NRRIT

National Railroad Retirement Investment Trust

Annual Management Report

for Fiscal Year 2008

NRRIT

National Railroad Retirement Investment Trust

January 28, 2009

The President
of the United States
The White House
Washington, DC 20500

Dear Mr. President:

Section 105 of the Railroad Retirement and Survivors' Improvement Act of 2001 requires the National Railroad Retirement Investment Trust to submit an annual management report on its operations and financial condition.

The enclosed report fulfills this statutory requirement for the Trust's fiscal year 2008, October 1, 2007 to September 30, 2008.

Sincerely,

The Board of Trustees

Walter A. Barrows, Chair

George J. Francisco, Jr.

Bernie Gutschewski

Linda Hurt

John W. MacMurray

Joel Parker

William Sparrow

Enclosure

NRRIT
National Railroad Retirement Investment Trust

January 28, 2009

The Honorable Nancy Pelosi
Speaker of the House of Representatives
H-232 Capitol Building
Washington, DC 20515

Dear Madame Speaker:

Section 105 of the Railroad Retirement and Survivors' Improvement Act of 2001 requires the National Railroad Retirement Investment Trust to submit an annual management report on its operations and financial condition.

The enclosed report fulfills this statutory requirement for the Trust's fiscal year 2008, October 1, 2007 to September 30, 2008.

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William Sparrow

Linda Hurt

Enclosure

NRRIT

National Railroad Retirement Investment Trust

January 28, 2009

The Honorable Joseph R. Biden, Jr.
President of the Senate
S-212 Capitol Building
Washington, DC 20510

Dear Mr. President:

Section 105 of the Railroad Retirement and Survivors' Improvement Act of 2001 requires the National Railroad Retirement Investment Trust to submit an annual management report on its operations and financial condition.

The enclosed report fulfills this statutory requirement for the Trust's fiscal year 2008, October 1, 2007 to September 30, 2008.

Sincerely,

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Joel Parker
William Sparrow

Enclosure

NRRIT

National Railroad Retirement Investment Trust

January 28, 2009

Michael S. Schwartz
Chair
U.S. Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611

Dear Mr. Chairman:

Section 105 of the Railroad Retirement and Survivors' Improvement Act of 2001 requires the National Railroad Retirement Investment Trust to submit an annual management report on its operations and financial condition.

The enclosed report fulfills this statutory requirement for the Trust's fiscal year 2008, October 1, 2007 to September 30, 2008.

Sincerely,

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George J. Francisco, Jr.
Bernie Gutschewski
Linda Hurt

John W. MacMurray
Joel Parker
William Sparrow

Enclosure

NRRIT

National Railroad Retirement Investment Trust

January 28, 2009

Jerome F. Kever
Management Member
U.S. Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611

Dear Mr. Kever:

Section 105 of the Railroad Retirement and Survivors' Improvement Act of 2001 requires the National Railroad Retirement Investment Trust to submit an annual management report on its operations and financial condition.

The enclosed report fulfills this statutory requirement for the Trust's fiscal year 2008, October 1, 2007 to September 30, 2008.

Sincerely,

The Board of Trustees

Walter A. Barrows, Chair
George J. Francisco, Jr.
Bernie Gutschewski
Linda Hurt

John W. MacMurray
Joel Parker
William Sparrow

Enclosure

NRRIT

National Railroad Retirement Investment Trust

January 28, 2009

V.M. Speakman, Jr.
Labor Member
U.S. Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611

Dear Mr. Speakman:

Section 105 of the Railroad Retirement and Survivors' Improvement Act of 2001 requires the National Railroad Retirement Investment Trust to submit an annual management report on its operations and financial condition.

The enclosed report fulfills this statutory requirement for the Trust's fiscal year 2008, October 1, 2007 to September 30, 2008.

Sincerely,

The Board of Trustees

Walter A. Barrows, Chair

George J. Francisco, Jr.

