The Long Island Rail Road Company Plan for Additional Pensions

Financial Statements as of and for the Years Ended December 31, 2016 and 2015, Supplemental Schedules and Independent Auditors' Report

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112
USA
Tel: +1-212-492-4000
Fax: +1-212-489-1687
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Participants and Administrator of
The Long Island Rail Road Company Plan
for Additional Pensions:

Report on the Financial Statements

We have audited the accompanying statements of plan net position of The Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") as of December 31, 2016 and 2015, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Additional Plan's basic financial statements as listed in the table of contents.

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 Additional Plan's 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 Additional Plan's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Additional Plan's net position as of December 31, 2016 and 2015, and the changes in plan 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 10 and the Schedule of Changes in the Employers' Net Pension Liability and Related Ratios—Schedule I on page 36; Schedule of Employer Contributions—Schedule II on page 37 - 38; and Schedule of Investment Returns—Schedule III on page 39 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

February 22, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

Introduction—This management's discussion and analysis ("MD&A") of The Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") financial performance for the years ended December 31, 2016 and 2015, provides an overview of the Additional Plan's financial activities. It is meant to assist the reader in understanding the Additional Plan's financial statements by providing an overview of the financial activities and the effects of significant changes, as well as a comparison with the prior year's activities and results. This discussion and analysis is intended to be read in conjunction with the Additional Plan document as well as the Additional Plan's financial statements. Additionally, an analysis of major economic factors and industry decisions that have contributed to significant changes is provided. It should be noted that for purposes of the MD&A, summaries of the financial statements and the various exhibits presented are extracted from the Additional Plan's financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America.

Overview of Basic Financial Statements—The following discussion and analysis is intended to serve as an introduction to the Additional Plan's financial statements. The basic financial statements are:

- *The Statements of Plan Net Position*—Presents the financial position of the Additional Plan at year-end. It indicates the assets available for payment of future benefits and any current liabilities that are owed as of the statement date. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.

- *The Statements of Changes in Plan Net Position*—Presents the results of activities during the year. All changes affecting the assets and liabilities of the Additional Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.

- *The Notes to Financial Statements*—Provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Additional Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

- *Required Supplementary Information*—As required by the Governmental Accounting Standards Board ("GASB"), is presented after the Notes to the Financial Statements.

The financial statements are prepared in accordance with GASB Pronouncements.

Financial Highlights

Financial Analysis Plan
Net Position
As of December 31, 2016, 2015 and 2014
(Amounts in thousands)

	2016	2015	2014	Increase/(Decrease) Amount of Change 2016–2015	% Change 2016–2015	Amount of Change 2015–2014	% Change 2015–2014
Cash	$ 1,076	$ 9,466	$ 1,411	$ (8,390)	(89)%	$ 8,055	571%
Investments, at fair value	770,199	720,150	783,939	50,049	7%	(63,789)	(8)%
Receivables	6,519	259	29,372	6,260	2,417 %	(29,113)	(99)%
Total assets	777,794	729,875	814,722	47,919	7%	(84,847)	(10)%
Additional plan payable	-	-	578	-	0%	(578)	100 %
Due to broker for securities purchased	577	3,677	31,292	(3,100)	(84)%	(27,615)	(88)%
Total liabilities	577	3,677	31,870	(3,100)	(84)%	(28,193)	(88)%
Plan net position restricted for pensions	$ 777,217	$ 726,198	$ 782,852	$ 51,019	7 %	$ (56,654)	(7)%

December 31, 2016 versus December 31, 2015

The assets of the Additional Plan exceeded its liabilities by $777 million and $726 million as of December 31, 2016 and 2015, respectively. Plan net position restricted for pensions are held for the payment of future benefits to members and pensioners.

The Additional Plan’s net position restricted for pensions increased by $51 million during 2016, representing an increase of 7% over 2015. The increase in 2016 was primarily due to $70 million for additional non-employer contributions from the Company’s parent company, Metropolitan Transportation Authority (“MTA”) as an infusion towards improving the funding for the Plan’s unfunded pension liability.

Investments at December 31, 2016, were $770 million representing an increase of $50 million from 2015. The increase is reflective of the additional contributions invested in the portfolio during 2016.

Payables for investments purchased at December 31, 2016, amounted to $1 million. Investments are purchased on a trade-date settlement basis and that generate timing differences in settlement dates, like receivables for investments sold discussed earlier.

December 31, 2015 versus December 31, 2014

The assets of the Additional Plan exceeded its liabilities by $726 million and $783 million as of December 31, 2015 and 2014, respectively. Plan net position restricted for pensions are held for the payment of future benefits to members and pensioners.

The Additional Plan’s net position restricted for pensions decreased by $57 million during 2015, representing a decrease of 7% over 2014. The decrease in 2015 was primarily due to $157 million paid out for pension benefit payments and only $101 million received in employer and employee contributions.

Investments at December 31, 2015, were $720 million representing a decrease of $64 million from 2014. The decrease is reflective of higher pension benefit payouts compared to lower employer contributions during 2015.

Payables for investments purchased at December 31, 2015, amounted to $4 million. Investments are purchased on a trade-date settlement basis and that generate timing differences in settlement dates, like receivables for investments sold discussed earlier.

CHANGES IN PLAN NET POSITION

Changes in Plan Net Position
For the Years Ended December 31, 2016, 2015 and 2014
(Amounts in thousands)

				Increase/(decrease)			
	2016	2015	2014	Amount of Change 2016–2015	% Change 2016–2015	Amount of Change 2015–2014	% Change 2015–2014
Additions:							
Net investment income	$ 58,239	$ 527	$ 21,231	$ 57,712	10,951 %	$ (20,704)	(98)%
Employer contributions	81,079	100,000	407,513	(18,921)	(19)%	(307,513)	(75)%
Non - Employer contributions	70,000	-	-	70,000	100%	-	0%
Employee contributions	905	1,108	1,304	(203)	(18)%	(196)	(15)%
Total additions	210,223	101,635	430,048	108,588	107 %	(328,413)	(76)%
Deductions:							
Benefits paid directly to participants	158,593	157,071	156,974	1,522	1%	97	0%
Administrative expenses	717	678	975	39	6%	(297)	(30)%
Other	(106)	540	-	(646)	(120)%	540	100%
Total deductions	159,204	158,289	157,949	915	1 %	340	0 %
Net increase	51,019	(56,654)	272,099	$ 107,673	190%	$ (328,753)	(121)%
Plan net position restricted for pensions	726,198	782,852	510,753				
End of year	$ 777,217	$ 726,198	$ 782,852				

December 31, 2016 versus December 31, 2015

At the end of 2016, the net investment income amounted to $58 million. This represents an increase of $58 million over the prior year, due to strong stock market conditions resulting in an increase in the investment portfolio in 2016.

Employer, non-employer and employee contributions for the year ended December 31, 2016, totaled $152 million, which represents a 50% increase from 2015. This increase was the result of the additional $70 million in non-contributing employer contributions the MTA infused into the plan in 2016.

Benefit payments for the year ended December 31, 2016, totaled $159 million, which was 1% higher than 2015.

December 31, 2015 versus December 31, 2014

At the end of 2015, the net investment income amounted to $1 million. This represents a decrease of 98% over the prior year, due mainly to the lower interest rates still prevailing in the market place, an increase in investment expenses and the depreciation in the investment portfolio in 2015.

Employer and employee contributions for the year ended December 31, 2015, totaled $101 million, which represents a 75% decrease from 2014. This decrease was the result of lower employer contributions primarily due to MTA not contributing additional monies into the pension plan in 2015. Benefit payments for the year ended December 31, 2015, totaled $157 million, which was consistent with 2014.

