTION

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 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, pay for the administrative cost of running 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 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 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.

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 Target-Year Lifecycle Funds, which are comprised of a mix of several funds, most of which are available separate investments in the Deferred Compensation Program. The particular mix of investments for each Fund is determined by the "target" date, which is the date the money is intended to be needed for retirement income.

- 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 Russell Mid Cap Index.

- 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 a selected index. These institutional strategies provide participants with a diversified array of distinct asset classes, with a single fund option in each class to simplify the decision making process.

- 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.

In 2011, the Deferred Compensation Program offered 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 $17,500 or $23,000 for those over age 50 for the year ended December 31, 2014.

The two Plans offer the same array of investment options to participants. Eligible participants for 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 Capital Construction Company ("MTA Capital Construction")
- 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.

The MTA has implemented GASB Statement No. 50, *Pension Disclosures.* The Statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pension. This Statement, which amends Statement No. 25 requires that the notes disclosures or Required Supplementary Information ("RSI") includes the methods and assumptions used to determine the fair value of investments, if the fair value is based on other than quoted market prices. This Statement is intended to improve transparency and the usefulness of reported information about pensions by state and local governmental plans and employers. As amended by GASB Statement No. 67.

Recent Accounting Pronouncements —

The Plans have completed the process of evaluating the impact of GASB Statement No. 67, *Financial Reporting for Pension Plans.* This Statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and GASB Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. GASB Statement No. 67 had no impact on the Plan's financial statements reporting as a result of the implementation.

The Plans have not completed the process of evaluating the impact of GASB Statement No. 72, *Fair Value Measurement and Application.* This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under this Statement, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The provisions in GASB Statement No. 72 are effective for periods beginning after June 15, 2015.

The Plans have not completed the process of evaluating the impact of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of GASB Statement No. 73, extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. This Statement also clarifies the application of certain provisions of Statement Nos. 67 and 68 with regard to the following issues: 1) Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported 2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions 3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation. The requirements of this Statement should be applied simultaneously with the provisions of GASB Statement No. 68 and are effective for fiscal years beginning after June 15, 2016.

The Plans have not completed the process of evaluating the impact of Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

The Plans has not completed the process of evaluating the impact of Statement No. 79, *Certain External Investment Pools and Pool Participants.* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

Use of 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 market value of investments.

Investment Valuation and Income Recognition - Investments are stated at fair value as reported by Prudential (the "Trustee"). 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 value 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 value of investments.

3. CASH AND 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 that are established by the committee.

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 Plans' net position available for benefits at December 31, 2014 and 2013 are as follows:

Investment at fair value – December 31, 2014	457 Value	401(k) Value
MTA Stable Value fund	$771,831,770	$938,061,758
MTA Large Cap Growth Portfolio	198,135,976	280,594,085
MTA Large Cap Core Index Fund	202,602,344	303,910,990
MTA Mid Cap Core Portfolio	113,926,899	151,858,747

Investment at fair value – December 31, 2013	457 Value	401(k) Value
MTA Stable Value fund	$735,826,594	$888,014,832
MTA Large Cap Growth Portfolio	174,548,193	249,544,773
MTA Large Cap Core Index Fund	165,872,174	248,469,993
MTA Mid Cap Core Portfolio	101,956,945	137,636,317

The following table shows the fair value of investment in the various investment options at December 31, 2014 and 2013

Investments at Fair Market Value at December 31, 2014

Target-Year Lifecycle Funds	**457 Value**	**401k Value**
MTA Target-Year Lifecycle 2010 Fund	$ 6,071,672	$ 7,729,815
MTA Target-Year Lifecycle 2015 Fund	48,311,195	68,276,734
MTA Target-Year Lifecycle 2020 Fund	30,031,823	41,501,172
MTA Target-Year Lifecycle 2025 Fund	71,330,919	110,036,644
MTA Target-Year Lifecycle 2030 Fund	21,862,278	36,836,499
MTA Target-Year Lifecycle 2035 Fund	50,488,647	83,594,292
MTA Target-Year Lifecycle 2040 Fund	11,790,448	18,178,686
MTA Target-Year Lifecycle 2045 Fund	27,871,433	45,017,949
MTA Target-Year Lifecycle 2050 Fund	13,949,998	15,914,317
MTA Income Fund	28,374,316	39,235,976
International Equity Funds		
MTA International Portfolio	83,398,393	119,325,244
MTA International Index Fund	9,287,343	12,035,394
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	63,331,498	94,979,695
MTA Small Cap Core Index	25,122,551	30,027,707
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	113,926,899	151,858,747
MTA Mid Cap Core Index Fund	38,384,863	43,793,917
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	202,602,344	303,910,990
MTA Large Cap Growth Portfolio	198,135,976	280,594,085
MTA Large Cap Value Portfolio	58,752,358	87,222,326
Bond Funds		
MTA Bond Core Plus Portfolio	61,200,123	92,340,355
MTA Bond Aggregate Index Fund	11,870,236	14,612,841
Fixed Investment Option		
MTA Stable Value Fund	771,831,770	938,061,759
Self-Directed Brokerage Account	2,035,410	2,721,576
Total	**$1,949,962,493**	**$ 2,637,806,720**