Bernie Gutschewski

Linda Hurt

John W. MacMurray

Joel Parker

William Sparrow

Enclosure

NRRIT

National Railroad Retirement Investment Trust

January 28, 2009

The Honorable Peter Orszag
Director
Office of Management and Budget
Executive Office of the President
725 17th Street, NW
Washington, DC 20503

Dear Mr. Orszag:

Section 105 of the Railroad Retirement and Survivors' Improvement Act of 2001 requires the National Railroad Retirement Investment Trust to submit an annual management report on its operations and financial condition.

The enclosed report fulfills this statutory requirement for the Trust's fiscal year 2008, October 1, 2007 to September 30, 2008.

Sincerely,

The Board of Trustees

Walter A. Barrows, Chair

George J. Francisco, Jr.

Bernie Gutschewski

Linda Hurt

John W. MacMurray

Joel Parker

William Sparrow

Enclosure

NRRIT

National Railroad Retirement Investment Trust

Annual Management Report for Fiscal Year 2008
Required by Public Law 107-90,
The Railroad Retirement and Survivors' Improvement Act of 2001

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ANNUAL MANAGEMENT REPORT OF THE NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

APPENDICES

A) ***BY-LAWS***

B) ***INVESTMENT GUIDELINES***

C) ***MEMORANDUM OF UNDERSTANDING***

D) ***CONFLICTS OF INTEREST POLICY STATEMENT***

E) ***CONFIDENTIALITY POLICY STATEMENT***

F) ***PROXY VOTING POLICY***

G) ***CHIEF INVESTMENT OFFICER, SENIOR ADMINISTRATIVE OFFICER AND SENIOR ACCOUNTING OFFICER CERTIFICATION LETTERS***

H) ***RAILROAD RETIREMENT BOARD CERTIFICATION LETTER TO TREASURY AND TREASURY FEDERAL REGISTER NOTICE ON 2009 TAX RATE***

I) ***NOTICE TO THE RAILROAD RETIREMENT BOARD AND ACCEPTANCE OF NEW TRUSTEES***

J) ***BIOGRAPHICAL INFORMATION ON TRUSTEES AND STAFF***

1) Introductory Statement

a) Overview

Fiscal year 2008 (October 1, 2007 - September 30, 2008) was a year of extraordinary challenges for global financial markets and for the National Railroad Retirement Investment Trust ("Trust"). Like many pension funds, the Trust saw a significant decline in market values during the course of the year, particularly in the final quarter.

The market volatility continued into the last quarter of the calendar year, with steep market declines occurring particularly in the first weeks of October. As had been the case in September, these market declines occurred across a broad array of asset classes. November was somewhat less turbulent, but again a period of decline. Market conditions appeared to stabilize later in the quarter, with December producing the first positive market returns since the month of May 2008.

During Fiscal Year 2008, the net asset value of Trust-managed assets decreased from $32.7 billion on October 1, 2007 to $25.3 billion on September 30, 2008. This amount is net of $1.3 billion that the Trust transferred back to the US Treasury (the "Treasury") for railroad retirement (tier 2) benefit payments during the fiscal year. The rate of return on Trust managed assets for the year (net of fees) was -19.07% compared to a -17.35% return for the year on the strategic policy benchmark for these assets.

Market Value of Trust-Managed Assets

($ in billions)

October 1, 2007		$32.7
Transfers from Trust to Treasury	(1.3)	
Change in value	(6.1)	
Net Increase/(Decrease)		(7.4)
September 30, 2008		$25.3

Investment Performance for the
Fiscal Year Ended September 30, 2008

Trust-Managed Assets:	-19.07%
Strategic Policy Benchmark:	-17.35%

In addition to Trust-managed assets, some assets of the Railroad Retirement system are kept by the Railroad Retirement Board as reserves in accounts at the Department of Treasury. These reserves are made up of recent payroll tax contributions from rail employers and employees as well as assets that the Trust has transferred back to the Treasury to pay future benefits. In order to understand the overall financial position of the Railroad Retirement system, it is important to consider both the Trust-managed assets and the system reserves held at the Treasury.