Investments—The table below summarizes the Additional Plan's investment allocation:

Investment Summary
(Dollars in thousands)

Type of Investments	Fair Value	Allocation
December 31, 2016		
Commingled funds	$ 136,713	17.75 %
Common Stock	117,862	15.30 %
Strategic property fund	54,877	7.13 %
Mutual funds	154,061	20.00 %
Corporate bonds and debentures	21,136	2.74 %
Collective short-term investments	19,969	2.59 %
Limited partnership	190,025	24.67 %
Mortgage backed securities	5,255	0.68 %
Commercial mortgage backed securities	2,044	0.27 %
U.S. government securities	4,543	0.59 %
Asset backed securities	549	0.07 %
Real Estate Investment Trust	7,917	1.03 %
Preferred stock	515	0.07 %
Other	54,733	7.11 %
	$ 770,199	100.00 %
December 31, 2015		
Commingled funds	$ 197,306	27.40 %
Common Stock	122,723	17.04 %
Strategic property fund	50,635	7.03 %
Mutual funds	122,557	17.02 %
Corporate bonds and debentures	25,826	3.59 %
Collective short-term investments	21,559	2.99 %
Limited partnership	161,213	22.39 %
Mortgage backed securities	5,489	0.76 %
Commercial mortgage backed securities	2,030	0.28 %
U.S. government securities	7,484	1.04 %
Foreign government bonds	122	0.02 %
American Depositary Receipts	479	0.07 %
Asset backed securities	840	0.12 %
Real Estate Investment Trust	1,111	0.15 %
Preferred stock	776	0.11 %
	$ 720,151	100.00 %

The composite 2016 return for the fund was 7.97% as opposed to the 2015 return of -1.47%. The majority of Additional Plan's investment assets were commingled for investment purposes into the MTA Master Trust and the MTA Defined Benefit's Board of Managers of Pension oversee investment allocations and returns, effective October 2, 2006.

ECONOMIC FACTORS AND INDUSTRY DECISIONS

Market Overview and Outlook – 2016

Despite investors entering the year with a myriad of concerns; such as soft economic growth in the United States ("U.S.") and China, high valuations in nearly every market and asset class, and rising geopolitical tensions, performance proved to be quite robust and impressive across almost all major markets. Appetite for risk was hearty as equities continued to march ever higher in the U.S., Japan, and Emerging Markets and returns were strong in the riskier corners of fixed income in investment grade, high yield, and emerging markets bonds.

Market performance was framed by a rather benign macro environment, albeit with some transitory complications. Last year, eyes had 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 in 2015. As the calendar flipped from 2015 to 2016, these concerns dissipated and emerging markets rallied significantly off their 2015 lows. Europe was again in the headlines, this time as Brexit caused momentary anxiety that evaporated within days of the history-making vote. Nonetheless, Europe and the United Kingdom were among the few markets to post negative performance for the year.

In the U.S., the Federal Reserve held off raising interest rates until December, well off the expected pace forecast by markets heading into 2016. The December raise came weeks after Donald Trump's election to the Presidency, which fueled a strong equities market push in the 4th quarter behind expectations for regulatory reform, repeal of the Affordable Care Act, and a re-writing of the U.S. Tax Code. How realistic these expectations are will play out in 2017 and 2018 ahead of the mid-term election cycle.

Macro Themes

- Tepid global growth continuing
- Central Bank policy divergence, U.S. tightening while Europe and Japan eases
- China reforms; turmoil in emerging markets and commodities
- High valuations and increasing leverage

The macro picture was framed by tepid global growth in 2016, with the likelihood that sub-optimal economic performance would continue into 2017 and 2018. Developed markets look to remain weak, with Gross Domestic Product ("GDP") growth struggling to break through the (+3.0%) level globally and likely to fall short in the U.S., Europe, or Japan in 2017 or 2018 according to both the International Monetary Fund ("IMF") and World Bank. Inflation remains subdued 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. The slower pace of U.S. interest rate increases has continued to result in a U.S. dollar weakening a bit from highs in 2015 and 2016, potentially easing some strain on the U.S. manufacturing and exporting sectors.

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 countries, 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 posted solid returns in 2016 as the impact of capital flows due to the U.S. interest rate increases were much lower than expected. The main emerging markets, Brazil, Russia, India and China, 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 (+7.0%) per year and will face a significant leadership election in late 2017. Russia remains impacted from lower energy prices and economic sanctions. Finally, India seems to continually disappoint in liberalizing its economy and implementing the structural reforms necessary to unleash its potential.

United States

Markets in the U.S. were strong for the year and were amongst the best performers in 2016. Unlike other regions, the U.S. appears to be on relatively sound footing, with unemployment declining to very low levels and the remaining hangovers from the 2008 financial crisis appearing to fully dissipate. The better economic picture provided the Federal Reserve enough leeway to raise interest rates in December, causing a sell-off in government bond markets.

Equity

- Surprising and solid year for stocks
- Valuations stretched
- Risk Indulging – Small Cap outperformed Large Cap; Cyclicals outperformed Defensives;
- Value leads growth on Bank sector performance
- Equity markets set for another low-return year

Large Cap stocks were strongly positive, with the S&P 500 and Russell 1000 indices posting returns of (+12.0%) and (+12.1%), respectively. Small Cap and Mid Cap indices outperformed large cap. Small Cap, as measured by the Russell 2000 Index, returned (+21.3%). The Russell Mid Cap Index lagged bust still managed to post a (+13.8%) return.

Digging deeper, there was significant performance dispersion across the sectors. Cyclical Sectors performed well with Energy (+28.0%), Financials (+22.7%) and Industrials (+20.0%) leading the charge higher. Healthcare (-2.8%), Real Estate (+3.2%), and Consumer Staples (+5.0%) were the lagging sectors. This divergence shows investors' appetite shifted from 2015, when defensive and yield oriented sectors were the best performing segments of the S&P 500. In 2016, investors shifted towards sectors tied to economic growth (Energy and Industrials) or those that may benefit from deregulation (Financials).

Fixed Income

The return of an appetite for risk was also evident within the U.S. Fixed Income markets. Treasuries returned (+1.0%) for the year, although this sector was impacted particularly hard in period after the U.S. Election as the Federal Reserve increased interest rate. The 4th quarter return of (-3.8%) was amongst the worst 3-month return in Treasuries in quite some time. Government bonds will likely not provide the safe haven status previously counted on by investors going forward given the Trump Administration's pledges on spending/stimulus and the populist tone of the campaign. Credit outperformed Treasuries for the year, with (+5.6%), although it too gave back significant performance in the 4th quarter (-3.0%). High yield posted impressive gains, as worries in the Energy sector that significantly impacted the market in 2015 gave way to optimism that defaults would not be nearly as extreme as anticipated. High Yield not only posted a strong return for the year (+17.1%) but unlike other areas of fixed income, was also positive in the 4th quarter

(+1.8%). Volatility entered the fixed income markets significantly in the back half of the year. High Yield held steady in the face of rising interest rates as higher quality and more liquid segments of the market lost value.

International Developed

- Weak year in Developed Markets (U.S. dollar returns)
- Eurozone and United Kingdom slightly negative for the year
- Japan and Far East positive performers
- 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 another year in 2016 and seemed to never quite hit its stride even as growth projections continued to improve. In U.S. dollars, Europe and United Kingdom equities posted negative performance in 2016. Much of the negative performance as due to currency movements, as both the Euro and Sterling depreciated against the U.S. dollar in 2016. Brexit led to a historical decline in the Sterling through the summer and fall and the effects of the decision to leave the European Union may take years to be realized. 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 posted positive, albeit relatively tepid performance in U.S. dollar terms.

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. Global Treasuries returned (+1.6%) in 2016, although 4th quarter was particularly unkind with a (-8.5%) return. Much of the negative performance can be attributed to market responses to the interest rate increases in the U.S., the relative strength of the U.S. dollar, and the return to risk taking across most markets.

Emerging Markets

- Solid year in Emerging Markets (U.S. dollar returns)
- Major rebound from performance in 2015
- Brazil, Russia, and Thailand posted big years
- Mexico and Turkey worst performers
- Emerging Market Bonds reversed recent performance losses with strong calendar year
- No end in sight for volatility and macro risks remain elevated

Emerging markets posted strong performance as investor appetite for risky assets extended into emerging markets stocks and bonds. The broad emerging markets index returned (+11.2%) for the year. Of the markets tracked by Morgan Stanley Country Index ("MSCI"), Brazil (+66.8%), Russia (+55.5%) and Thailand (+19.6%) posted the strongest gains. China was a notable laggard for the year, with its (+1.1%) gain trailing the broader markets and the majority of its large country peers. Performance of the bond markets of emerging markets was encouraging. Both hard currency and local currency bond posted solid years in performance. Hard currency bonds, which are predominately issued in U.S. dollar, returned (+10.2%) in 2016. Local currency bonds, which are more susceptible to risk-off periods and capital flight, returned (+9.9%) for the year.