Investments at Fair Market Value at December 31, 2013

Target-Year Lifecycle Funds	457 Value	401k Value
MTA Target-Year Lifecycle 2010 Fund	$ 5,280,081	$6,694,956
MTA Target-Year Lifecycle 2015 Fund	46,767,211	70,146,419
MTA Target-Year Lifecycle 2020 Fund	25,375,435	37,126,212
MTA Target-Year Lifecycle 2025 Fund	64,525,831	100,257,217
MTA Target-Year Lifecycle 2030 Fund	18,347,310	32,110,335
MTA Target-Year Lifecycle 2035 Fund	45,625,204	76,145,394
MTA Target-Year Lifecycle 2040 Fund	8,667,989	13,983,237
MTA Target-Year Lifecycle 2045 Fund	26,515,888	44,028,210
MTA Target-Year Lifecycle 2050 Fund	11,802,791	13,221,923
MTA Income Fund	26,929,973	35,497,581
International Equity Funds		
MTA International Portfolio	74,419,852	104,545,963
MTA International Index Fund	8,141,995	10,837,181
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	63,333,573	93,135,379
MTA Small Cap Core Index	23,945,247	31,160,881
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	101,956,945	137,636,318
MTA Mid Cap Core Index Fund	31,876,746	37,801,796
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	165,872,174	248,469,993
MTA Large Cap Growth Portfolio	174,548,193	249,544,773
MTA Large Cap Value Portfolio	44,421,105	67,712,477
Bond Funds		
MTA Bond Core Plus Portfolio	44,598,275	68,751,684
MTA Bond Aggregate Index Fund	8,477,100	10,479,988
Fixed Investment Option		
MTA Stable Value Fund	735,826,594	888,014,832
Self-Directed Brokerage Account	1,873,383	2,351,529
Total	**$1,759,128,895**	**$2,379,654,278**

The following tables show the interest and/or dividends earned on investments and net appreciation/(depreciation) for the years ended December 31, 2014 and 2013.

457 Investments at December 31, 2014

Target-Year Lifecycle Funds	**Cash Earnings**	**Appreciation/Depreciation in Fair Market Value - Net**
MTA Target-Year Lifecycle 2010 Fund	$ -	$ 174,825
MTA Target-Year Lifecycle 2015 Fund	-	1,498,273
MTA Target-Year Lifecycle 2020 Fund	-	906,855
MTA Target-Year Lifecycle 2025 Fund	-	2,516,056
MTA Target-Year Lifecycle 2030 Fund	-	773,414
MTA Target-Year Lifecycle 2035 Fund	-	1,916,004
MTA Target-Year Lifecycle 2040 Fund	-	426,859
MTA Target-Year Lifecycle 2045 Fund	-	1,008,927
MTA Target-Year Lifecycle 2050 Fund	-	435,429
MTA Income Fund	-	757,660
International Equity Funds		
MTA International Portfolio	-	(4,015,851)
MTA International Index Fund	-	(454,906)
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	-	(311,995)
MTA Small Cap Core Index	-	1,237,620
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	-	9,229,799
MTA Mid Cap Core Index Fund	-	3,357,840
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	-	23,539,088
MTA Large Cap Growth Portfolio	-	17,971,474
MTA Large Cap Value Portfolio	-	6,475,750
Bond Funds		
MTA Bond Core Plus Portfolio	-	2,515,097
MTA Bond Aggregate Index Fund	-	533,359
Fixed Investment Option		
MTA Stable Value Fund	(1)	13,727,826
Self-Directed Brokerage Account	-	108,912
Total	**($ 1)**	**$ 84,328,315**

