

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	☐

Part II	Basic Plan Information—enter all requested information				
1a Name of plan <u>ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1985</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/1985</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/1985</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>ASSOCIATION OF AMERICAN RAILROADS</u> <u>425 THIRD STREET SW</u> <u>SUITE 1000</u> <u>WASHINGTON, DC 20024-3228</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>53-6000125</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>202-639-2542</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>488210</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>53-6000125</u>	2c Plan Sponsor's telephone number <u>202-639-2542</u>	2d Business code (see instructions) <u>488210</u>	
2b Employer Identification Number (EIN) <u>53-6000125</u>					
2c Plan Sponsor's telephone number <u>202-639-2542</u>					
2d Business code (see instructions) <u>488210</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	07/18/2022	CARLA GARCIA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	07/18/2022	CARLA GARCIA
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☐ Same as Plan Sponsor ASSOCIATION OF AMERICAN RAILROADS 425 THIRD STREET SW SUITE 1000 WASHINGTON, DC 20024-3228		3b Administrator's EIN 53-6000125
		3c Administrator's telephone number 202-639-2542
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 886
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year.....		6a(1) 640
a(2) Total number of active participants at the end of the plan year		6a(2) 606
b Retired or separated participants receiving benefits.....		6b 8
c Other retired or separated participants entitled to future benefits		6c 280
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 894
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 894
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g 861
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h 8
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2J 2F 2G 2K 2E 2R 2T 2S 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 ASSOCIATION OF AMERICAN RAILROADS	D Employer Identification Number (EIN) 53-6000125	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	031250	894	01/01/2021	12/31/2021

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	33345069
5 Current value of plan's interest under this contract in separate accounts at year end.....	5	52042514

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ GUARANTEED GENERAL ACCOUNT CONTRACT

b Balance at the end of the previous year	7b	34210858
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c Additions: (1) Contributions deposited during the year	7c(1)	1399427	
(2) Dividends and credits.....	7c(2)		
(3) Interest credited during the year.....	7c(3)	562361	
(4) Transferred from separate account.....	7c(4)	2161054	
(5) Other (specify below)	7c(5)	2082590	

▶ FORFEITURE CREDITS, TRANSFERS IN LOAN REPAYMENTS MISC. IN

(6) Total additions	7c(6)	6205432
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d Total of balance and additions (add lines 7b and 7c(6))	7d	40416290
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	3275234	
(2) Administration charge made by carrier.....	7e(2)	977	
(3) Transferred to separate account.....	7e(3)	1241941	
(4) Other (specify below)	7e(4)	2553069	

▶ FORF. DR., TRANSFERS OUT LOAN INITIATIONS MISC. OUT

(5) Total deductions	7e(5)	7071221
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f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	33345069
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs.	10b	

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.
For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 ASSOCIATION OF AMERICAN RAILROADS	D Employer Identification Number (EIN) 53-6000125	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND
06-1050034

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 15 37 50 64	NONE	224709	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

CAPFINANCIAL PARTNERS LLC

26-0058143

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	NONE	70000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

UHY LLP

20-0694403

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	25932	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

GROOM LAW GROUP CHARTERED

52-1219029

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29	NONE	7249	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
PRUDENTIAL INSURANCE COMPANY OF AME	15 60 64	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL INVESTMENTS, LLC 22-3468527	22.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2021 TO 12/31/2021 PGIM TOTAL RETURN BD Z

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan <u>ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN</u>	B Three-digit plan number (PN) <u>002</u>	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>ASSOCIATION OF AMERICAN RAILROADS</u>	D Employer Identification Number (EIN) <u>53-6000125</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: BALANCED I/WELLINGTON

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN <u>06-1050034-084</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>4541210</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: DRYDEN S&P 500 INDEX FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN <u>06-1050034-123</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>23802148</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU DAY ONE IFX TRGT BAL

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN <u>06-1050034-697</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2054165</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU IFX SEL LT AGG GRO

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN <u>06-1050034-511</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1738654</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU IFX SEL LT AGG GRO

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN <u>06-1050034-511</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2972222</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU IFX SEL LT BALANCED

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN <u>06-1050034-513</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>182460</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU IFX SEL LT BALANCED

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN <u>06-1050034-513</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>250042</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU IFX SEL LT CONSER GRO

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-514	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 33420
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU IFX SEL LT CONSER GRO

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-514	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 228407
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRU IFX SEL LT INC & EQU

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-515	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 109303
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a Name of MTIA, CCT, PSA, or 103-12 IE: SCG/TIMESSQUARE

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-132	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 4875439
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a Name of MTIA, CCT, PSA, or 103-12 IE: TRP GROWTH STK STGY

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-435	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11255044
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan <u>ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ASSOCIATION OF AMERICAN RAILROADS</u>	D Employer Identification Number (EIN) <u>53-6000125</u>	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	925531	1135316
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	45310841	52042514
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	52608934	61005075
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	34210858	33345069
(15) Other.....	1c(15)	154252	173895

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities.....	1d(1)		
(2) Employer real property.....	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	133210416	147701869

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	133210416	147701869
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1839535	
(B) Participants	2a(1)(B)	5528874	
(C) Others (including rollovers).....	2a(1)(C)	408066	
(2) Noncash contributions.....	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		7776475
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)	55565	
(F) Other	2b(1)(F)	562361	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		617926
(2) Dividends: (A) Preferred stock.....	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	979926	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		979926
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		9336470
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		4701364
c Other income.....	2c		116707
d Total income. Add all income amounts in column (b) and enter total.....	2d		23528868
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	8667016	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		8667016
f Corrective distributions (see instructions).....	2f		39266
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	331133	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		331133
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		9037415
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		14491453
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: UHY, LLP

(2) EIN: 20-0694403

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			
5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.			
5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)			
5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)	
5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.			

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 ASSOCIATION OF AMERICAN RAILROADS	D Employer Identification Number (EIN) 53-6000125

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1	Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
2	Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 22-1211670		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.			
3	Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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4	Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.				
5	If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6	a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
	b Enter the amount contributed by the employer to the plan for this plan year	6b		
	c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.				
7	Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8	If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9	If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10	Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11	a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
	b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12	Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULE

For the years ended December 31, 2021 and 2020

ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Participants and Administrator of the
Association of American Railroads Incentive Thrift Plan
Washington, DC

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the financial statements of Association of American Railroads Incentive Thrift Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section –

- the amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

- the information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Association of American Railroads Incentive Thrift Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

2021 Supplemental Schedule Required by ERISA

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion —

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of Association of American Railroads Incentive Thrift Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated July 2, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

UHY LLP

Columbia, Maryland
June 27, 2022

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2021 and 2020**

	2021	2020
ASSETS		
Investments, at fair value:		
Pooled Separate Accounts	\$ 52,042,514	\$ 45,310,843
Mutual Funds	61,005,075	52,608,933
Self-Directed Brokerage Accounts	173,895	154,252
Total investments at fair value	113,221,484	98,074,028
Investments, at contract value:		
Guaranteed Income Fund (FBRIC)	33,345,069	34,210,858
Total investments	146,566,553	132,284,886
Receivables:		
Employer contributions	86,498	85,319
Notes receivable from participants	1,135,316	925,531
Total receivables	1,221,814	1,010,850
TOTAL ASSETS	147,788,367	133,295,736
LIABILITIES		
Corrective distributions payable	-	37,776
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 147,788,367</u></u>	<u><u>\$ 133,257,960</u></u>

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the years ended December 31, 2021 and 2020