Commodities

- Rebounded from one worst years on record for commodities
- Little expectation for a full recovery in commodity prices in the near term

Commodity indices posted positive performance in 2016, with the broad Bloomberg Commodity Index up (+11.8%). Industrial metals (iron ore, zinc, nickel, aluminum, and copper) all posted strong performance for the year. Also, reversing recent history with a rebound in performance were oil and natural gas. Precious metals, consistent with a risk-on attitude from investors, lagged the overall commodity market and the other main sectors.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the Long Island Rail Road Company for Additional Pensions' finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Controller, Long Island Rail Road, 146-01 Archer Avenue, Jamaica, New York 11435-4380.

* * * * * *

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF PLAN NET POSITION
AS OF DECEMBER 31, 2016 AND 2015
(Amounts in thousands)

	2016	2015
ASSETS:		
Cash	$ 1,076	$ 9,466
Investments measured at fair value (Notes 2 and 3):		
Investments measured at readily determined fair value	151,826	168,213
Investments measured at net asset value	618,373	551,937
Total investments	770,199	720,150
Receivables:		
Participant and union contributions	(14)	27
Accrued interest and dividends	348	232
Additional Plan receivable due from MTA Defined Benefit Plan	6,185	-
Total receivables	6,519	259
Total assets	777,794	729,875
LIABILITIES:		
Due to broker for securities purchased	577	3,677
Total liabilities	577	3,677
PLAN NET POSITION RESTRICTED FOR PENSIONS	$ 777,217	$ 726,198

See notes to financial statements.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

STATEMENTS OF CHANGES IN PLAN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (Amounts in thousands)

	2016	2015
ADDITIONS:		
Investment income:		
Net realized and unrealized gains or (losses)	$ 59,537	$ (920)
Interest income	1,121	1,378
Dividend income	6,065	6,661
Total investment income	66,723	7,119
Less investment expenses	(8,484)	(6,592)
Total Net investment income	58,239	527
Contributions (Note 5):		
Employer	81,079	100,000
Non-Employer	70,000	-
Participant and union	905	1,108
Total contributions	151,984	101,108
Total additions	210,223	101,635
DEDUCTIONS:		
Benefits paid to participants	158,593	157,071
Administrative expenses	717	678
Other	(106)	540
Total deductions	159,204	158,289
NET INCREASE/(DECREASE)	51,019	(56,654)
PLAN NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	726,198	782,852
End of year	$ 777,217	$ 726,198

See notes to financial statements.

1. PLAN DESCRIPTION

The Long Island Rail Road Company Plan for Additional Pensions (the "Additional Plan") is a defined benefit plan administered by the Board of Pension Managers. The following brief description of the Additional Plan is provided for general information purposes only. Participants should refer to the Additional Plan document for more complete information.

General—Effective July 1, 1971, The Long Island Rail Road Company (the "Company") adopted two fully integrated defined benefit pension plans, The Long Island Rail Road Company Pension Plan (the "Plan") and the Additional Plan. These plans cover employees hired before January 1, 1988. Effective January 1, 1989, the Plan was amended to limit the accrual of credited service time and determination of average earnings through December 31, 1988. All pension plan benefits were frozen as of that date by virtue of a Plan amendment. All benefit accruals subsequent to that date are provided under the Additional Plan, which was amended to provide for accruals on and after January 1, 1989. The Additional Plan benefits are now the total benefit that would have been paid previously from the sum of the two plans reduced by any portion of benefits that a participant received from the frozen pension plan benefits. The total benefits payable to participants have not been changed. These financial statements do not include any amounts related to the Plan, as all Plan assets were transferred into the MTA Defined Benefit Pension Plan, effective October 2, 2006.

Both of the Company's pension plans are governmental plans and, accordingly, are not subject to funding and other requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Metropolitan Transportation Authority Defined Benefit Pension Plan and The Long Island Rail Road Company Plan for Additional Pensions comprise the Metropolitan Transportation Authority's Master Trust. The MTA Master Trust is governed by the Board of Pension Managers (the "Board"). The Board has contracted with JP Morgan Chase, as the Trustee for the Trust, and has provided the Master Trust Investment Guidelines to the respective Trustee. These guidelines provide the specific goals and objectives of the Trust as well as the allowable investments permitted under the Trust. Under the Investment Guidelines, the Trustee is permitted to invest in commingled funds on behalf of the Master Trust.

The total asset allocation of the 2016 Master Trust is 83.48% for the Metropolitan Transportation Authority Defined Benefit Pension Plan and 16.52% for the Long Island Rail Road Company Plan for Additional Pensions for the year ended December 31, 2016.

The total asset allocation of the 2015 Master Trust is 82.71% for the Metropolitan Transportation Authority Defined Benefit Pension Plan and 17.29% for the Long Island Rail Road Company Plan for Additional Pensions for the year ended December 31, 2015.

Pension Benefits—All full-time employees who were hired before January 1, 1988, are eligible for Additional Plan membership. At January 1, 2016 and 2015, the most recent valuation dates, the Additional Plan's membership consisted of the following:

	2016	**2015**
Active plan members	216	282
Retirees and beneficiaries receiving benefits	5,900	5,985
Vested formerly active members not yet receiving benefits	38	53
Total	6,154	6,320

An employee who retires under the Additional Plan, either: (a) after completing at least 20 years of credited service, or (b) after both attaining age 65 while in service and completing at least five years of credited service, or in the case of those who were active employees on January 1, 1988, after completing at least 10 years of credited service, is entitled to an annual retirement benefit, payable monthly for life. Payments commence to an employee referred to in: (a) only after attaining age 50, or (b) only after attaining age 65.

Benefit and contribution provisions, which are based on the point in time at which participants last entered qualifying service and their length of credited service, are established by, and may only be amended by the Company, subject to the obligations of the Company under its collective bargaining agreements. The Company's Board of Directors must approve all amendments. The Additional Plan has both contributory and non-contributory requirements, with retirement ages varying from 50 to 65 depending upon a participant's length of credited service. Pension benefits payable to age 65, where eligible, are calculated as 2% of the employee's applicable final average earnings for each year of qualifying service up to 25 years plus 1.5% of applicable final average earnings for each year of qualifying service in excess of 25 years. For pension benefits payable at and after age 65, regardless of whether benefits commenced before or after the employee attained age 65, benefits are calculated in the same manner as pension benefits payable prior to age 65 except that the amount so determined is reduced by a percentage of the employee's annuity (not including any supplemental annuity) value at age 65 under the Federal Railroad Retirement Act.

The reduction of pension benefits for amounts payable under the Federal Railroad Retirement Act is as follows:

(i) 25% for an employee who had 20 years credited service prior to July 1, 1974,
(ii) 50% for any other employee first employed before July 1, 1974, and
(iii) 100% for any employee first employed on or after July 1, 1974

Beginning in 1999, for all represented employees who were hired between July 1, 1974, and December 31, 1987, who were employees after January 1, 1999, and were not retired when their collective bargaining agreement was ratified and approved by MTA Board after that date, the offset of Railroad Retirement Benefits is reduced to 50% (under the Additional Plan). For all management employees who were hired between July 1, 1974, and December 31, 1987, and who were employees on September 30, 1999, the offset of Railroad Retirement Benefits was reduced to 50% (under the Additional Plan).

For participants, the Additional Plan has both non-contributory and contributory requirements. Participants who entered qualifying service before July 1, 1978, are not required to contribute.

Participants who entered qualifying service on or after July 1, 1978, are required to contribute 3% of their wages to the Additional Plan. The Company contributes additional amounts based on actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due.

Death and Disability Benefits—Participants who become disabled after accumulating 10 years of credited service and who meet the requirements as described in the Additional Plan receive a disability benefit. Disability pension benefits are calculated based on the participant's qualifying service and a percentage of final average compensation reduced by the full amount of benefit under the Federal Railroad Retirement Act.

Survivorship benefits are paid to the participant's spouse when a survivorship option is elected or when an active participant has not divested his or her spouse of benefits. The survivorship benefit is payable at the time of death or when the vested participant would have attained an eligible age. The amount payable is in the form of an annuity. A lump sum death benefit no greater than $5,000 is payable upon death on behalf of a non-vested participant or vested participant whose pension rights were waived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Additional Plan has implemented GASB Statement No. 67, Financial Reporting for Pension Plans. The Statement addresses accounting and financial reporting requirements for pension plans. Significant requirements include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The total pension liability, determined in accordance with GASB Statement No. 67, is presented in Note 6 and in the Required Supplementary Information.