457 Investments at December 31, 2013

Target-Year Lifecycle Funds	Cash Earnings	Appreciation/Depreciation in Fair Market Value - Net
MTA Target-Year Lifecycle 2010 Fund	$25	$252,468
MTA Target-Year Lifecycle 2015 Fund	361	2,686,172
MTA Target-Year Lifecycle 2020 Fund	154	1,780,396
MTA Target-Year Lifecycle 2025 Fund	650	6,590,769
MTA Target-Year Lifecycle 2030 Fund	274	1,909,870
MTA Target-Year Lifecycle 2035 Fund	457	5,635,460
MTA Target-Year Lifecycle 2040 Fund	87	1,241,742
MTA Target-Year Lifecycle 2045 Fund	437	5,005,095
MTA Target-Year Lifecycle 2050 Fund	162	2,144,692
MTA Income Fund	102	747,269
International Equity Funds		
MTA International Portfolio	-	12,189,980
MTA International Index Fund	-	877,790
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	10,792	15,846,800
MTA Small Cap Core Index	-	5,267,756
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	-	29,085,339
MTA Mid Cap Core Index Fund	-	6,913,907
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	-	40,317,849
MTA Large Cap Growth Portfolio	-	46,967,490
MTA Large Cap Value Portfolio	-	10,517,709
Bond Funds		
MTA Bond Core Plus Portfolio	-	(524,406)
MTA Bond Aggregate Index Fund	-	(228,158)
Fixed Investment Option		
MTA Stable Value Fund	139	16,249,918
		-
Self-Directed Brokerage Account	-	173,656
Total	**$13,640**	**$211,649,563**

401(k) Investments at December 31, 2014

Target-Year Lifecycle Funds	Cash Earnings	Appreciation/Depreciation in Fair Market Value- Net
MTA Target-Year Lifecycle 2010 Fund	$ -	$ 231,331
MTA Target-Year Lifecycle 2015 Fund	-	2,191,544
MTA Target-Year Lifecycle 2020 Fund	-	1,316,509
MTA Target-Year Lifecycle 2025 Fund	-	3,921,093
MTA Target-Year Lifecycle 2030 Fund	-	1,298,230
MTA Target-Year Lifecycle 2035 Fund	-	3,163,268
MTA Target-Year Lifecycle 2040 Fund	-	655,203
MTA Target-Year Lifecycle 2045 Fund	-	1,637,282
MTA Target-Year Lifecycle 2050 Fund	-	510,534
MTA Income Fund	-	1,015,620
International Equity Funds		
MTA International Portfolio	(102)	(5,731,464)
MTA International Index Fund	-	(555,199)
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	(81)	(426,141)
MTA Small Cap Core Index	-	1,348,783
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	(561)	12,267,735
MTA Mid Cap Core Index Fund	-	3,855,394
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	(426)	35,247,412
MTA Large Cap Growth Portfolio	(534)	25,399,189
MTA Large Cap Value Portfolio	(158)	9,632,269
Bond Funds		
MTA Bond Core Plus Portfolio	(33)	3,868,331
MTA Bond Aggregate Index Fund	-	675,379
Fixed Investment Option		
MTA Stable Value Fund	(1,573)	16,608,351
Self-Directed Brokerage Account	-	151,047
Total	**($ 3,468)**	**$118,281,700**