During its six years of investment operations, the Trust has transferred $6.3 billion back to the Treasury to pay railroad retirement benefits. Even with these benefit payments, total railroad retirement system assets (Trust-managed assets plus reserves maintained at the Treasury) grew from $20.7 billion in 2002 to $26.7 billion as of the end of fiscal year 2008. As such, notwithstanding the challenges of the past fiscal year, the Trust has made a significant contribution to the increase in total assets available to the Railroad Retirement system.

Trust-Managed Assets and RRB Assets held in reserve
($ in billions)

February 1, 2002 (Total System Assets at Trust Inception)		$20.7
Net Transfers for payment of RR Benefits	(6.3)	
Change in value*	12.3	
Net Increase/(Decrease)		6.0
September 30, 2008		$26.7

* Change in valuation due to investment return, payroll tax revenues, additional benefit payments and cost of RRB and NRRIT administrative expenses.

b) Recent Market Volatility

Over the past six years, the Trust has deployed assets received from Treasury into a diversified and balanced portfolio of US and non-US equity and US and non-US fixed income securities. Over time, the Trust has furthered that diversification by allocating a percentage of the portfolio to private equity, real estate, and commodities. As mandated by its statute, the Trust has avoided undue concentration of investment in any asset class, type of security or market sector.

This policy of broad diversification is intended to serve the Trust well in strong markets and to protect its assets from disproportionate market shocks in volatile periods such as have been experienced recently. As part of this diversification process, the Trust holds tens of thousands of different securities selected by its investment managers for its portfolio. During the past fiscal year and the last fiscal quarter in particular, the Trust's returns reflect the decline of the financial markets as a whole over the past twelve months. While diversification of the investment portfolio is an effective tool to spread market risk among a broad range of asset classes, it cannot prevent a reduction in overall asset value when all asset classes experience significant declines as was the case in the last quarter of this fiscal year. During this period, the Trust did not have a disproportionate overweighting to the financial sector or to the types of mortgage securities that have contributed to the volatility of the markets. The Trust’s Board and its investment staff carefully monitored the activities of the Trust's investment managers throughout the fiscal year and the investment staff was in daily contact with the Trust's investment managers and regularly assessed the situation.

While it is hard to predict how long the current market volatility will continue, the Board of Trustees will continue to manage the assets of the Trust as a patient, long-term investor, recognizing its responsibilities to the railroad retirement system, its workers and its retirees.

c) Board and Committee Matters

During this fiscal year, the Board and its investment staff took steps to update and simplify the Trust's asset allocation policy and provide additional policy direction in its Investment Guidelines. These matters are discussed in greater detail in this Annual Management Report.

The Board of Trustees met 12 times during the course of the year to consider the various investment and management issues that are discussed in this seventh Annual Management Report. In addition, the Board's Audit and Administrative Committees met periodically to consider matters within their areas of responsibilities. This report and its various appendices provide information on the operations and financial status of the Trust for the fiscal year, including the report of the audit of the financial statements as required by the Trust's enabling statute.

2) Operations of the Trust: Administrative Matters

a) Trustee Update

In February 2008, the Trust announced the appointment of three Trustees and a new Chair for the period beginning February 1, 2008. Railroad management appointed Bernie Gutschewski, Vice President, Taxes, Union Pacific Corporation, to a three-year term that expires on January 31, 2011. Railway labor unions appointed Joel Parker, Special Assistant to the President and International Vice President, Transportation Communications International Union (TCU/IAM), to a new three-year term that expires on January 31, 2011. The six Trustees then selected John W. MacMurray, the Independent Trustee, to a new three-year term that expires on January 31, 2011. In addition, the Trustees selected Mr. Walter A. Barrows, International Secretary-Treasurer, Brotherhood of Railroad Signalmen, as the Chair of the Board of Trustees for the period February 1, 2008-January 31, 2009.