New Accounting Standards Adopted – The Additional Plan adopted GASB Statement No. 82, *Pension Issues: An Amendment of GASB Statements No. 67, No. 68 and No. 73*. GASB Statement No.82 requires the Plan to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements Nos. 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. There was no material impact on The Additional Plan's financial statements as a result of the implementation of GASB 82.

Recent Accounting Pronouncements—

GASB Statement No.	GASB Accounting Standard	LIRR Additional Plan Required Year of Adoption
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*	2017
84	*Fiduciary Activities*	2019
85	*Omnibus 2017*	2018

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

Payment of Benefits—Benefits are recorded when paid.

Investment and Administrative Expenses—Investment and administrative expenses are paid by the Additional Plan assets and accordingly are reflected in the accompanying financial statements.

Income Tax Status—The Additional Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) of the Internal Revenue Code. Accordingly, the Additional Plan is tax-exempt and is not subject to the provisions of ERISA.

3. CASH AND INVESTMENTS

Investment Policy – The Plan's policy statement is issued for the guidance of fiduciaries, including the members of the Board and investment managers, in the course of investing the assets of the Trust. The investments of the Trust will be made for the exclusive benefit of the Plan participants and their beneficiaries. Policy guidelines may be amended by the Board upon consideration of the advice and recommendations of the investment professionals.

In order to have a reasonable probability of achieving the target return at an acceptable risk level, the Board has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on, at least, a quarterly basis and will be readjusted when an asset class weighting is outside its target range. The following was the MTA Defined Benefit Pension Plan Board adopted asset allocation policy as at December 31, 2016.

Asset Class	Target Allocation (%)	Target Range (%)	Policy Benchmark
Equities	29.0	24-34	
Domestic Large Cap	10.0	5-15	S&P 500
Domestic Small Cap	5.5	2-10	Russell 2000
International Developed Markets Equities	10.0	5-15	MSCI EAFE
Emerging Markets Equities	3.5	2-6	MSCI Emerging Markets
Fixed Income	15.0	9-21	Manager Specific
Global Asset Allocation*	20.0	15-33	50% World Equity/ 50% Citigroup WGBI unhedged
Opportunistic Investments	6.0	0-15	Manager Specific
Absolute Return	15.0	10-22	Manager Specific
Real Assets	5.0	0-10	Manager Specific
Real Estate	3.0	0-10	Manager Specific
Private Equity	7.0	0-10	Manager Specific
Total	**100.0**		

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

Investment Objective —The investment objective of the funds is to achieve consistent positive real returns and to maximize long-term total return within prudent levels of risk through a combination of income and capital appreciation.

Investment Guidelines — The Board of Pension Managers executes investment management agreements with professional investment management firms to manage the assets of the Plan. The fund managers must adhere to guidelines that have been established to limit exposure to risk.

All Securities managers shall be registered advisors under the Investment Advisors Act of 1940.

The overall capital structure targets and permissible ranges for eligible asset classes of the Trust are detailed within the Investment Policy Statement. Full discretion, within the parameters of the guidelines described herein and in any individual investment policy associated with that allocation, is granted to the investment managers regarding the asset allocation, the selection of securities, and the timing of transactions. It is anticipated that the majority of investment managers will be funded through commingled funds, however, in some cases (likely equity and fixed income mandates) separate account vehicles may be utilized. For separate accounts, individual manager guidelines and/or exemptions are specified in each approved investment management agreement ("IMA"). Should there be conflicts, the individual manager guidelines set forth in the IMA supersede the general guidelines in the Investment Policy Statement. For commingled funds, investment guidelines and/or exemptions are specified in such vehicle's offering documents. Should there be conflicts, the individual vehicle's investment guidelines supersede the general guidelines in the Investment Policy Statement.

Individual investment manager benchmarks and performance requirements are specified within the Investment Policy Statement. Performance of the Trust will be evaluated on a regular basis. Evaluation will include the degree to which performance results meet the goals and objectives as herewith set forth. Toward that end, the following standards will be used in evaluating investment performance:

1. The compliance of each investment manager with the guidelines as expressed herein, and
2. The extent to which the total rate of return performance of the Trust achieves or exceeds the targeted goals.

Fixed Income Managers—Investment managers may not purchase inverse floating rate bonds, structured notes, commodities, securities on margin, sell short, lend securities, invest in private placements (other than 144A Privates), real estate investments, and oil, gas and mineral exploration investments without the written consent of the Board of Managers. The fixed-income portion of the Additional Plan's assets shall be invested in marketable, fixed income securities. The following are acceptable:

- Domestic fixed income investments are permitted, subject to the guidelines reflected in Investment Policy Statement. Yankee bonds, which are dollar denominated foreign securities, may be held by each domestic manager in proportions which each manager shall deem appropriate.

- International fixed income securities are permitted, subject to the guidelines reflected in Investment Policy Statement. Generally defined, the Citigroup World Government Bond Index represents the opportunity set for international developed markets. The J.P. Morgan Emerging Markets Bond Index-Global represents the opportunity set for international emerging markets denominated in USD. The J.P. Morgan GBI-EM Global Diversified Index represents the opportunity set for international emerging markets denominated in local currency. These index references are guidelines and do not prohibit investment in securities outside those indexes.

- Investment managers are responsible for making an independent analysis of the credit worthiness of securities and their suitability as investments regardless of the classifications provided by rating agencies.

- The average duration (interest rate sensitivity) of an actively managed fixed income portfolio shall range within two years of the benchmark's duration.

- For domestic fixed income portfolios, individual manager account for the securities of an individual issuer, excepting the U.S. government and U.S. government agencies, shall not constitute more than 5% at market at any time.

- For international bond portfolios, individual manager account for the securities of any non-governmental issuer shall not constitute more than 5% at market at any time.

Equity Investment Managers—The equities investment managers may not purchase commodities, securities on margin, sell short, lend securities, invest in private placements, real estate investments, oil, gas and mineral exploration investments, and nominally public issues without the written consent of the Board of Managers. The manager may purchase Rule 144A securities provided such securities are judged by the manager to be liquid and don't in the aggregate exceed 10% of the market value of the portfolio. The manager shall also be able to purchase securities if such securities are convertible into publicly traded equities.

- Domestic equity investments are permitted, subject to the guidelines. American Depository Receipts (ADRs), which are dollar denominated foreign securities traded on the domestic U.S. stock exchanges (e.g., Reuters, Nestle, Sony) may be held by each domestic stock manager in proportions which each manager shall deem appropriate.

- International equities are permitted, subject to the guidelines. Generally defined, the Morgan Stanley EAFE (Europe, Australasia and the Far East) Index represents the opportunity set for international developed markets. The Morgan Stanley Emerging Markets Free Index represents the opportunity set for international emerging markets. These index references are guidelines and do not prohibit investment in securities outside those indexes.

- The equity specialists may vary equity commitment from 90% to 100% of assets under management.

- Individual manager account may hold no more than 8% at market or 1.5x the manager's benchmark weight (whichever is greater) of any single company's stock.

Overlay Managers

- For a variety of reasons, the investment program may carry large amounts of cash throughout the year. In order to achieve the actuarial assumed returns on the total investment program, the Board may retain a futures overlay manager. The overlay manager shall use exchange traded futures contracts to expose the cash to the long-term target asset allocation.

- In addition, the overlay manager may be utilized for the following:
  a) Expose un-invested assets of domestic and international equity investment managers to their respective equity benchmarks through the use of futures contracts,
  b) Assist the Board in rebalancing, transitions, and/or gaining exposure to approved asset classes,
  c) Provide the market (or "beta") exposures in a portable alpha program.
  d) The overlay manager shall ensure that all futures positions are fully collateralized and the manager is prohibited from leveraging any portion of the portfolio.

Alternative Investments Managers

Alternative investments are broadly categorized into the following categories:

- Opportunistic
- Real assets
- Real estate
- Absolute return
- Private equity

Common features of alternative investments are limited liquidity, the use of derivatives, leverage and shorting, lower regulatory oversight, limited transparency, and high fees. Compensating for these risks, these investments offer the potential of diversification and/or higher rates of return over time.

Derivatives Policy

Where appropriate, investment managers may use derivative securities for the following reasons:

- Hedging. To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.

- Creation of Market Exposures. Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.

- Management of Country and Asset Allocation Exposure. Investment managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for these purposes.

- Additional uses of derivatives shall be approved by the Board or set forth in the individual investment guidelines or the offering documents prior to implementation and shall be restricted to those specific investment managers.