	2021	2020
Additions to Net Assets Attributed to:		
Investment income:		
Interest and dividend income	\$ 4,591,110	\$ 1,937,733
Net appreciation in fair value of investments	11,008,674	13,681,813
Total investment income	<u>15,599,784</u>	<u>15,619,546</u>
Interest income on notes receivable from participants	<u>55,565</u>	<u>52,594</u>
Contributions:		
Employer	1,840,714	1,787,816
Participants	5,528,874	5,492,176
Rollovers	408,066	1,289,025
Total contributions	<u>7,777,654</u>	<u>8,569,017</u>
Other income	<u>101,901</u>	<u>77,271</u>
Total additions	<u>23,534,904</u>	<u>24,318,428</u>
Deductions from Net Assets Attributed to:		
Benefits paid to participants	8,668,506	7,192,086
Administrative expenses	<u>335,991</u>	<u>247,962</u>
Total deductions	<u>9,004,497</u>	<u>7,440,048</u>
Net Increase	14,530,407	16,878,380
Net Assets Available for Benefits, Beginning of Year	<u>133,257,960</u>	<u>116,379,580</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 147,788,367</u></u>	<u><u>\$ 133,257,960</u></u>

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Association of American Railroads Incentive Thrift Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering employees of the Association of American Railroads (AAR) and its subsidiaries RAILINC Corp. and Transportation Technology Center, Inc. (d/b/a MxV Rail) (collectively, the Company), and covers employees of the Railroad Research Foundation, an affiliated organization of AAR which currently has no employees.

The Plan is subject to the provisions of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA).

Effective January 1, 2021, the plan document was amended and restated to comply with the legislative and regulatory changes set forth in IRS Notice 2017-37 (i.e., the cycle 3 restatement). At the same time, the Plan adopted certain applicable provisions under the Setting Every Community Up for Retirement Enhancement Act, 2019 (the SECURE Act), the Coronavirus, Aid, Relief and Economic Security Act, 2020 (CARES Act) and the Consolidated Appropriations Act, 2021 (CAA).

Furthermore, the Plan adopted and operated under selected provisions of the CARES Act during 2020, prior to the formal plan amendment in 2021, related to the temporary waiver of required minimum distributions as well as the allowance of certain Coronavirus-Related Distributions (CRD). Additional information is available in the related plan documents.

Prudential Bank & Trust, F.S.B. and Prudential Retirement Insurance and Annuity Company serve as trustee and insurance company, respectively of the Plan (together referred to as Prudential). On July 21, 2021, Prudential announced it had entered into an agreement with Empower to sell its full-service retirement plan recordkeeping and administration business, inclusive of Prudential's defined contribution, defined benefit, non-qualified and rollover IRA business in addition to its stable value and separate accounts investment products and platforms. The sale was completed on April 04, 2022.

Eligibility

Covered employees include those individuals who are expected to work more than 1,000 hours of service in a year and become eligible upon completing 30 days of service. Employees who are expected to work fewer than 1,000 hours of service in a year become eligible upon completing one year of service.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

Contributions

Each year participants may contribute up to 50% of pre-tax annual compensation, as defined in the Plan, subject to the statutory limitations established by the Internal Revenue Code (IRC). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions in excess of 50% of pre-tax annual compensation. Participants may also make rollover contributions from other qualified plans and after-tax contributions as defined in the Plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds, pooled separate accounts, self-directed brokerage accounts, and a guaranteed income fund as investment options for participants. Participant contributions are recognized in the period during which the Company makes payroll deductions from the participant's earnings.

The Plan includes an autoenrollment provision whereby all newly eligible employees are auto enrolled in the Plan with a default deferral rate set at 6% of eligible compensation, unless they affirmatively elect not to participate within the 30-day opt out period. If a participant is auto enrolled and does not want to participate, they have 90 days from the date of hire (60 days after they became eligible) to request their funds be paid back to them. Contributions are automatically invested in a designated Goalmaker investment tool provided by Prudential until changed by the participant. Goalmaker is an asset allocation tool that participants can use to create an appropriate mix of funds in their portfolios. The funds included in the Goalmaker platform were selected from the plan fund line-up with the assistance of the plan investment advisors, where the percentage of each fund invested is determined by age and risk tolerance – aggressive, moderate, or conservative.

The Company makes matching contributions to eligible participants in an amount equal to \$.50 for each \$1.00 contributed by a participant, up to a maximum of 6% of the participant's compensation. The Company may also make qualified non-elective contributions. All Company contributions are invested at the participant's direction. Qualified non-elective and true-up matching contributions are recognized annually.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocation of the Company's contributions and Plan earnings and charged with an allocation of administrative expenses. Allocations of Plan earnings for investments other than self-directed accounts are based on participants' account balances. Self-directed accounts are credited with the earnings of the specific investment securities chosen by the participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately vested in their own contributions. Vesting in the Company matching and non-elective contributions is based on years of continuous service. Participants become fully vested after one year of service, with accelerated vesting for death or disability.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$500 up to a maximum equal to the lesser of \$50,000 (reduced by the balance of any prior loans from the Plan) or 50 percent of their vested account balance. Effective January 1, 2021, the plan was amended to increase the minimum loan available from the plan to \$1,000. Participants may only have 2 loans outstanding from the plan. The loans are secured by the balance in the participant's account and bear interest at 1% above Prime. Loan terms range from one to five years, or longer for the purchase of a principal residence, but may not be greater than 30 years. All loans are treated as participant-directed investments by the Plan's trust fund and are evidenced by a promissory note signed by the participant. Principal and interest are paid ratably through payroll deductions. Loans may be prepaid in whole or in part at any time by personal check or in any form approved by the plan administrator. Interest rates on outstanding loans as of December 31, 2021 and 2020 ranged from 4.25% to 8.00%.

Payments of Benefits

Upon termination of service, a participant may elect to receive either a lump-sum amount equal to the value of his or her account, a direct rollover into a qualified retirement plan, a distribution in the form of an annuity, or a combination of methods. If a participant's account balance is less than \$5,000, they will receive a lump-sum distribution. Distributions are subject to the applicable provisions of the plan agreement.

Forfeited Accounts

Forfeitures may be used to pay plan administrative expenses or reduce employer matching and non-elective contributions to the plan. At December 31, 2021 and 2020, forfeited nonvested accounts totaled \$3,949 and \$2,363, respectively. In 2021 and 2020, the Plan used \$21,753 and \$471, respectively, to pay administrative expenses. No forfeitures were used to reduce employer matching and non-elective contributions to the plan during 2021 and 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP).

Investments held by a defined contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts (FBRIC). Contract value is the relevant measure for that portion of the net assets available for benefits of a defined contribution plan attributable to FBR investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the plan.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition

Investments are reported at fair value, except for FBRIC, which are reported at contract value. Fair value is 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. See Note 4 for discussion of fair value measurements. Contract value equals the accumulated cash contributions and interest credited to the Plan's contracts.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan repayments and the plan administrator considers the participant loan to be in default, the loan balance is reduced, and the delinquent participant note receivable is recorded as a distribution based on the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Plan is responsible for payment of expenses for services provided to the plan comprised of custodian, audit and investment advisor fees; however, the Company may pay the Plan expenses directly. Transaction charges (for loan and benefit payment transactions) are paid by the Plan by reducing the balances of those participants initiating the transactions. The Plan is not required to reimburse the Company for plan expenses paid on the Plan's behalf.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. In particular, the novel coronavirus ("COVID-19") pandemic and the resulting adverse impacts to global economic conditions, as well as the Plan's operations, may affect future estimates including, but not limited to, fair value measurements, downward adjustments to investments in equity securities or asset impairment charges.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 3 - CERTIFIED INFORMATION

Information regarding investments and notes receivable from participants held at December 31, 2021 and 2020, and net appreciation in fair value of investments, and interest and dividend income for the years then ended, disclosed in the accompanying financial statements, and the investment information included in the supplemental schedule of assets (held at end of year) as of December 31, 2021, is derived from statements which have been certified by Prudential as complete and accurate in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

NOTE 4 - FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

There are no plan assets requiring the use of Level 3 inputs for the period presented.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Pooled Separate Accounts

The Pooled Separate Accounts (PSA) are primarily invested in mutual funds. The PSA are valued daily at the unit value of shares held by the Plan in the separate investment accounts based on the underlying mutual funds and their quoted net asset value (NAV). There are no unfunded commitments from participants in the Plan who invest in these accounts and redemption can occur daily; there are no notice periods required for liquidation.