401(k) Investments at December 31, 2013

Target-Year Lifecycle Funds	Cash Earnings	Appreciation/Depreciation in Fair Market Value- Net
MTA Target-Year Lifecycle 2010 Fund	$ 27	$ 284,085
MTA Target-Year Lifecycle 2015 Fund	589	4,240,721
MTA Target-Year Lifecycle 2020 Fund	231	2,587,187
MTA Target-Year Lifecycle 2025 Fund	1,043	10,416,903
MTA Target-Year Lifecycle 2030 Fund	569	3,387,152
MTA Target-Year Lifecycle 2035 Fund	802	9,560,122
MTA Target-Year Lifecycle 2040 Fund	134	1,926,843
MTA Target-Year Lifecycle 2045 Fund	720	8,265,169
MTA Target-Year Lifecycle 2050 Fund	202	2,503,586
MTA Income Fund	142	1,003,048
International Equity Funds		
MTA International Portfolio	-	17,109,988
MTA International Index Fund	-	1,197,045
Small-Cap Equity Funds		
MTA Small Cap Core Portfolio	15,883	23,368,925
MTA Small Cap Core Index	-	6,842,227
Mid-Cap Equity Funds		
MTA Mid Cap Core Portfolio	(6,305)	38,883,868
MTA Mid Cap Core Index Fund	-	8,274,753
Large-Cap Equity Funds		
MTA Large Cap Core Index Fund	(56)	60,709,008
MTA Large Cap Growth Portfolio	(227)	67,267,606
MTA Large Cap Value Portfolio	-	16,629,713
Bond Funds		
MTA Bond Core Plus Portfolio	9	(791,119)
MTA Bond Aggregate Index Fund	-	(268,063)
Fixed Investment Option		
MTA Stable Value Fund	(7,679)	19,635,095
Self-Directed Brokerage Account	-	181,054
Total	**$6,084**	**$303,214,916**

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 safety of funds invested in the various investment accounts is based upon the performance and stability of the securities in the underlying portfolios. Investment in these funds 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 funds pursuant to investment policy and objectives. When funds are determined to not be meeting the investment policy and objectives, they are closed and replaced.

At December 31, 2014, the following credit quality rating has been assigned by a nationally recognized rating organization to the Fixed Income Portfolio of the Plans:

Quality Rating	457	457 Percentage of Fixed Income Portfolio	401(k)	401(k) Percentage of Fixed Income Portfolio
AAA	$ 439,404,781	42.33%	$ 559,288,148	41.65%
AA	93,498,261	9.01%	131,571,178	9.80%
A	132,472,186	12.76%	167,403,787	12.47%
BBB	65,556,932	6.31%	85,267,272	6.35%
BB	1,792,504	0.17%	2,233,306	0.16%
Credit Risk Debt Securities	732,724,664	70.58%	945,763,691	70.43%
U.S. Government Bonds	305,430,576	29.42%	397,046,754	29.57%
Total fixed income securities	1,038,155,240	100.00%	1,342,810,445	100.00%
Other securities not rated - equity, international funds and corporate bonds	911,807,253		1,294,996,275	
	$ 1,949,962,493		$ 2,637,806,720	

At December 31, 2013, the following credit quality rating has been assigned by a nationally recognized rating organization to the Fixed Income Portfolio of the Plans:

Quality Rating	457	457 Percentage of Fixed Income Portfolio	401(k)	401(k) Percentage of Fixed Income Portfolio
AAA	$ 457,565,745	47.37%	$ 568,034,321	45.62%
AA	89,814,045	9.30%	128,958,341	10.36%
A	105,385,814	10.91%	132,529,282	10.64%
BBB	59,288,883	6.14%	76,780,654	6.17%
BB	2,437,324	0.25%	3,023,384	0.24%
Credit Risk Debt Securities	714,491,811	73.97%	909,325,982	73.03%
U.S. Government Bonds	251,352,714	26.03%	335,847,935	26.97%
Total fixed income securities	965,844,525	100.00%	1,245,173,917	100.00%
Other securities not rated - equity, international funds and corporate bonds	793,284,370		1,134,480,361	
	$ 1,759,128,895		$ 2,379,654,278	

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 portfolio, 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.

2014 **Investment Type**	**457**	**401(k)**	**Total** **Fair Value**	**Duration**
Stable Value Fund	$ 826,879,307	$ 1,016,655,936	$ 1,843,535,243	2.86 *
PIMCO Total Return Institutional Fund	126,207,120	192,041,293	318,248,413	3.66
Target-Year Lifecycle Funds:				
SSgA BC Aggregrate Fund	11,870,236	14,612,841	26,483,077	5.55
SSgA TIPS Index Fund	40,732,346	60,378,964	101,111,310	5.76
Total Fixed Income Portfolio Modified Duration	$ 1,005,689,009	$ 1,283,689,034	$ 2,289,378,043	
Investment with no duration reported	944,273,484	1,354,117,686	2,298,391,170	
Total investments	$ 1,949,962,493	$ 2,637,806,720	$ 4,587,769,213	