Ineligible Investments (Separately Managed Accounts) —Unless specifically approved by the Board or set forth in the individual investment guidelines, certain securities, strategies and investments are ineligible for inclusion within separately managed accounts. Among these are:

- Privately-placed or other non-marketable debt, except securities issued under Rule 144a,
- Lettered, legend or other so-called restricted stock,
- Commodities
- Short sales, and,
- Direct investments in private placements, real estate, oil and gas and venture capital, or funds comprised thereof.

Exceptions:

- The Board of Managers, in recognition of the benefits of commingled funds as investment vehicles (i.e., the ability to diversify more extensively than in a small, direct investment account and the lower costs which can be associated with these funds) may, from time to time, allow investment in such funds. The Board recognizes that it cannot give specific policy directives to a fund whose policies are already established; therefore, the Board is relying on the investment consultant to assess and monitor the investment policies of any funds used by the Trust to ascertain whether they are appropriate.

- The Additional Plan requires that any exceptions taken to investment policy and guideline statements be submitted in writing pending approval by the Board of Managers. The Board must explicitly authorize each exception in writing. Failure to notify the Board and obtain written authorization will result in the investing manager being liable for any corresponding loss to the investment fund.

- The index fund manager has the Board’s approval to utilize securities lending and futures contracts (for the specific reason of equalizing cash deposits with Lehman Aggregate futures contracts) in the management of the index fund.

- The domestic equity manager who has the Board’s approval to invest in collective investment vehicles may invest more than 7.5% of the assets subject to such manager’s discretionary in collective investment vehicles of any one issuer.

- The fixed income manager who has the Board’s approval to invest in collective investment vehicles may invest more than 5% of the assets subject to such manager’s discretionary authority in collective investment vehicles of any issuer.

Investment Valuation—Investments primarily include money market funds, equity securities, United States government securities, corporate bonds and debentures, asset backed securities, mortgage and commercial backed securities, mutual and commingled funds. All investments are registered with securities held by the trustee under a grantor trust, in the name of the Additional Plan. The values of Additional Plan investments are adjusted to fair value as of the last business day of each month based on quoted market prices or net asset value, which is determined to be a practical expedient for measuring fair value, except for certain cash equivalents, which are stated at cost and approximate market value. Purchases and sales of securities are recorded on a trade-date basis.

Income Recognition—Gains or losses from investment transactions are recognized on a trade date basis. Such investment gains or losses are determined using the average cost method. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Risks and Uncertainties— The Plan’s investment are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term would materially affect the amounts reported in the Plan’s financial statements.

The financial markets, both domestically and internationally, have demonstrated significant volatility on a daily basis, which affects the valuation of investments. The Plan utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and with acceptable levels of risk.

In year 2015, the LIRR Additional Plan implemented GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

Investments measured at readily determined fair value (FV)

	December 31, 2016	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity Securities:				
Separate account large-cap equity funds	$ 44,286,188	$ 44,286,188	$ -	$ -
Separate account small-cap equity funds	67,442,576	67,442,576	-	-
Separate account real estate investment trust	6,816,345	6,816,345	-	-
Total equity investments	118,545,109	118,545,109	-	-
Debt Securities				
Separate account debt funds	33,280,888	-	33,280,888	-
Total debt investments	33,280,888	-	33,280,888	-
Total investments at readily determined FV	$ 151,825,997	$ 118,545,109	$ 33,280,888	$ -

Investments measured at the net asset value (NAV)

	December 31, 2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Securities:				
Commingled large cap equity funds	$ 19,600,494	$ -	Daily	None
Commingled international equity funds	77,705,257	-	Daily	None
Commingled emerging market equity funds	20,362,075	-	Daily, monthly	None
Total equity investments measured at the NAV	117,667,826	-		
Debt Securities				
Commingled debt funds	64,951,970	-	Daily, monthly, quarterly	None
Mutual funds	9,093,971	-	Daily	None
Total debt investments measured at the NAV	74,045,941	-		
Absolute return:				
Directional	18,718,239		Monthly	3-60 days
Direct lending	29,826,310	2,051,667	Bi-annually	60 plus days
Distressed securities	6,791,914	-	Not eligible	N/A
Credit long	11,038,108	-	Quarterly	3-30 days
Credit long/short	13,394,058	-	Quarterly	3-60 days
Equity long/short	13,430,724	-	Quarterly	3-60 days
Event driven	16,908,024	374,553	Quarterly, Bi-annually	60-120 days
Global macro	16,776,423	-	Monthly	3-30 days
Global tactical asset allocation	40,642,912	-	Daily, monthly	3-30 days
Market neutral	30,449	-	Quarterly	3-60 days
Multistrategy	21,023,003	-	Quarterly	3-60 days
Risk parity	65,567,885	-	Monthly	3-30 days
Structured credit	3,535,366	8,825,615	Not eligible	N/A
Total absolute return measured at the NAV	257,683,415	11,251,835		
Private equity - private equity partnerships	42,739,171	36,311,877	Not eligible	N/A
Real assets				
Commingled commodities fund	19,404,300	-	Not eligible	N/A
Commingled real estate funds	75,080,555	-	Not eligible	N/A
Energy	8,855,215	5,544,109	Not eligible	N/A
Infrastructure	2,739,805	3,618,661	Not eligible	N/A
Total real assets measured at the NAV	106,079,875	9,162,770		
Short term investments measured at the NAV	20,157,242	-		
Total investments measured at the NAV	618,373,470	$ 56,726,482		
Total investments at fair value	$ 770,199,467			

Investments measured at readily determined fair value (FV)

	December 31, 2015	Quoted Price in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity Securities:				
Separate account large-cap equity funds	$ 60,588,679	$ 60,588,679	$ -	$ -
Separate account small-cap equity funds	65,833,177	65,833,177	-	-
Total equity investments	126,421,856	126,421,856	-	-
Debt Securities				
Separate account debt funds	41,790,996	-	41,790,996	-
Total debt investments	41,790,996	-	41,790,996	-
Total investments at readily determined FV	$ 168,212,852	$ 126,421,856	$ 41,790,996	$ -

Investments measured at the net asset value (NAV)

	December 31, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Securities:				
Commingled large cap equity funds	$ 64,379,929	$ -	Daily	None
Commingled emerging market equity funds	19,182,836	-	Daily, monthly	None
Total equity investments measured at the NAV	83,562,765	-		
Debt Securities				
Commingled debt funds	58,851,574	-	Daily, monthly, quarterly	None
Total debt investments measured at the NAV	58,851,574	-		
Absolute return:				
Directional	17,710,333		Monthly	3-60 days
Direct lending	22,167,568	5,365,338	Bi-annually	60 plus days
Credit long	10,506,231	-	Quarterly	3-30 days
Credit long/short	13,431,991	-	Quarterly	3-60 days
Equity long/short	10,306,155	-	Quarterly	3-60 days
Event driven	23,890,851	392,155	Quarterly, Bi-annually	60-120 days
Global macro	17,090,514	-	Monthly	3-30 days
Global tactical asset allocation	54,738,789	-	Daily, monthly	3-30 days
Market neutral	94,146	-	Quarterly	3-60 days
Multistrategy	8,229,940	-	Quarterly	3-60 days
Risk parity	81,470,531	-	Monthly	3-30 days
Total absolute return measured at the NAV	259,637,050	5,757,493		
Private equity - private equity partnerships	36,744,163	14,881,627	Not eligible	N/A
Real assets				
Commingled commodities fund	16,468,969	-	Not eligible	N/A
Commingled real estate funds	66,676,860	-	Not eligible	N/A
Energy	6,214,143	10,102,396	Not eligible	N/A
Infrastructure	1,827,034	4,609,713	Not eligible	N/A
Total real assets measured at the NAV	91,187,006	14,712,109		
Short term investments measured at the NAV	21,954,938	-		
Total investments measured at the NAV	551,937,496	$ 35,351,229		
Total investments at fair value	$ 720,150,348			

Concentration of Credit Risk—Individual investments held by the Additional Plan that represent 5% or more of the Additional Plan's net assets available for benefits at December 31, 2016 and 2015, are as follows:

(Amounts in thousands)	**December 31, 2016**	**December 31, 2015**
Investments at fair value as determined by quoted market prices:		
JPMCB Strategic Property Fund	$ 54,877	$ 50,637

Credit Risk—The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at December 31, 2016 and 2015:

(Amount in thousands) **Quality Rating—S&P**	**2016 Fair Value**	**Percentage of Fixed Income Portfolio**	**2015 Fair Value**	**Percentage of Fixed Income Portfolio**
AAA	$ 11,391	7.07 %	$ 24,725	13.13 %
AA	3,580	2.22	13,000	6.90
A	12,504	7.77	15,286	8.12
BBB	29,382	18.25	38,023	20.19
BB	17,627	10.95	13,963	7.42
B	11,464	7.12	14,148	7.51
CCC	1,941	1.21	1,648	0.88
CC	300	0.19	-	0.00
C	711	0.44	-	0.00
Not rated	26,160	16.25	13,740	7.30
Total credit risk debt securities	115,060	71.46	134,533	71.45
U.S. Government bonds*	45,958	28.54	53,751	28.55
Total Fixed Income Securities	$ 161,018	100.00 %	$ 188,284	100.00 %
Other securities not rated — equity, international funds and foreign corporate bonds	609,181		531,866	
Total investments	$ 770,199		$ 720,150	

* U.S. Treasury Bonds, Notes and Treasury-inflation protected securities are obligations of the U.S. government or explicitly guaranteed by the U.S. government and therefore not considered to have a credit risk.