Mutual Funds

These investments are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Self-Directed Brokerage Accounts

These accounts may include mutual funds, common stock, and exchange-traded funds, all of which are valued at the closing price reported in the active market in which the securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2021 and 2020:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
<u>December 31, 2021</u>				
Pooled Separate Accounts	\$ -	\$ 52,042,514	\$ -	\$ 52,042,514
Mutual Funds	61,005,075	-	-	61,005,075
Self-Directed Brokerage Accounts	<u>173,895</u>	<u>-</u>	<u>-</u>	<u>173,895</u>
Totals	<u>\$ 61,178,970</u>	<u>\$ 52,042,514</u>	<u>\$ -</u>	<u>\$ 113,221,484</u>
<u>December 31, 2020</u>				
Pooled Separate Accounts	\$ -	\$ 45,310,843	\$ -	\$ 45,310,843
Mutual Funds	52,608,933	-	-	52,608,933
Self-Directed Brokerage Accounts	<u>154,252</u>	<u>-</u>	<u>-</u>	<u>154,252</u>
Totals	<u>\$ 52,763,185</u>	<u>\$ 45,310,843</u>	<u>\$ -</u>	<u>\$ 98,074,028</u>

NOTE 5 - GUARANTEED INCOME FUND (FBRIC)

The Plan participates in a fully benefit-responsive investment contract (FBR) with Prudential Retirement Insurance and Annuity Company (Prudential). Prudential maintains the contributions in the Guaranteed Long-Term Account (GLT). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings at guaranteed crediting rates, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 1.50%. Such interest rates are reviewed on a semi-annual basis for resetting. The crediting interest rate was 1.65% and 1.90% as of December 31, 2021 and 2020, respectively.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 5 - GUARANTEED INCOME FUND (FBRIC) (Continued)

Certain events limit the ability of the Plan to transact at contract value with Prudential. Such events include the following: (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan Administrator does not believe that any events which would limit the Plan's ability to transact at contract value with participants are probable of occurring.

NOTE 6 - CORRECTIVE DISTRIBUTIONS PAYABLE

Corrective distributions payable generally represent the distribution of certain assets to employees in order for the Plan to comply with ERISA nondiscrimination rules. Amounts payable to participants totaling \$ -0- and \$37,776 as of December 31, 2021 and 2020, respectively, for contributions in excess of amounts allowed by the IRS, are reflected as a liability in the accompanying financial statements. The excess contributions were refunded to the affected participants after year-end.

NOTE 7 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contribution.

NOTE 8 - TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 21, 2016, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions for the statutory period; however, there are currently no audits for any tax periods in progress.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 9 - TRANSACTIONS WITH PARTIES-IN-INTEREST

The Plan's assets include investments in funds managed by Prudential. Prudential is the trustee of the Plan, and, therefore, transactions with Prudential qualify as party-in-interest transactions under ERISA. Personnel and facilities of the Company have been used to perform administrative functions for the Plan at no charge to the Plan. There were no financial transactions recorded between the Company and the Plan other than contributions made. Participant loans also qualify as party-in-interest transactions. All of these party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

NOTE 10 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic, which is ongoing as of the date the financial statements. The spread of COVID-19 has had a disruptive impact on the daily life and operations of individuals, businesses, and employee benefit plans around the world.

As a result of the COVID-19 pandemic, economic uncertainties have arisen which have resulted in significant volatility in the investment markets, causing substantial fluctuations in the value of the Plan's investments and this may continue for an extended period of time. The extent of COVID-19's effect on the Plan's operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, the overall impact of COVID-19 on the Plan's investment portfolio, participant account balances and the amounts reported in the Plan's financial statements and related impact on the Plan's liquidity cannot be determined at this time.

NOTE 11 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The Annual Return/Report of Employee Benefit Plan (the Form 5500) is prepared on the modified cash basis. Accordingly, certain balances included on Schedule H of the Form 5500 differ from those included in the accompanying financial statements.

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2021 and 2020 to Schedule H of Form 5500:

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 11 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

	<u>2021</u>	<u>2020</u>
Net assets available for benefits per the financial statements	\$147,788,367	\$ 133,257,960
Less: Contributions receivable	(86,498)	(85,319)
Add: Corrective distributions payable	<u>-</u>	<u>37,776</u>
Net assets available for benefits, per Schedule H of Form 5500	<u>\$147,701,869</u>	<u>\$ 133,210,417</u>

The following is a reconciliation of contributions to the plan per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Contributions reflected in financial statements	\$ 7,777,654
Add: Change in contributions receivable	<u>(1,179)</u>
Contributions per Schedule H of Form 5500	<u>\$ 7,776,475</u>

The following is a reconciliation of other income per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Other income reflected in financial statements	\$ 101,901
Add: Realized gain from self-directed brokerage accounts included in investment income per the financial statements	19,664
Less: Participant loan fees included in plan expenses per the financial statements	<u>(4,858)</u>
Other income per Schedule H of Form 5500	<u>\$ 116,707</u>

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Benefits paid (including corrective distributions) to participants per the financial statements	\$ 8,668,506
Add: Change in corrective distributions payable	<u>37,776</u>
Benefits paid (including corrective distributions) per Schedule H of Form 5500	<u>\$ 8,706,282</u>

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2022, which is the date the financial statements were available to be issued.

Supplemental Schedule

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

EIN: 53-6000125; PLAN - 002

SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

As of December 31, 2021

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Pooled Separate Accounts			
*	Prudential Retirement Insurance And Annuity Company	Dryden S&P 500 Index Fund		\$ 23,802,148
*	Prudential Retirement Insurance And Annuity Company	Balanced Wellington Management Fund		4,541,210
*	Prudential Retirement Insurance And Annuity Company	Small Cap Growth/TimesSquare		4,875,439
*	Prudential Retirement Insurance and Annuity Company	Prudential Day One IFX Targeted Balanced		2,054,165
*	Prudential Retirement Insurance and Annuity Company	T. Rowe Price Growth Stock		11,255,044
*	Prudential Retirement Insurance and Annuity Company	IFX LT Aggregate Growth Fund (I)		1,738,654
*	Prudential Retirement Insurance and Annuity Company	IFX LT Aggregate Growth Fund (S)		2,972,222
*	Prudential Retirement Insurance and Annuity Company	IFX LT Balanced Fund		182,460
*	Prudential Retirement Insurance and Annuity Company	IFX LT Conservative Fund (I)		33,420
*	Prudential Retirement Insurance and Annuity Company	IFX LT Income & Equity Fund (I)		109,303
*	Prudential Retirement Insurance and Annuity Company	IFX LT Balanced Fund (I)		250,041
*	Prudential Retirement Insurance and Annuity Company	IFX LT Conservative Fund (I)		228,408
	Total pooled separate accounts			\$ 52,042,514

(Continued on next page)