Mr. Gutschewski, Mr. Parker and Mr. MacMurray joined the following four members of the Board: For terms expiring on January 31, 2009: Linda Hurt, Vice President - Investor Relations, Burlington Northern Santa Fe Corporation; and George J. Francisco, Jr., President, National Conference of Firemen & Oilers, SEIU. For terms expiring on January 31, 2010: William Sparrow, CSX Corporation (retired); and Mr. Barrows.

b) Coordination with Federal Government Agencies

Throughout the fiscal year, the Trust maintained regular communications with the Railroad Retirement Board ("RRB") and the Treasury on all matters relating to the transfer of monies between the various RRB accounts at the Treasury and the Trust. In addition, the Trust transmitted all monthly data required pursuant to the Memorandum of Understanding ("MOU") entered into in 2002 with these entities and the Office of Management and Budget ("OMB"). The MOU outlines the budgetary, transfer, accounting, and financial reporting responsibilities for assets held by the Trust and railroad retirement system assets held within the Treasury. The MOU requires the Trust to report on a monthly basis: receipt and disbursement of funds, purchases and sales of assets, earnings and losses on investments, value of investments held, and administrative expenses incurred. A copy of the MOU is included in Appendix C.

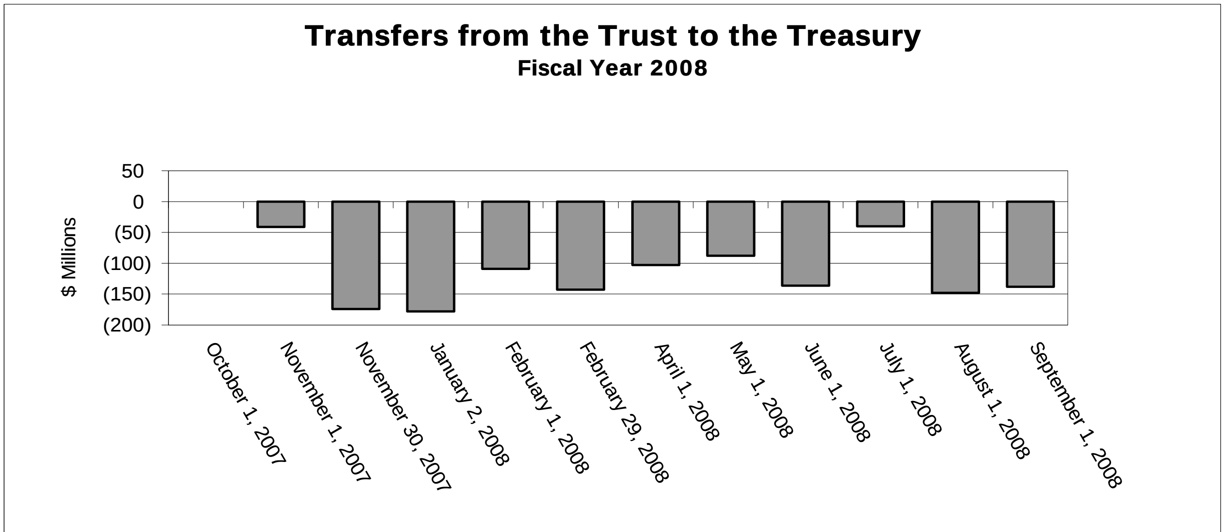
During fiscal year 2008, the Trustees, the Chief Executive/Investment Officer and Trust legal counsel held periodic meetings and telephone conferences with the Members of the RRB and its General Counsel to review the investment and administrative activities of the Trust. Senior staff of the two organizations and Trust legal counsel met after each meeting of the Trust Board. The Trustees and the Members of the RRB met twice during the year. In addition, the Trust prepared Quarterly Updates that were transmitted to the Congressional committees of jurisdiction and posted on the RRB website to be available to all other interested parties.