Custodial Credit Risk—Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Additional Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Additional Plan and are held by either the counterparty or the counterparty's trust department or agent but not in the Additional Plan's name.

Consistent with the Additional Plan's trust custodial administration agreement, the investments are held by the Additional Plan's custodian and registered in the Additional Plan's name.

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

The lengths of investment maturities (in years), as of December 31, 2016 and 2015 are as follows:

(Amounts in thousands)	**2016**		**2015**	
Investment Type	**Fair Value**	**Duration**	**Fair Value**	**Duration**
Chase	$ 33,796	11.54	$ 41,791	11.46
Wellington Emerging Debt	9,440	5.55	14,019	5.06
Bridgewater All Weather Fund	19,127	9.00	28,336	7.87
Wellington Opportunistic	4,590	1.91	7,488	1.69
Bridgewater Alpha	430	(3.54)	12,221	4.36
Bridgewater Market Limited	1,808	1.40	1,581	6.84
Northern Trust William Capital	1,657	-	1,731	-
Park Square Capital Credit Opportunities	6,628	0.54	2,949	0.61
Libremax Partners Fund	1,088	5.02	-	-
Gramercy Distressed Opportunistic Fund	1,900	(0.48)	-	-
Makuria Credit Fund	2,793	1.05	-	-
Crescent Capital High Income Fund	5,677	2.61	4,494	2.64
Fit Tree Value Fund	20	-	522	-
Wellington Global Managed Risk	10,420	6.70	16,270	6.77
Wellington Trust Collective Investment Fund and Diversified Investment Fund	4,626	0.88	2,157	7.56
Allianz Structured Alpha Fund	18,295	0.25	17,315	0.13
GAM Unconstrained Bond Fund	34,459	0.25	33,828	0.93
Canyon Value	4,265	1.90	3,582	2.40
Total fixed income	$ 161,017		$ 188,284	
Portfolio modified duration		4.60		5.47
Investments with no duration reported	609,182		531,866	
Total investments	$ 770,199		$ 720,150	

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund establishes investments in international equities. The Additional Plan also holds investments in American Depository Receipts ("ADRs"), which are not included in the below schedule since they are denominated in US dollars and accounted for at fair market value.

The Additional Plan's foreign currency exposures as December 31, 2016 and 2015 are follows (amounts in U.S. dollars, in

	December 31,	
Foreign Currency	**2016**	**2015**
Euro	$ 22,928	$ 15,046
British Pound (Sterling)	19,371	14,312
Japanese Yen	8,032	6,474
Franc (Swiss)	2,278	1,715
Dollar (Hong Kong)	2,929	972
Australian Dollar	11,553	10,025
Sri Lankan Rupee	68	67
Krona (Swedish)	888	1,404
Brazil Cruzeiro Real	2,078	1,530
Chilean Peso	269	692
Dollar (Canadian)	5,190	6,309
Krone (Danish)	352	762
Mexican New Peso	1,072	8,220
China (Yuan Renminbi)	2,037	1,899
Czech Koruna	571	(273)
Egyptian Pound	83	121
Hungary (Forint)	71	138
South Korean Won	2,111	1,942
Indian Rupee	4,556	2,537
Indonesia Rupiah	2,994	2,633
Israel (Shekel)	185	425
Malaysian (Ringgit)	784	853
Philippines Peso	308	341
Dollar (New Zealand)	829	(385)
Krone (Norwegian)	(177)	635
Thai Bhat	1,025	849
Polish (New Zloty)	271	565
Russian Federation Ruble	525	1,253
Singapore Dollar	249	273
Argentina Peso	72	97
Colombian Peso	568	1,352
South Africa Rand	1,132	906
Dollar (Taiwan, New)	4,929	3,694
Turkish Lira	266	278
Kenyan Shilling	159	151
Uruguayan Pesos	-	136
Peru Sol	406	479
Bangladesh (Taka)	77	60
Botswana Pula	19	23
Bulgarian Lev	1	1
Croatia Kuna	74	63
Ghanaian Cedi	7	9
UAE Dirham	295	273
Omanian Rial	74	64
Pakistani Rupee	564	452
Qatar Riyal	141	141
Mauritius (Rupee)	140	67
Morocco Dirham	76	64
Nigerian Naira	132	147
Jordanian Dinar	71	73
Romanian Leu	69	371
Kuwait Dinar	154	124
Tunisian Dinar	27	29
Geogian Lari	305	292
Saudi Riyal	83	69
Other	1,002	2,084
Totals	$ 104,273	$ 92,830

Additional Information—The Additional Plan is part of the MTA Master Trust of which the Additional Plan participates on a percentage basis. JP Morgan Chase is the trustee of the MTA Master Trust. The percentage of the Additional Plan ownership for the years ended December 31, 2016 and 2015, were 16.52% and 17.29%, respectively. The Master Trust invests in commingled funds whereby various invested funds are invested in funds, which have readily determinable fair market values.

	December 31, 2016		December 31, 2015	
	Master Trust Total	Additional Plan	Master Trust Total	Additional Plan
Total Investments:				
Investments measured at readily determined fair value	$ 693,868	$ 114,596	$ 791,775	$ 136,898
Investments measured at the net asset value	3,411,910	563,496	2,896,954	500,883
Total investments measured at fair value	$ 4,105,778	$ 678,093	$ 3,688,729	$ 637,781

4. NET PENSION LIABILITY

The components of the net pension liability of the Plan at December 31, 2016 and 2015 were as follows (in thousands):

	2016	2015
Total pension liability	$ 1,526,304	$ 1,562,251
Fiduciary net position	777,217	726,198
Net pension liability	$ 749,087	$ 836,053
Fiduciary net position as a percentage of the total pension liability	50.92 %	46.48 %
Covered payroll	$ 18,216	$ 25,712
Net pension liability as a percentage of covered payroll	4,112.20 %	3,251.65 %

Actuarial Methods and Assumptions—The total pension liability as of December 31, 2016 was determined by an actuarial valuation date of January 1, 2016, that was updated to roll forward the total pension liability to the respective year-end. Actuarial valuations are performed annually as of January 1.