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

EIN: 53-6000125; PLAN - 002

SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

As of December 31, 2021

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Mutual Funds			
	T. Rowe Price	T. Rowe Price Small Cap Stock		\$ 2,370,662
	MFS	New Discovery Value R6		3,553,008
	MassMutual	MassMutual Select Mid Growth Class I		4,469,494
	Vanguard	Vanguard Total Bond Market Index Fund		6,824,855
	Vanguard	Vanguard Total Stock Admiral		7,241,549
	Vanguard	Vanguard Ext Market Index Admiral		5,753,564
	Calvert	Calvert Equity Fund R6		1,956,117
	American Funds	American Century Equity Income		6,791,240
	American Funds	American Euro Pac Growth		10,286,393
	JP Morgan	JP Morgan Mid Cap Value		4,900,854
*	PGIM	PGIM Total Return Bond R6		6,857,339
		Total mutual funds		61,005,075
	Self-Directed Brokerage Accounts			
	Self-Directed Brokerage Accounts	Self-Directed Brokerage Accounts		173,895
	Guaranteed Investment Contract (FBRIC)			
*	Prudential Retirement Insurance and Annuity Company	Guaranteed Income Fund (FBRIC)		33,345,069
		Total Investments		146,566,553
*	Participant loans	Loans to plan participants, maturing at various dates, bearing interest at rates from 4.25% to 8.00%	-0-	1,135,316
		Total		\$ 147,701,869

* Indicates a party-in-interest to the Plan.

Note: All investments are participant-directed; therefore, historical cost is not required to be presented.

This schedule was derived from data certified as complete and accurate by Prudential.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULE

For the years ended December 31, 2021 and 2020

ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Participants and Administrator of the
Association of American Railroads Incentive Thrift Plan
Washington, DC

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the financial statements of Association of American Railroads Incentive Thrift Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section –

- the amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

- the information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Association of American Railroads Incentive Thrift Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

2021 Supplemental Schedule Required by ERISA

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion —

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of Association of American Railroads Incentive Thrift Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated July 2, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

UHY LLP

Columbia, Maryland
June 27, 2022

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2021 and 2020**

	2021	2020
ASSETS		
Investments, at fair value:		
Pooled Separate Accounts	\$ 52,042,514	\$ 45,310,843
Mutual Funds	61,005,075	52,608,933
Self-Directed Brokerage Accounts	173,895	154,252
Total investments at fair value	113,221,484	98,074,028
Investments, at contract value:		
Guaranteed Income Fund (FBRIC)	33,345,069	34,210,858
Total investments	146,566,553	132,284,886
Receivables:		
Employer contributions	86,498	85,319
Notes receivable from participants	1,135,316	925,531
Total receivables	1,221,814	1,010,850
TOTAL ASSETS	147,788,367	133,295,736
LIABILITIES		
Corrective distributions payable	-	37,776
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 147,788,367</u></u>	<u><u>\$ 133,257,960</u></u>

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the years ended December 31, 2021 and 2020

	2021	2020
Additions to Net Assets Attributed to:		
Investment income:		
Interest and dividend income	\$ 4,591,110	\$ 1,937,733
Net appreciation in fair value of investments	11,008,674	13,681,813
Total investment income	<u>15,599,784</u>	<u>15,619,546</u>
Interest income on notes receivable from participants	<u>55,565</u>	<u>52,594</u>
Contributions:		
Employer	1,840,714	1,787,816
Participants	5,528,874	5,492,176
Rollovers	408,066	1,289,025
Total contributions	<u>7,777,654</u>	<u>8,569,017</u>
Other income	<u>101,901</u>	<u>77,271</u>
Total additions	<u>23,534,904</u>	<u>24,318,428</u>
Deductions from Net Assets Attributed to:		
Benefits paid to participants	8,668,506	7,192,086
Administrative expenses	<u>335,991</u>	<u>247,962</u>
Total deductions	<u>9,004,497</u>	<u>7,440,048</u>
Net Increase	14,530,407	16,878,380
Net Assets Available for Benefits, Beginning of Year	<u>133,257,960</u>	<u>116,379,580</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 147,788,367</u></u>	<u><u>\$ 133,257,960</u></u>

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Association of American Railroads Incentive Thrift Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering employees of the Association of American Railroads (AAR) and its subsidiaries RAILINC Corp. and Transportation Technology Center, Inc. (d/b/a MxV Rail) (collectively, the Company), and covers employees of the Railroad Research Foundation, an affiliated organization of AAR which currently has no employees.

The Plan is subject to the provisions of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA).

Effective January 1, 2021, the plan document was amended and restated to comply with the legislative and regulatory changes set forth in IRS Notice 2017-37 (i.e., the cycle 3 restatement). At the same time, the Plan adopted certain applicable provisions under the Setting Every Community Up for Retirement Enhancement Act, 2019 (the SECURE Act), the Coronavirus, Aid, Relief and Economic Security Act, 2020 (CARES Act) and the Consolidated Appropriations Act, 2021 (CAA).

Furthermore, the Plan adopted and operated under selected provisions of the CARES Act during 2020, prior to the formal plan amendment in 2021, related to the temporary waiver of required minimum distributions as well as the allowance of certain Coronavirus-Related Distributions (CRD). Additional information is available in the related plan documents.

Prudential Bank & Trust, F.S.B. and Prudential Retirement Insurance and Annuity Company serve as trustee and insurance company, respectively of the Plan (together referred to as Prudential). On July 21, 2021, Prudential announced it had entered into an agreement with Empower to sell its full-service retirement plan recordkeeping and administration business, inclusive of Prudential's defined contribution, defined benefit, non-qualified and rollover IRA business in addition to its stable value and separate accounts investment products and platforms. The sale was completed on April 04, 2022.

Eligibility

Covered employees include those individuals who are expected to work more than 1,000 hours of service in a year and become eligible upon completing 30 days of service. Employees who are expected to work fewer than 1,000 hours of service in a year become eligible upon completing one year of service.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

Contributions

Each year participants may contribute up to 50% of pre-tax annual compensation, as defined in the Plan, subject to the statutory limitations established by the Internal Revenue Code (IRC). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions in excess of 50% of pre-tax annual compensation. Participants may also make rollover contributions from other qualified plans and after-tax contributions as defined in the Plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds, pooled separate accounts, self-directed brokerage accounts, and a guaranteed income fund as investment options for participants. Participant contributions are recognized in the period during which the Company makes payroll deductions from the participant's earnings.

The Plan includes an autoenrollment provision whereby all newly eligible employees are auto enrolled in the Plan with a default deferral rate set at 6% of eligible compensation, unless they affirmatively elect not to participate within the 30-day opt out period. If a participant is auto enrolled and does not want to participate, they have 90 days from the date of hire (60 days after they became eligible) to request their funds be paid back to them. Contributions are automatically invested in a designated Goalmaker investment tool provided by Prudential until changed by the participant. Goalmaker is an asset allocation tool that participants can use to create an appropriate mix of funds in their portfolios. The funds included in the Goalmaker platform were selected from the plan fund line-up with the assistance of the plan investment advisors, where the percentage of each fund invested is determined by age and risk tolerance – aggressive, moderate, or conservative.