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

2013 **Investment Type**	**457**	**401(k)**	**Total** **Fair Value**	**Duration**
Stable Value Fund	$ 735,826,594	$ 888,014,832	$ 1,623,841,426	2.86 *
PIMCO Total Return Institutional Fund	44,598,275	68,751,684	113,349,959	4.12
Target-Year Lifecycle Funds:				
SSgA BC Aggregrate Fund	8,477,100	10,479,988	18,957,088	5.49
SSgA TIPS Index Fund	37,724,043	56,176,368	93,900,411	6.69
Total Fixed Income Portfolio Modified Duration	$ 826,626,012	$ 1,023,422,872	$ 1,850,048,884	
Investment with no duration reported	932,502,883	1,356,231,406	2,288,734,289	
Total investments	$ 1,759,128,895	$ 2,379,654,278	$ 4,138,783,173	

* Average 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 fair value of an investment or deposit. The Program has an indirect exposure to foreign currency fluctuations for the Plans' investments are as follows:

2014 Currency	457 Holdings in U.S. Dollars	401(k) Holdings in U.S. Dollars	Total Holdings in U.S. Dollars
Australian Dollar	$ 5,877,296	$ 8,668,340	$ 14,545,636
Brazil Cruzeiro Real	1,431,965	2,102,530	3,534,495
British Pound Sterling	31,042,364	45,982,325	77,024,689
Canadian Dollar	5,073,232	7,430,387	12,503,619
Chilean Peso	22,050	28,956	51,006
Columbian Peso	12,463	16,367	28,830
Czech Krone	4,794	6,295	11,089
Danish Krone	1,672,615	2,472,782	4,145,397
Egyptian Pound	6,711	8,813	15,524
Euro	38,393,625	56,681,297	95,074,922
Hong Kong Dollar	5,985,150	8,800,932	14,786,082
Hungarian Forint	3,835	5,036	8,871
Indian Rupee	3,945,278	5,849,750	9,795,028
Indonesia Rupiah	548,475	806,763	1,355,238
Israeli Shekel	646,543	956,205	1,602,748
Japanese Yen	29,772,832	44,087,934	73,860,766
Malaysian Ringgit	74,780	98,200	172,980
Mexican Peso	433,902	629,191	1,063,093
New Zealand Dollar	260,028	384,076	644,104
Norwegian Krone	1,878,271	2,788,040	4,666,311
Phillipine Peso	465,544	688,820	1,154,364
Polish Zloty	30,679	40,287	70,966
Qatar Riyal	16,298	21,403	37,701
Russian Ruble	76,697	100,718	177,415
Singapore Dollar	640,377	935,194	1,575,571
South African Rand	1,228,154	1,775,492	3,003,646
South Korean Won	987,170	1,442,249	2,429,419
Swedish Krona	5,105,782	7,567,395	12,673,177
Swiss Franc	10,272,918	15,197,280	25,470,198
New Taiwan Dollar	722,754	1,029,167	1,751,921
Thai Baht	668,251	986,003	1,654,254
Turkish Lira	241,605	353,427	595,032
United Arab Emirates Dirham	245,030	363,090	608,120
Yuan Renminbi (China)	556,901	829,449	1,386,350
Total	$ 148,344,369	$ 219,134,193	$ 367,478,562

2013 Currency	457 Holdings in U.S. Dollars	401(k) Holdings in U.S. Dollars	Total Holdings in U.S. Dollars
Australian Dollar	$ 4,997,843	$ 7,371,813	$ 12,369,656
Brazil Cruzeiro Real	2,342,890	3,452,803	5,795,693
British Pound Sterling	34,876,503	51,559,795	86,436,298
Canadian Dollar	4,677,228	6,799,269	11,476,497
Chilean Peso	25,227	34,063	59,290
Columbian Peso	16,818	22,709	39,527
Czech Krone	8,409	11,354	19,763
Danish Krone	3,908,322	5,736,809	9,645,131
Euro	35,757,760	52,885,049	88,642,809
Hong Kong Dollar	5,730,642	8,509,456	14,240,098
Hungarian Forint	8,409	11,354	19,763
Indian Rupee	1,874,466	2,776,240	4,650,706
Indonesia Rupiah	33,636	45,417	79,053
Israeli Shekel	490,112	726,363	1,216,475
Japanese Yen	24,760,156	36,687,492	61,447,648
Kenyan Shilling	85,918	127,948	213,866
Malaysian Ringgit	67,271	90,834	158,105
Mexican Peso	303,467	427,957	731,424
New Zealand Dollar	281,886	418,612	700,498
Nigerian Naira	103,509	154,144	257,653
Norwegian Krone	1,629,059	2,418,962	4,048,021
Panamanian Balboa	97,564	145,290	242,854
Peruvian Nuevo Sol	230,695	342,379	573,074
Phillipine Peso	16,818	22,709	39,527
Polish Zloty	25,227	34,063	59,290
Russian Ruble	517,967	756,162	1,274,129
Singapore Dollar	953,714	1,407,407	2,361,121
South African Rand	903,697	1,328,250	2,231,947
South Korean Won	1,955,512	2,873,570	4,829,082
Swedish Krona	3,137,623	4,645,634	7,783,257
Swiss Franc	10,928,730	16,136,676	27,065,406
New Taiwan Dollar	1,008,641	1,474,017	2,482,658
Thai Baht	33,636	45,417	79,053
Turkish Lira	46,239	60,415	106,654
United Arab Emirates Dirham	534,295	795,665	1,329,960
Yuan Renminbi (China)	5,271,129	7,802,961	13,074,090
Total	$ 147,641,018	$ 218,139,058	$ 365,780,076