Discount Rate—The discount rate used to measure the total liability as of December 31, 2016 and 2015 was 7%. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Employer funding policy as projected by the Plan's actuary. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%; as well as what the Plan's net pension would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

2016 (In thousands)	**1% Decrease 6.00%**	**Current Discount Rate 7.00%**	**1% Increase 8.00%**
Net pension liability	$ 871,350	$ 749,087	$ 642,973

2015 (In thousands)	**1% Decrease 6.00%**	**Current Discount Rate 7.00%**	**1% Increase 8.00%**
Net pension liability	$ 963,427	$ 836,053	$ 725,673

Additional information of the latest actuarial valuation follows:

Valuation date	January 1, 2016	January 1, 2015
Valuation timing	Actuarially determined contributions calculated as of December 31, for the fiscal year and discounted to July 1 to reflect monthly payments throughout the year.	Actuarially determined contributions calculated as of December 31, for the fiscal year and discounted to July 1 to reflect monthly payments throughout the year.
Actuarial cost method	Entry age normal.	Entry age normal.
Amortization method	Period specified in current valuation report (closed 17-year period beginning January 1, 2016) with level dollar payments.	Period specified in current valuation report (closed 18-year period beginning January 1, 2015) with level dollar payments.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA
Actuarial assumptions:		
Investment rate of return	7.0%, net of investment expenses	7.0%, net of investment expenses
Projected salary increases	3.0%	3.0%
Inflation/Railroad Retirement wage base	2.5%; 3.5%	2.5%; 3.5%

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

2016 - Schedule of Calculations of Money-Weighted Rate of Return
(Amounts in thousands)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning value—January 1, 2016	$ 726,198	12.00	1.00	$ 785,100
Monthly net external cash flows:				
January	(7,008)	12.00	1.00	(7,576)
February	(7,008)	11.00	0.92	(7,529)
March	(7,008)	10.00	0.83	(7,477)
April	(7,008)	9.00	0.75	(7,430)
May	(6,149)	8.00	0.67	(6,478)
June	(6,149)	7.00	0.58	(6,433)
July	63,851	6.00	0.50	66,390
August	(6,149)	5.00	0.42	(6,353)
September	(6,149)	4.00	0.33	(6,309)
October	(6,149)	3.00	0.25	(6,270)
November	(6,149)	2.00	0.17	(6,231)
December	(6,149)	1.00	0.08	(6,187)
Ending Value—December 31, 2016	$ 777,217			$ 777,217
Money—Weighted Rate of Return	8.11 %			

2015 - Schedule of Calculations of Money-Weighted Rate of Return
(Amounts in thousands)

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning value—January 1, 2015	$ 782,852	12.00	1.00	$ 783,398
Monthly net external cash flows:				
January	(3,383)	11.50	0.96	(3,386)
February	(3,383)	10.50	0.88	(3,386)
March	(3,383)	9.50	0.79	(3,385)
April	(3,383)	8.50	0.71	(3,385)
May	(3,383)	7.50	0.63	(3,385)
June	(3,383)	6.50	0.54	(3,385)
July	(3,383)	5.50	0.46	(3,385)
August	(3,383)	4.50	0.38	(3,384)
September	(3,383)	3.50	0.29	(3,384)
October	(3,383)	2.50	0.21	(3,384)
November	(10,248)	1.50	0.13	(10,249)
December	(13,098)	0.50	0.04	(13,103)
Ending Value—December 31, 2015	$ 725,671			$ 726,198
Money—Weighted Rate of Return	0.07 %			

Calculation on Long-Term Expected Rate of Return—The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2016 and 2015.

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2016

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income	Barclays Aggregate	10.00%	1.67%
US High Yield Bonds	BAML High Yield	8.00%	5.04%
Global Bonds	Citi WGBI	10.00%	0.28%
Emerging Markets Bonds	JPM EMBI Plus	3.00%	3.78%
US Large Caps	S&P 500	10.00%	4.80%
US Small Caps	Russell 2000	5.50%	6.06%
Global Equity	MSCI ACWI NR	10.00%	5.49%
Foreigh Developed Equity	MSCI EAFE NR	10.00%	6.06%
Emerging Markets Equity	MSCI EM NR	3.50%	8.39%
Global REITS	FTSE EPRA/NAREIT Developed	5.00%	5.77%
Private Real Estate Property	NCREIF Property	3.00%	3.64%
Private Equity	Cambridge Private Equity	7.00%	8.99%
Hedge Funds - MultiStrategy	HFRI: Fund Wtd Composite	15.00%	3.45%
Assumed Inflation - Mean			2.50%
Assumed Inflation - Standard Deviation			1.85%
Portfolio Normal Mean Return			7.03%
Portfolio Standard Deviation			11.54%
Long-Term Expected Rate of Return selected by MTA			**7.00%**

* Based on March 2014 Investment Policy

SCHEDULE OF LONG TERM EXPECTED RATE OF RETURN FOR 2015

Asset Class	Index	Target Allocation*	Real Rate of Return
US Core Fixed Income	Barclays Aggregate	10.00%	2.11%
US High Yield Bonds	BAML High Yield	8.00%	4.32%
Global Bonds	Citi WGBI	10.00%	0.82%
Emerging Market Bonds	JPM EMBI Plus	3.00%	5.17%
US Large Caps	S&P 500	10.00%	5.09%
US Small Caps	Russell 2000	5.50%	6.26%
Global Equity	MSCI ACWI NR	10.00%	5.67%
Foreigh Developed Equity	MSCI EAFE NR	10.00%	6.06%
Emerging Market Equity	MSCI EM NR	3.50%	8.21%
Global REITS	FTSE EPRA/NAREIT Developed	5.00%	5.98%
Private Real Estate Property	NCREIF Property	3.00%	3.84%
Private Equity	Cambridge Private Equity	7.00%	9.17%
Hedge Funds - MultiStrategy	HFRI: Fund Wtd Composite	15.00%	4.20%
Assumed Inflation - Mean			2.50%
Assumed Inflation - Standard Deviation			1.89%
Portfolio Arithmetic Mean Return			7.31%
Portfolio Standard Deviation			11.67%
Long-Term Expected Rate of Return selected by MTA			**7.00%**

* Based on March 2014 Investment Policy

5. CONTRIBUTIONS

Employer contributions are actuarially determined on an annual basis and are recognized when due. The Additional Plan is a governmental plan and accordingly, is not subject to the funding and other requirements of ERISA.

Upon termination of employment before retirement, vested participants who have been required to contribute must choose to: (1) receive a refund of their own contributions, including accumulated interest at rates established by the Company's Board of Managers of Pensions (1.5% in 2016 and 2015), or (2) leave their contributions in the Additional Plan until they retire and become entitled to the pension benefits. Non-vested participants who have been required to contribute will receive a refund of their own contributions, including accumulated interest at rates established by the Company's Board of Managers of Pensions (1.5% in 2016 and 2015).

The Company performs a public service of providing essential passenger transportation between New York City and Long Island. Substantial deficits result from providing these services and the Company expects that such deficits will continue in the foreseeable future. Funding for the Additional Plan by the Company is provided by MTA, which obtains the required funds from New York State, federal grants, the sale of bonds to the public and other sources. Certain funding by MTA is made to the Company on a discretionary basis. The continuance of the Company's funding for the Additional Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

6. ACTUARIAL METHODS AND ASSUMPTIONS

A. ACTUARIAL VALUATION METHOD

The Entry Age Normal method was used for determining normal costs and the unfunded actuarial accrued liability. The Normal Cost equals the present value of future employer normal contributions divided by the average future working lifetime factor. This factor equals the present value of future compensation or service divided by current compensation or the member count (less certain retirements), depending if benefits are pay-related, and weighted by the present value of benefits.

B. ASSET VALUATION METHOD

The Asset Valuation method smoothes gains and losses over a 5-year period. The formula for the asset valuation method is as follows:

Actuarial Value of Assets = $MV_1 - 0.8*UR_1 - 0.6*UR_2 - 0.4*UR_3 - 0.2*UR_4$

Where

MV_1 = Market Value of assets as of the valuation date.

UR_n = Unexpected return during the nth year preceding the valuation date. The unexpected return for a year equals the total investment return minus the total expected return. The total expected return equals the market value of assets at the beginning of the year plus the weighted net cash flow during the year multiplied by the expected rate of return.

The resulting value cannot be less than 80% or greater than 120% of the market value of assets.

C. ACTUARIAL ASSUMPTIONS

Interest—7.00% per annum, compounded annually, net of investment expenses.

Salary Scale—Salaries are assumed to increase 3.00% per year.

Valuation Compensation—The valuation compensation (e.g. for 2016) is equal to the annualized base salary as of December 31, 2015 projected 6 months at the assumed rate of salary increase.

Overtime/Unused Vacation Pay—Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented employees to account for unused vacation pay.

Railroad Retirement Wage Base—3.50% per year.

Consumer Price Index—2.50% per year.

Provision for Expenses—Estimated administrative expenses are added to the normal cost. Administrative expenses are based on the average of the prior three year's reported administrate expenses and are assumed payable in the middle of the plan year.

Termination—Withdrawal rates vary by age. Illustrative rates are shown below:

Age	Rate	Age	Rate
20	2.12 %	45	0.96 %
25	1.64	50	0.80
30	1.44	55	0.60
35	1.36	60	0.00
40	1.16	65	0.00

Retirement—Assumed retirement age varies by year of eligibility.

Eligibility Period	Rate of Retirement
First year	40 %
Years 2–4	33
Year 5	37
Years 6–7	35
Years 8–9	33
Years 10–15	55
Years 16 and above	100

Mortality—Pre-Termination—RP-2000 Employee Mortality Table for Males and Females with blue-collar adjustments, projected on generational basis using Scale AA.