The Company makes matching contributions to eligible participants in an amount equal to \$.50 for each \$1.00 contributed by a participant, up to a maximum of 6% of the participant's compensation. The Company may also make qualified non-elective contributions. All Company contributions are invested at the participant's direction. Qualified non-elective and true-up matching contributions are recognized annually.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocation of the Company's contributions and Plan earnings and charged with an allocation of administrative expenses. Allocations of Plan earnings for investments other than self-directed accounts are based on participants' account balances. Self-directed accounts are credited with the earnings of the specific investment securities chosen by the participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately vested in their own contributions. Vesting in the Company matching and non-elective contributions is based on years of continuous service. Participants become fully vested after one year of service, with accelerated vesting for death or disability.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$500 up to a maximum equal to the lesser of \$50,000 (reduced by the balance of any prior loans from the Plan) or 50 percent of their vested account balance. Effective January 1, 2021, the plan was amended to increase the minimum loan available from the plan to \$1,000. Participants may only have 2 loans outstanding from the plan. The loans are secured by the balance in the participant's account and bear interest at 1% above Prime. Loan terms range from one to five years, or longer for the purchase of a principal residence, but may not be greater than 30 years. All loans are treated as participant-directed investments by the Plan's trust fund and are evidenced by a promissory note signed by the participant. Principal and interest are paid ratably through payroll deductions. Loans may be prepaid in whole or in part at any time by personal check or in any form approved by the plan administrator. Interest rates on outstanding loans as of December 31, 2021 and 2020 ranged from 4.25% to 8.00%.

Payments of Benefits

Upon termination of service, a participant may elect to receive either a lump-sum amount equal to the value of his or her account, a direct rollover into a qualified retirement plan, a distribution in the form of an annuity, or a combination of methods. If a participant's account balance is less than \$5,000, they will receive a lump-sum distribution. Distributions are subject to the applicable provisions of the plan agreement.

Forfeited Accounts

Forfeitures may be used to pay plan administrative expenses or reduce employer matching and non-elective contributions to the plan. At December 31, 2021 and 2020, forfeited nonvested accounts totaled \$3,949 and \$2,363, respectively. In 2021 and 2020, the Plan used \$21,753 and \$471, respectively, to pay administrative expenses. No forfeitures were used to reduce employer matching and non-elective contributions to the plan during 2021 and 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP).

Investments held by a defined contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts (FBRIC). Contract value is the relevant measure for that portion of the net assets available for benefits of a defined contribution plan attributable to FBR investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the plan.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition

Investments are reported at fair value, except for FBRIC, which are reported at contract value. Fair value is 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. See Note 4 for discussion of fair value measurements. Contract value equals the accumulated cash contributions and interest credited to the Plan's contracts.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan repayments and the plan administrator considers the participant loan to be in default, the loan balance is reduced, and the delinquent participant note receivable is recorded as a distribution based on the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Plan is responsible for payment of expenses for services provided to the plan comprised of custodian, audit and investment advisor fees; however, the Company may pay the Plan expenses directly. Transaction charges (for loan and benefit payment transactions) are paid by the Plan by reducing the balances of those participants initiating the transactions. The Plan is not required to reimburse the Company for plan expenses paid on the Plan's behalf.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. In particular, the novel coronavirus ("COVID-19") pandemic and the resulting adverse impacts to global economic conditions, as well as the Plan's operations, may affect future estimates including, but not limited to, fair value measurements, downward adjustments to investments in equity securities or asset impairment charges.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 3 - CERTIFIED INFORMATION

Information regarding investments and notes receivable from participants held at December 31, 2021 and 2020, and net appreciation in fair value of investments, and interest and dividend income for the years then ended, disclosed in the accompanying financial statements, and the investment information included in the supplemental schedule of assets (held at end of year) as of December 31, 2021, is derived from statements which have been certified by Prudential as complete and accurate in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

NOTE 4 - FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

There are no plan assets requiring the use of Level 3 inputs for the period presented.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Pooled Separate Accounts

The Pooled Separate Accounts (PSA) are primarily invested in mutual funds. The PSA are valued daily at the unit value of shares held by the Plan in the separate investment accounts based on the underlying mutual funds and their quoted net asset value (NAV). There are no unfunded commitments from participants in the Plan who invest in these accounts and redemption can occur daily; there are no notice periods required for liquidation.

Mutual Funds

These investments are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Self-Directed Brokerage Accounts

These accounts may include mutual funds, common stock, and exchange-traded funds, all of which are valued at the closing price reported in the active market in which the securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2021 and 2020:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
<u>December 31, 2021</u>				
Pooled Separate Accounts	\$ -	\$ 52,042,514	\$ -	\$ 52,042,514
Mutual Funds	61,005,075	-	-	61,005,075
Self-Directed Brokerage Accounts	<u>173,895</u>	<u>-</u>	<u>-</u>	<u>173,895</u>
Totals	<u>\$ 61,178,970</u>	<u>\$ 52,042,514</u>	<u>\$ -</u>	<u>\$ 113,221,484</u>
<u>December 31, 2020</u>				
Pooled Separate Accounts	\$ -	\$ 45,310,843	\$ -	\$ 45,310,843
Mutual Funds	52,608,933	-	-	52,608,933
Self-Directed Brokerage Accounts	<u>154,252</u>	<u>-</u>	<u>-</u>	<u>154,252</u>
Totals	<u>\$ 52,763,185</u>	<u>\$ 45,310,843</u>	<u>\$ -</u>	<u>\$ 98,074,028</u>

NOTE 5 - GUARANTEED INCOME FUND (FBRIC)

The Plan participates in a fully benefit-responsive investment contract (FBR) with Prudential Retirement Insurance and Annuity Company (Prudential). Prudential maintains the contributions in the Guaranteed Long-Term Account (GLT). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings at guaranteed crediting rates, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 1.50%. Such interest rates are reviewed on a semi-annual basis for resetting. The crediting interest rate was 1.65% and 1.90% as of December 31, 2021 and 2020, respectively.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 5 - GUARANTEED INCOME FUND (FBRIC) (Continued)

Certain events limit the ability of the Plan to transact at contract value with Prudential. Such events include the following: (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan Administrator does not believe that any events which would limit the Plan's ability to transact at contract value with participants are probable of occurring.

NOTE 6 - CORRECTIVE DISTRIBUTIONS PAYABLE

Corrective distributions payable generally represent the distribution of certain assets to employees in order for the Plan to comply with ERISA nondiscrimination rules. Amounts payable to participants totaling \$ -0- and \$37,776 as of December 31, 2021 and 2020, respectively, for contributions in excess of amounts allowed by the IRS, are reflected as a liability in the accompanying financial statements. The excess contributions were refunded to the affected participants after year-end.

NOTE 7 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contribution.

NOTE 8 - TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 21, 2016, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions for the statutory period; however, there are currently no audits for any tax periods in progress.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 9 - TRANSACTIONS WITH PARTIES-IN-INTEREST

The Plan's assets include investments in funds managed by Prudential. Prudential is the trustee of the Plan, and, therefore, transactions with Prudential qualify as party-in-interest transactions under ERISA. Personnel and facilities of the Company have been used to perform administrative functions for the Plan at no charge to the Plan. There were no financial transactions recorded between the Company and the Plan other than contributions made. Participant loans also qualify as party-in-interest transactions. All of these party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

NOTE 10 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic, which is ongoing as of the date the financial statements. The spread of COVID-19 has had a disruptive impact on the daily life and operations of individuals, businesses, and employee benefit plans around the world.

As a result of the COVID-19 pandemic, economic uncertainties have arisen which have resulted in significant volatility in the investment markets, causing substantial fluctuations in the value of the Plan's investments and this may continue for an extended period of time. The extent of COVID-19's effect on the Plan's operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, the overall impact of COVID-19 on the Plan's investment portfolio, participant account balances and the amounts reported in the Plan's financial statements and related impact on the Plan's liquidity cannot be determined at this time.

NOTE 11 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The Annual Return/Report of Employee Benefit Plan (the Form 5500) is prepared on the modified cash basis. Accordingly, certain balances included on Schedule H of the Form 5500 differ from those included in the accompanying financial statements.