4. CONTRIBUTIONS

Matching Contributions - MTA Bus on behalf of certain MTA Bus employees, MTA Metro-North Railroad on behalf of certain MNR employees who opted-out of participation in the MTA Defined Benefit Pension Plan and MTA on behalf of certain represented MTA Business Service Center 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 - 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 members shall vest in the amount in member's account attributable to the matching contributions and basic contributions as follows:

Years of Service	Vested Percentage
Less than 2	0%
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	0%
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 – Business Services - 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. Under certain conditions, both Plans accepts rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b) and rollover IRAs.

Status - As of December 31, 2014 and 2013, 34.3% and 32.6% of the eligible employees were enrolled in the 457 Plan and 46.5% and 43.1% of the eligible employees were enrolled in the 401(k) Plan, respectively. There are 29,592 and 27,188 active participants in the 457 Plan and 38,619 and 34,967 active participants in the 401(k) Plan. The average account balance in the 457 Plan is $53,449 and $52,240 and in the 401(k) Plan is $57,943 and $57,024 in 2014 and 2013, 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 by filing an Unforeseeable Emergency Withdrawal Form with the third party administrator for a determination of whether the guidelines for an emergency withdrawal under §457 of the Code have been met. If a participant's withdrawal request is denied, the participant may file an appeal with the Deferred Compensation Committee and the decision of the Committee is final. Upon the MTA's approval, the Plans' record-keeper will disburse to the participant the amount authorized. Distributions are subject to applicable taxes. 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 with the third party administrator for a determination of whether the guidelines for a hardship withdrawal under §401 of the Code have been met. If a participant's withdrawal request is denied, the participant may file an appeal with the Deferred Compensation Committee. Distributions are subject to applicable taxes and penalties.

Direct Transfer for the Purpose of 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 system, 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 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.

There are no distribution election requirements upon severance from the MTA and participants can make distribution requests at any time by contacting the record-keeper.

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. Upon reaching the later of April 1st of the calendar year following: (1) the calendar year he or she reaches age 70 ½, or (2) the calendar year in which he or she severs from the MTA, participants are required to receive a minimum distribution from their account.

Method of Distribution for Direct Payment - If a participant chooses to take direct payments; 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

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.

Distribution Elections by Beneficiaries - Subject to required minimum distribution rules, beneficiaries are eligible to select how to receive distributions from the decedent's account by contacting the Plans record-keeper. Distributions to a "designated beneficiary" must be made over a period that does not exceed the life expectancy of the beneficiary, while all other beneficiaries must complete distribution by the fifth anniversary of the participant's death. Beneficiaries are eligible to roll over assets to a traditional IRA or another qualified retirement plan. For a participant who has begun receiving distributions from his or her account, any amount not distributed to the participant during his or her life will be distributed after the death of the participant at least as rapidly as under the method of distribution being used by the participant. If a participant died before his or her required beginning date, distribution to a spousal beneficiary must begin on or before December 31st of the year in which such participant would have attained age 70 ½. All other beneficiaries must begin no later than December 31st of the calendar year following the calendar year in which the participant died. If a participant died after his or her required beginning date, distributions to all beneficiaries must begin no later than December 31st of the calendar year following the calendar year in which the participant died.