Post-Termination—95% of the rates from the RP-2000 Healthy Annuitant Mortality Table for Males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant Mortality Table for Females, both projected on a generational basis using Scale AA.

Marriage—80% of employees are assumed to be married with wives 3 years younger than husbands.

Interest on Employee Contributions—Assumed to be 3.5% per year for future years.

Tier 1 Railroad Offset—The Tier 1 Railroad offset, which is designed similar to a Social Security Benefit, was estimated by assuming that an individual would continue to earn compensation at the level in effect at his date of termination until eligibility for Railroad Benefits and further increased by 2% per year from the date of termination to age 65.

Participant Data—Retirement benefits are based on information provided in the JP Morgan file as of the valuation date. For inactive participants, offsets for Railroad Retirement benefits ate estimated and assumed to occur at the member's age 65.

Retroactive Wage Adjustments—Based on recalculations completed by the MTA, adjustments to benefits were determined based on year of retirement: 2% for retirements prior to 2013, 5% for 2013 retirements, 8% for 2014 retirements and 11% for 2015 retirements. These adjustments were applied to liabilities represented members provided by the MTA who received a retroactive wage adjustment. Additional liabilities equal to the accumulated amount of estimated retroactive payments as of the valuation date were also included.

Benefits Not Valued—Since the majority of active plan participants are at or close to retirement eligibility, the disability benefit has not been explicitly valued.

D. CHANGES IN ACTUARIAL ASSUMPTIONS

The provision for the administrative expenses was modified to equal an average of the prior three years.

7. PLAN TERMINATION

While the Company expects to continue the Additional Plan indefinitely, it may, subject to its collective bargaining agreements, amend, restrict, or terminate the Additional Plan at any time. In the event of termination, all participants will become fully vested to the extent of their then accrued benefits based on their compensation and service up to the date of termination. The net assets of the Additional Plan will be allocated to provide benefits in accordance with the disposition of the Additional Plan assets in a prescribed manner as defined in the Additional Plan document.

8. COMMINGLING OF PENSION ASSETS FOR INVESTMENT PURPOSES

On July 26, 2006, the MTA Board passed a resolution to transfer the responsibilities for the administration of the Additional Plan to the MTA Defined Benefit Pension Plan ("MTA DB") with no changes in the pension and death benefits and appeal rights provided by the Additional Plan. The trust agreement under the Additional Plan was replaced by the MTA Master Trust Agreement, which allows for the commingling of pension assets for investment purposes under the management of the MTA DB's Board of Managers of Pensions. The Additional Plan and Trust Agreements were amended in September 2006 and all Plan assets were commingled into the MTA Master Trust for investment purposes, effective October 2, 2006.

9. CUSTODIAL AND OTHER PROFESSIONAL SERVICES

JP Morgan Chase Bank is the custodian of plan assets and also provides cash receipt and disbursement services to the Additional Plan. New England Pension Consultants reviews the Additional Plan's portfolio, the investment policies as stipulated by the Investment Committee and the performance of the Investment Managers. Actuarial services were provided to the Additional Plan by Milliman Inc.

10. SUBSEQUENT EVENTS

As of February 22, 2018, there were no materially significant events.

* * * * * *

REQUIRED SUPPLEMENTAL SCHEDULES

THE LONG ISLAND RAIL ROAD COMPANY PLAN **SCHEDULE I**

FOR ADDITIONAL PENSIONS

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31
(In thousands)

	2016	2015	2014
Total pension liability:			
Service cost	$ 2,752	$ 3,441	$ 3,813
Interest	104,093	106,987	110,036
Changes of benefit terms	-	-	-
Differences between expected and actual experience	15,801	6,735	-
Changes of assumptions	-	-	-
Benefit payments and withdrawals	(158,593)	(157,071)	(156,974)
Net change in total pension liability	(35,947)	(39,908)	(43,125)
Total pension liability—beginning	1,562,251	1,602,159	1,645,284
Total pension liability—ending (a)	1,526,304	1,562,251	1,602,159
Plan fiduciary net position:			
Employer contributions	81,100	100,000	407,513
Non-Employer contributions	70,000	-	-
Member contributions	884	1,108	1,304
Net investment income	58,239	527	21,231
Benefit payments and withdrawals	(158,593)	(157,071)	(156,974)
Administrative expenses	(611)	(1,218)	(975)
Net change in plan fiduciary net position	51,019	(56,654)	272,099
Plan fiduciary net position—beginning	726,198	782,852	510,753
Plan fiduciary net position—ending (b)	777,217	726,198	782,852
Employer's net pension liability—ending (a)-(b)	$ 749,087	$ 836,053	$ 819,307
Plan fiduciary net position as a percentage of the total pension liability	50.92 %	46.48 %	48.86 %
Covered-employee payroll	$ 18,216	$ 25,712	$ 29,334
Employer's net pension liability as a percentage of covered-employee payroll	4,112.20 %	3,251.65 %	2,793.05 %

In accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2014.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31
(In thousands)

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2007	$ 100,907	$ 100,907	$ 0	$ 93,998	107.35 %
2008	$ 100,337	$ 100,337	$ 0	$ 80,927	123.98 %
2009	$ 108,677	$ 108,677	$ 0	$ 72,718	149.45 %
2010	$ 107,249	$ 107,249	$ 0	$ 65,198	164.50 %
2011	$ 108,980	$ 108,285	$ 695	$ 51,159	211.66 %
2012	$ 116,011	$ 116,011	$ 0	$ 40,033	289.79 %
2013	$ 119,325	$ 199,336	$ (80,011)	$ 33,043	603.26 %
2014	$ 112,513	$ 407,513	$ (295,000)	$ 29,334	1,389.22 %
2015	$ 82,382	$ 100,000	$ (17,618)	$ 25,712	388.93 %
2016	$ 83,183	$ 151,100	$ (67,917)	$ 18,216	829.48 %

* Employer contributions include amounts from both employer and non-employer contributing entities.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE II

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Note to Schedule II:
The more significant actuarial assumptions and methods used in the calculation of employer contributions to the Plan for the years ended December 31, 2016 , 2015 and 2014, are as follows:

Valuation Dates	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial cost method	Entry Age Cost Method	Entry Age Cost Method	Entry Age Cost Method
Amortization method	Period specified in current valuation report (closed 17-year period from January 1, 2016) with level dollar payments.	Period specified in current valuation report (closed 18-year period from January 1, 2015) with level dollar payments.	Period specified in current valuation report (closed 19-year period from January 1, 2014) with level dollar payments.
Actuarial asset valuation method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Interest rate	Net rate of 7.0% for 2016, per annum, net of investment expenses	Net rate of 7.0% for 2015, per annum, net of investment expenses	Net rate of 7.0% for 2014, per annum, net of investment expenses
Inflation	2.5% per annum	2.5% per annum	2.5% per annum
Railroad retirement wage base	3.5% per year	3.5% per year	3.5% per year
Mortality	Based on experience of all LIRR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all LIRR members reflecting mortality improvement on generational basis using Scale AA	Based on experience of all LIRR members reflecting mortality improvement on generational basis using Scale AA
Separations other than for normal retirement	Tables based on recent experience	Tables based on recent experience	Tables based on recent experience
Rates of normal retirement	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.	Tables based on recent experience. Rates vary by age, years of service at retirement.
Salary increases	3.0% per year	3.0% per year	3.0% per year
Overtime	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented emplyees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented emplyees to account for unused vacation pay.	Earnings in each year increased by 65% for represented employees to account for overtime and by 20% in the year prior to assumed retirement and by 10% in the year prior to termination (other than retirement) for non-represented emplyees to account for unused vacation pay.
Provision for expenses	The provision for administrative expenses was modified to equal an average of the prior three years.	$650,000 is added to the normal cost to account for administrative expenses paid by plan assets throughout the year.	$500,000 is added to the normal cost to account for administrative expenses paid by plan assets throughout the year.

THE LONG ISLAND RAIL ROAD COMPANY PLAN FOR ADDITIONAL PENSIONS

SCHEDULE III

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEARS ENDED DECEMBER 31

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

Year Ended December 31	Net Money-Weighted Rate of Return
2007	N/A
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	3.73 %
2015	0.07 %
2016	8.11 %

In accordance with GASB No. 67, paragraph 50, such information was not readily available for periods prior to 2014.