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2021 and 2020 to Schedule H of Form 5500:

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 11 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

	<u>2021</u>	<u>2020</u>
Net assets available for benefits per the financial statements	\$147,788,367	\$ 133,257,960
Less: Contributions receivable	(86,498)	(85,319)
Add: Corrective distributions payable	<u>-</u>	<u>37,776</u>
Net assets available for benefits, per Schedule H of Form 5500	<u>\$147,701,869</u>	<u>\$ 133,210,417</u>

The following is a reconciliation of contributions to the plan per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Contributions reflected in financial statements	\$ 7,777,654
Add: Change in contributions receivable	<u>(1,179)</u>
Contributions per Schedule H of Form 5500	<u>\$ 7,776,475</u>

The following is a reconciliation of other income per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Other income reflected in financial statements	\$ 101,901
Add: Realized gain from self-directed brokerage accounts included in investment income per the financial statements	19,664
Less: Participant loan fees included in plan expenses per the financial statements	<u>(4,858)</u>
Other income per Schedule H of Form 5500	<u>\$ 116,707</u>

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Benefits paid (including corrective distributions) to participants per the financial statements	\$ 8,668,506
Add: Change in corrective distributions payable	<u>37,776</u>
Benefits paid (including corrective distributions) per Schedule H of Form 5500	<u>\$ 8,706,282</u>

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2022, which is the date the financial statements were available to be issued.

Supplemental Schedule

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

EIN: 53-6000125; PLAN - 002

SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

As of December 31, 2021

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Pooled Separate Accounts			
*	Prudential Retirement Insurance And Annuity Company	Dryden S&P 500 Index Fund		\$ 23,802,148
*	Prudential Retirement Insurance And Annuity Company	Balanced Wellington Management Fund		4,541,210
*	Prudential Retirement Insurance And Annuity Company	Small Cap Growth/TimesSquare		4,875,439
*	Prudential Retirement Insurance and Annuity Company	Prudential Day One IFX Targeted Balanced		2,054,165
*	Prudential Retirement Insurance and Annuity Company	T. Rowe Price Growth Stock		11,255,044
*	Prudential Retirement Insurance and Annuity Company	IFX LT Aggregate Growth Fund (I)		1,738,654
*	Prudential Retirement Insurance and Annuity Company	IFX LT Aggregate Growth Fund (S)		2,972,222
*	Prudential Retirement Insurance and Annuity Company	IFX LT Balanced Fund		182,460
*	Prudential Retirement Insurance and Annuity Company	IFX LT Conservative Fund (I)		33,420
*	Prudential Retirement Insurance and Annuity Company	IFX LT Income & Equity Fund (I)		109,303
*	Prudential Retirement Insurance and Annuity Company	IFX LT Balanced Fund (I)		250,041
*	Prudential Retirement Insurance and Annuity Company	IFX LT Conservative Fund (I)		228,408
	Total pooled separate accounts			\$ 52,042,514

(Continued on next page)

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

EIN: 53-6000125; PLAN - 002

SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

As of December 31, 2021

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Mutual Funds			
	T. Rowe Price	T. Rowe Price Small Cap Stock		\$ 2,370,662
	MFS	New Discovery Value R6		3,553,008
	MassMutual	MassMutual Select Mid Growth Class I		4,469,494
	Vanguard	Vanguard Total Bond Market Index Fund		6,824,855
	Vanguard	Vanguard Total Stock Admiral		7,241,549
	Vanguard	Vanguard Ext Market Index Admiral		5,753,564
	Calvert	Calvert Equity Fund R6		1,956,117
	American Funds	American Century Equity Income		6,791,240
	American Funds	American Euro Pac Growth		10,286,393
	JP Morgan	JP Morgan Mid Cap Value		4,900,854
*	PGIM	PGIM Total Return Bond R6		6,857,339
		Total mutual funds		61,005,075
	Self-Directed Brokerage Accounts			
	Self-Directed Brokerage Accounts	Self-Directed Brokerage Accounts		173,895
	Guaranteed Investment Contract (FBRIC)			
*	Prudential Retirement Insurance and Annuity Company	Guaranteed Income Fund (FBRIC)		33,345,069
		Total Investments		146,566,553
*	Participant loans	Loans to plan participants, maturing at various dates, bearing interest at rates from 4.25% to 8.00%	-0-	1,135,316
		Total		\$ 147,701,869

* Indicates a party-in-interest to the Plan.

Note: All investments are participant-directed; therefore, historical cost is not required to be presented.

This schedule was derived from data certified as complete and accurate by Prudential.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULE

For the years ended December 31, 2021 and 2020

ASSOCIATION OF AMERICAN RAILROADS INCENTIVE THRIFT PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Participants and Administrator of the
Association of American Railroads Incentive Thrift Plan
Washington, DC

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the financial statements of Association of American Railroads Incentive Thrift Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section –

- the amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

- the information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Association of American Railroads Incentive Thrift Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

2021 Supplemental Schedule Required by ERISA

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion —

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of Association of American Railroads Incentive Thrift Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated July 2, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

UHY LLP

Columbia, Maryland
June 27, 2022

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2021 and 2020**

	2021	2020
ASSETS		
Investments, at fair value:		
Pooled Separate Accounts	\$ 52,042,514	\$ 45,310,843
Mutual Funds	61,005,075	52,608,933
Self-Directed Brokerage Accounts	173,895	154,252
Total investments at fair value	113,221,484	98,074,028
Investments, at contract value:		
Guaranteed Income Fund (FBRIC)	33,345,069	34,210,858
Total investments	146,566,553	132,284,886
Receivables:		
Employer contributions	86,498	85,319
Notes receivable from participants	1,135,316	925,531
Total receivables	1,221,814	1,010,850
TOTAL ASSETS	147,788,367	133,295,736
LIABILITIES		
Corrective distributions payable	-	37,776
NET ASSETS AVAILABLE FOR BENEFITS	\$ 147,788,367	\$ 133,257,960

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the years ended December 31, 2021 and 2020**

	2021	2020
Additions to Net Assets Attributed to:		
Investment income:		
Interest and dividend income	\$ 4,591,110	\$ 1,937,733
Net appreciation in fair value of investments	11,008,674	13,681,813
Total investment income	<u>15,599,784</u>	<u>15,619,546</u>
Interest income on notes receivable from participants	<u>55,565</u>	<u>52,594</u>
Contributions:		
Employer	1,840,714	1,787,816
Participants	5,528,874	5,492,176
Rollovers	408,066	1,289,025
Total contributions	<u>7,777,654</u>	<u>8,569,017</u>
Other income	<u>101,901</u>	<u>77,271</u>
Total additions	<u>23,534,904</u>	<u>24,318,428</u>
Deductions from Net Assets Attributed to:		
Benefits paid to participants	8,668,506	7,192,086
Administrative expenses	<u>335,991</u>	<u>247,962</u>
Total deductions	<u>9,004,497</u>	<u>7,440,048</u>
Net Increase	14,530,407	16,878,380
Net Assets Available for Benefits, Beginning of Year	<u>133,257,960</u>	<u>116,379,580</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 147,788,367</u></u>	<u><u>\$ 133,257,960</u></u>

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Association of American Railroads Incentive Thrift Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering employees of the Association of American Railroads (AAR) and its subsidiaries RAILINC Corp. and Transportation Technology Center, Inc. (d/b/a MxV Rail) (collectively, the Company), and covers employees of the Railroad Research Foundation, an affiliated organization of AAR which currently has no employees.

The Plan is subject to the provisions of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA).

Effective January 1, 2021, the plan document was amended and restated to comply with the legislative and regulatory changes set forth in IRS Notice 2017-37 (i.e., the cycle 3 restatement). At the same time, the Plan adopted certain applicable provisions under the Setting Every Community Up for Retirement Enhancement Act, 2019 (the SECURE Act), the Coronavirus, Aid, Relief and Economic Security Act, 2020 (CARES Act) and the Consolidated Appropriations Act, 2021 (CAA).