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, you 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, as the name implies, can be for any purpose whatsoever. The second is a "Mortgage Loan", which is a loan for a primary residence and is a 20 year loan. For the Mortgage Loan, a signed contract to purchase the residence is necessary. Loan re-payment is made through payroll deduction. If a participant leaves the employment of the MTA, the participant may request to make coupon payments. There are no income tax consequences unless the participant defaults on the loan.

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, to a maximum of 7.4%. A loan origination fee of $75.00 is deducted from the approved loan amount. The net loans outstanding for the 457 plan is $60.85 million and $55.74 million at December 31, 2014 and 2013, respectively, and for the 401(k) plan was $118.64 million and $111.08 million at December 31, 2014 and 2013, 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 any of its affiliates or subsidiaries. The record-keeper/trustee maintains a website, which participants may use, 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 investment direction of future deferrals or initiate account transfers. 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.

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.

Maximum Deferrals - A participant in the 457 Plan could have deferred up to $17,500 plus an additional $5,500 for participants age 50 and over in calendar years 2014 and 2013, respectively. However, 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. Alternatively, participants age 50 and over could have deferred an additional $17,500 in 2014 and 2013, irrespective of prior contributions ("Age 50 Catch-Up"). Participants may not make both the Retirement Catch-Up and the Age 50 Catch-Up to the 457 Plan in the same year.

Participants in both the 457 Plan and the 401(k) Plan are permitted to contribute the maximum to each Plan.

Membership – As of December 31, 2014 and 2013, the Plans' membership with balances consisted of:

2014	**457**	**401(k)**
Active employees	29,592	38,619
Terminated/Inactive employees	6,867	7,208
Total active and inactive members	36,459	45,827
Vested employees	29,592	38,339

2013	**457**	**401(k)**
Active employees	27,188	34,967
Terminated/Inactive employees	6,461	6,709
Total active and inactive members	33,649	41,676
Vested employees	27,188	34,689

Beneficiaries - Each participant must file with the record-keeper/trustee a separate beneficiary designation form for each Plan to designate one or more beneficiaries entitled to receive the amount, if any, payable under the Plans upon the participant's death. A participant may revoke or change his or her beneficiary designation without the consent of any prior beneficiary by completing and filing a new designation form with the Plans' Record-keeper. The last such designation on file with the Plans' Record-keeper is controlling and must be received prior to the participant's death. If no beneficiary designation is in effect at the time of a participant's death, or if no primary or contingent beneficiary survives the participant, payment will be made to the participant's surviving spouse or, if the participant has no surviving spouse, to the participant's estate.

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. All investment options offered under the Plans are offered by persons, companies or entities authorized to do business in the State of New York and duly licensed, if applicable, by the appropriate federal agencies regulating such investments. The Plans are not responsible for any decrease in the value of a participant's account.

Crediting of Account - Each participant's account is credited with amounts authorized for deferral or incoming transfer, on the same day or within the next few days by the Plans' record-keeper. Funds are invested in accordance with participants' directions in one or more of the Plans' array of investment options.

Account Reporting - A statement of the total amount invested in a participant's account is furnished to each participant shortly after the end of each calendar quarter. If employees participate in both the 457 Plan and 401(k) Plan, they will receive only one statement but each plan will be separately reported. Participants may also access their balance information through the Plans' telephone voice response system or website. All reports to a participant are based on the net fair market value or book value, as applicable, of the investment options as of the effective date of the report, which is normally the end of each quarter.

Plans' Funding and Expense Payment - The MTA Deferred Compensation Program is an entirely self-funded program, which, since mid-2004, has been financed through participants' quarterly administrative fees. These fees cover all 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 staff salaries and benefits.

8. TRUSTEE AND OTHER PROFESSIONAL SERVICES

The Trustee for the MTA is Prudential Bank & Trust FSB. Record-keeper and/or Administrative Services are provided by Prudential Retirement Insurance & Annuity Company (PRIAC). Investment management services are provided by Prudential Retirement Insurance & Annuity Company and Galliard Capital Management: separate accounts are managed by Denver Investment Advisors Conestoga Capital Advisors and TCW-Metropolitan West Asset Management. Financial Advisor Mercer reviews the investment policies as stipulated by the Investment Committee, the Plans' portfolio and the Investment Managers' performance.

9. SUBSEQUENT EVENTS

As of January 25, 2016, there were no materially significant subsequent events.

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