Furthermore, the Plan adopted and operated under selected provisions of the CARES Act during 2020, prior to the formal plan amendment in 2021, related to the temporary waiver of required minimum distributions as well as the allowance of certain Coronavirus-Related Distributions (CRD). Additional information is available in the related plan documents.

Prudential Bank & Trust, F.S.B. and Prudential Retirement Insurance and Annuity Company serve as trustee and insurance company, respectively of the Plan (together referred to as Prudential). On July 21, 2021, Prudential announced it had entered into an agreement with Empower to sell its full-service retirement plan recordkeeping and administration business, inclusive of Prudential's defined contribution, defined benefit, non-qualified and rollover IRA business in addition to its stable value and separate accounts investment products and platforms. The sale was completed on April 04, 2022.

Eligibility

Covered employees include those individuals who are expected to work more than 1,000 hours of service in a year and become eligible upon completing 30 days of service. Employees who are expected to work fewer than 1,000 hours of service in a year become eligible upon completing one year of service.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
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For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

Contributions

Each year participants may contribute up to 50% of pre-tax annual compensation, as defined in the Plan, subject to the statutory limitations established by the Internal Revenue Code (IRC). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions in excess of 50% of pre-tax annual compensation. Participants may also make rollover contributions from other qualified plans and after-tax contributions as defined in the Plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds, pooled separate accounts, self-directed brokerage accounts, and a guaranteed income fund as investment options for participants. Participant contributions are recognized in the period during which the Company makes payroll deductions from the participant's earnings.

The Plan includes an autoenrollment provision whereby all newly eligible employees are auto enrolled in the Plan with a default deferral rate set at 6% of eligible compensation, unless they affirmatively elect not to participate within the 30-day opt out period. If a participant is auto enrolled and does not want to participate, they have 90 days from the date of hire (60 days after they became eligible) to request their funds be paid back to them. Contributions are automatically invested in a designated Goalmaker investment tool provided by Prudential until changed by the participant. Goalmaker is an asset allocation tool that participants can use to create an appropriate mix of funds in their portfolios. The funds included in the Goalmaker platform were selected from the plan fund line-up with the assistance of the plan investment advisors, where the percentage of each fund invested is determined by age and risk tolerance – aggressive, moderate, or conservative.

The Company makes matching contributions to eligible participants in an amount equal to \$.50 for each \$1.00 contributed by a participant, up to a maximum of 6% of the participant's compensation. The Company may also make qualified non-elective contributions. All Company contributions are invested at the participant's direction. Qualified non-elective and true-up matching contributions are recognized annually.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocation of the Company's contributions and Plan earnings and charged with an allocation of administrative expenses. Allocations of Plan earnings for investments other than self-directed accounts are based on participants' account balances. Self-directed accounts are credited with the earnings of the specific investment securities chosen by the participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately vested in their own contributions. Vesting in the Company matching and non-elective contributions is based on years of continuous service. Participants become fully vested after one year of service, with accelerated vesting for death or disability.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$500 up to a maximum equal to the lesser of \$50,000 (reduced by the balance of any prior loans from the Plan) or 50 percent of their vested account balance. Effective January 1, 2021, the plan was amended to increase the minimum loan available from the plan to \$1,000. Participants may only have 2 loans outstanding from the plan. The loans are secured by the balance in the participant's account and bear interest at 1% above Prime. Loan terms range from one to five years, or longer for the purchase of a principal residence, but may not be greater than 30 years. All loans are treated as participant-directed investments by the Plan's trust fund and are evidenced by a promissory note signed by the participant. Principal and interest are paid ratably through payroll deductions. Loans may be prepaid in whole or in part at any time by personal check or in any form approved by the plan administrator. Interest rates on outstanding loans as of December 31, 2021 and 2020 ranged from 4.25% to 8.00%.

Payments of Benefits

Upon termination of service, a participant may elect to receive either a lump-sum amount equal to the value of his or her account, a direct rollover into a qualified retirement plan, a distribution in the form of an annuity, or a combination of methods. If a participant's account balance is less than \$5,000, they will receive a lump-sum distribution. Distributions are subject to the applicable provisions of the plan agreement.

Forfeited Accounts

Forfeitures may be used to pay plan administrative expenses or reduce employer matching and non-elective contributions to the plan. At December 31, 2021 and 2020, forfeited nonvested accounts totaled \$3,949 and \$2,363, respectively. In 2021 and 2020, the Plan used \$21,753 and \$471, respectively, to pay administrative expenses. No forfeitures were used to reduce employer matching and non-elective contributions to the plan during 2021 and 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP).

Investments held by a defined contribution plan are required to be reported at fair value, except for fully benefit-responsive investment contracts (FBRIC). Contract value is the relevant measure for that portion of the net assets available for benefits of a defined contribution plan attributable to FBR investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the plan.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition

Investments are reported at fair value, except for FBRIC, which are reported at contract value. Fair value is 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. See Note 4 for discussion of fair value measurements. Contract value equals the accumulated cash contributions and interest credited to the Plan's contracts.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan repayments and the plan administrator considers the participant loan to be in default, the loan balance is reduced, and the delinquent participant note receivable is recorded as a distribution based on the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Plan is responsible for payment of expenses for services provided to the plan comprised of custodian, audit and investment advisor fees; however, the Company may pay the Plan expenses directly. Transaction charges (for loan and benefit payment transactions) are paid by the Plan by reducing the balances of those participants initiating the transactions. The Plan is not required to reimburse the Company for plan expenses paid on the Plan's behalf.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. In particular, the novel coronavirus ("COVID-19") pandemic and the resulting adverse impacts to global economic conditions, as well as the Plan's operations, may affect future estimates including, but not limited to, fair value measurements, downward adjustments to investments in equity securities or asset impairment charges.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 3 - CERTIFIED INFORMATION

Information regarding investments and notes receivable from participants held at December 31, 2021 and 2020, and net appreciation in fair value of investments, and interest and dividend income for the years then ended, disclosed in the accompanying financial statements, and the investment information included in the supplemental schedule of assets (held at end of year) as of December 31, 2021, is derived from statements which have been certified by Prudential as complete and accurate in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

NOTE 4 - FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

There are no plan assets requiring the use of Level 3 inputs for the period presented.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Pooled Separate Accounts

The Pooled Separate Accounts (PSA) are primarily invested in mutual funds. The PSA are valued daily at the unit value of shares held by the Plan in the separate investment accounts based on the underlying mutual funds and their quoted net asset value (NAV). There are no unfunded commitments from participants in the Plan who invest in these accounts and redemption can occur daily; there are no notice periods required for liquidation.

Mutual Funds

These investments are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

**ASSOCIATION OF AMERICAN RAILROADS
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NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Self-Directed Brokerage Accounts

These accounts may include mutual funds, common stock, and exchange-traded funds, all of which are valued at the closing price reported in the active market in which the securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2021 and 2020:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
<u>December 31, 2021</u>				
Pooled Separate Accounts	\$ -	\$ 52,042,514	\$ -	\$ 52,042,514
Mutual Funds	61,005,075	-	-	61,005,075
Self-Directed Brokerage Accounts	<u>173,895</u>	<u>-</u>	<u>-</u>	<u>173,895</u>
Totals	<u>\$ 61,178,970</u>	<u>\$ 52,042,514</u>	<u>\$ -</u>	<u>\$ 113,221,484</u>
<u>December 31, 2020</u>				
Pooled Separate Accounts	\$ -	\$ 45,310,843	\$ -	\$ 45,310,843
Mutual Funds	52,608,933	-	-	52,608,933
Self-Directed Brokerage Accounts	<u>154,252</u>	<u>-</u>	<u>-</u>	<u>154,252</u>
Totals	<u>\$ 52,763,185</u>	<u>\$ 45,310,843</u>	<u>\$ -</u>	<u>\$ 98,074,028</u>

NOTE 5 - GUARANTEED INCOME FUND (FBRIC)

The Plan participates in a fully benefit-responsive investment contract (FBR) with Prudential Retirement Insurance and Annuity Company (Prudential). Prudential maintains the contributions in the Guaranteed Long-Term Account (GLT). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings at guaranteed crediting rates, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 1.50%. Such interest rates are reviewed on a semi-annual basis for resetting. The crediting interest rate was 1.65% and 1.90% as of December 31, 2021 and 2020, respectively.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 5 - GUARANTEED INCOME FUND (FBRIC) (Continued)

Certain events limit the ability of the Plan to transact at contract value with Prudential. Such events include the following: (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other Plan Sponsor events that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan Administrator does not believe that any events which would limit the Plan's ability to transact at contract value with participants are probable of occurring.

NOTE 6 - CORRECTIVE DISTRIBUTIONS PAYABLE

Corrective distributions payable generally represent the distribution of certain assets to employees in order for the Plan to comply with ERISA nondiscrimination rules. Amounts payable to participants totaling \$ -0- and \$37,776 as of December 31, 2021 and 2020, respectively, for contributions in excess of amounts allowed by the IRS, are reflected as a liability in the accompanying financial statements. The excess contributions were refunded to the affected participants after year-end.

NOTE 7 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contribution.

NOTE 8 - TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 21, 2016, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions for the statutory period; however, there are currently no audits for any tax periods in progress.

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 9 - TRANSACTIONS WITH PARTIES-IN-INTEREST

The Plan's assets include investments in funds managed by Prudential. Prudential is the trustee of the Plan, and, therefore, transactions with Prudential qualify as party-in-interest transactions under ERISA. Personnel and facilities of the Company have been used to perform administrative functions for the Plan at no charge to the Plan. There were no financial transactions recorded between the Company and the Plan other than contributions made. Participant loans also qualify as party-in-interest transactions. All of these party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

NOTE 10 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic, which is ongoing as of the date the financial statements. The spread of COVID-19 has had a disruptive impact on the daily life and operations of individuals, businesses, and employee benefit plans around the world.

As a result of the COVID-19 pandemic, economic uncertainties have arisen which have resulted in significant volatility in the investment markets, causing substantial fluctuations in the value of the Plan's investments and this may continue for an extended period of time. The extent of COVID-19's effect on the Plan's operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, the overall impact of COVID-19 on the Plan's investment portfolio, participant account balances and the amounts reported in the Plan's financial statements and related impact on the Plan's liquidity cannot be determined at this time.

NOTE 11 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The Annual Return/Report of Employee Benefit Plan (the Form 5500) is prepared on the modified cash basis. Accordingly, certain balances included on Schedule H of the Form 5500 differ from those included in the accompanying financial statements.

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2021 and 2020 to Schedule H of Form 5500:

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 11 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

	<u>2021</u>	<u>2020</u>
Net assets available for benefits per the financial statements	\$147,788,367	\$ 133,257,960
Less: Contributions receivable	(86,498)	(85,319)
Add: Corrective distributions payable	<u>-</u>	<u>37,776</u>
Net assets available for benefits, per Schedule H of Form 5500	<u>\$147,701,869</u>	<u>\$ 133,210,417</u>

The following is a reconciliation of contributions to the plan per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Contributions reflected in financial statements	\$ 7,777,654
Add: Change in contributions receivable	<u>(1,179)</u>
Contributions per Schedule H of Form 5500	<u>\$ 7,776,475</u>

The following is a reconciliation of other income per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Other income reflected in financial statements	\$ 101,901
Add: Realized gain from self-directed brokerage accounts included in investment income per the financial statements	19,664
Less: Participant loan fees included in plan expenses per the financial statements	<u>(4,858)</u>
Other income per Schedule H of Form 5500	<u>\$ 116,707</u>

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2021, to Schedule H of Form 5500:

Benefits paid (including corrective distributions) to participants per the financial statements	\$ 8,668,506
Add: Change in corrective distributions payable	<u>37,776</u>
Benefits paid (including corrective distributions) per Schedule H of Form 5500	<u>\$ 8,706,282</u>

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020**

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2022, which is the date the financial statements were available to be issued.

Supplemental Schedule

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

EIN: 53-6000125; PLAN - 002

SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

As of December 31, 2021

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Pooled Separate Accounts			
*	Prudential Retirement Insurance And Annuity Company	Dryden S&P 500 Index Fund		\$ 23,802,148
*	Prudential Retirement Insurance And Annuity Company	Balanced Wellington Management Fund		4,541,210
*	Prudential Retirement Insurance And Annuity Company	Small Cap Growth/TimesSquare		4,875,439
*	Prudential Retirement Insurance and Annuity Company	Prudential Day One IFX Targeted Balanced		2,054,165
*	Prudential Retirement Insurance and Annuity Company	T. Rowe Price Growth Stock		11,255,044
*	Prudential Retirement Insurance and Annuity Company	IFX LT Aggregate Growth Fund (I)		1,738,654
*	Prudential Retirement Insurance and Annuity Company	IFX LT Aggregate Growth Fund (S)		2,972,222
*	Prudential Retirement Insurance and Annuity Company	IFX LT Balanced Fund		182,460
*	Prudential Retirement Insurance and Annuity Company	IFX LT Conservative Fund (I)		33,420
*	Prudential Retirement Insurance and Annuity Company	IFX LT Income & Equity Fund (I)		109,303
*	Prudential Retirement Insurance and Annuity Company	IFX LT Balanced Fund (I)		250,041
*	Prudential Retirement Insurance and Annuity Company	IFX LT Conservative Fund (I)		228,408
	Total pooled separate accounts			\$ 52,042,514

(Continued on next page)

**ASSOCIATION OF AMERICAN RAILROADS
INCENTIVE THRIFT PLAN**

EIN: 53-6000125; PLAN - 002

SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

As of December 31, 2021

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Mutual Funds			
	T. Rowe Price	T. Rowe Price Small Cap Stock		\$ 2,370,662
	MFS	New Discovery Value R6		3,553,008
	MassMutual	MassMutual Select Mid Growth Class I		4,469,494
	Vanguard	Vanguard Total Bond Market Index Fund		6,824,855
	Vanguard	Vanguard Total Stock Admiral		7,241,549
	Vanguard	Vanguard Ext Market Index Admiral		5,753,564
	Calvert	Calvert Equity Fund R6		1,956,117
	American Funds	American Century Equity Income		6,791,240
	American Funds	American Euro Pac Growth		10,286,393
	JP Morgan	JP Morgan Mid Cap Value		4,900,854
*	PGIM	PGIM Total Return Bond R6		6,857,339
		Total mutual funds		61,005,075
	Self-Directed Brokerage Accounts			
	Self-Directed Brokerage Accounts	Self-Directed Brokerage Accounts		173,895
	Guaranteed Investment Contract (FBRIC)			
*	Prudential Retirement Insurance and Annuity Company	Guaranteed Income Fund (FBRIC)		33,345,069
		Total Investments		146,566,553
*	Participant loans	Loans to plan participants, maturing at various dates, bearing interest at rates from 4.25% to 8.00%	-0-	1,135,316
		Total		\$ 147,701,869

* Indicates a party-in-interest to the Plan.

Note: All investments are participant-directed; therefore, historical cost is not required to be presented.

This schedule was derived from data certified as complete and accurate by Prudential.