During 2008, the Trust also consulted with the RRB on its year-end audit and reporting processes to facilitate the transmittal of fiscal year audited net asset data of the Trust to the RRB by November 15 for use in the year-end Financial Report of the United States. In addition, the Trust also provided audited net asset data to the RRB through the end of the calendar year for use in the preparation of the RRB's annual Statement of Social Insurance.

c) Transfers to and from the Treasury

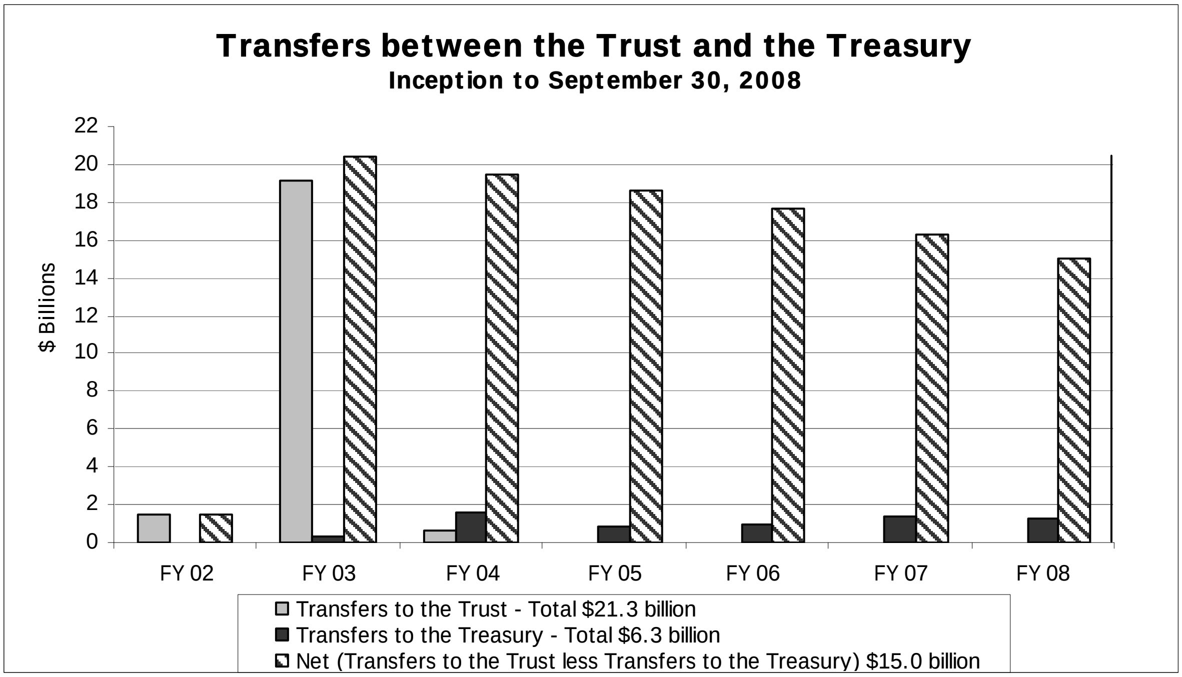
The Railroad Retirement and Survivors' Improvement Act of 2001 (the "Act") provided for the transfer of railroad retirement system funds to the Trust for investment in a diversified portfolio similar to those of other large US pension plans. From inception through fiscal year 2004, the Trust received $21.3 billion of railroad retirement system funds. The Trust has received no transfers from the Treasury after fiscal year 2004. The funds transferred to the Trust through fiscal year 2004 consisted primarily of assets transferred from the Railroad Retirement Account ("RRA"), and a smaller amount from the Social Security Equivalent Benefit ("SSEB") Account. The RRA assets were invested in a diversified portfolio in accordance with the Trust's *Investment Guidelines* while the funds received from the SSEB Account were invested in federal securities as required in the Act.

The Act also provides for the transfer from the Trust to the Treasury amounts necessary to pay RRA benefits under the Act. During fiscal year 2008, the Trust transferred a total of $1.30 billion to the Treasury for payment of RRA benefit obligations. The following chart displays the individual transfers from the Trust to the Treasury in fiscal year 2008.

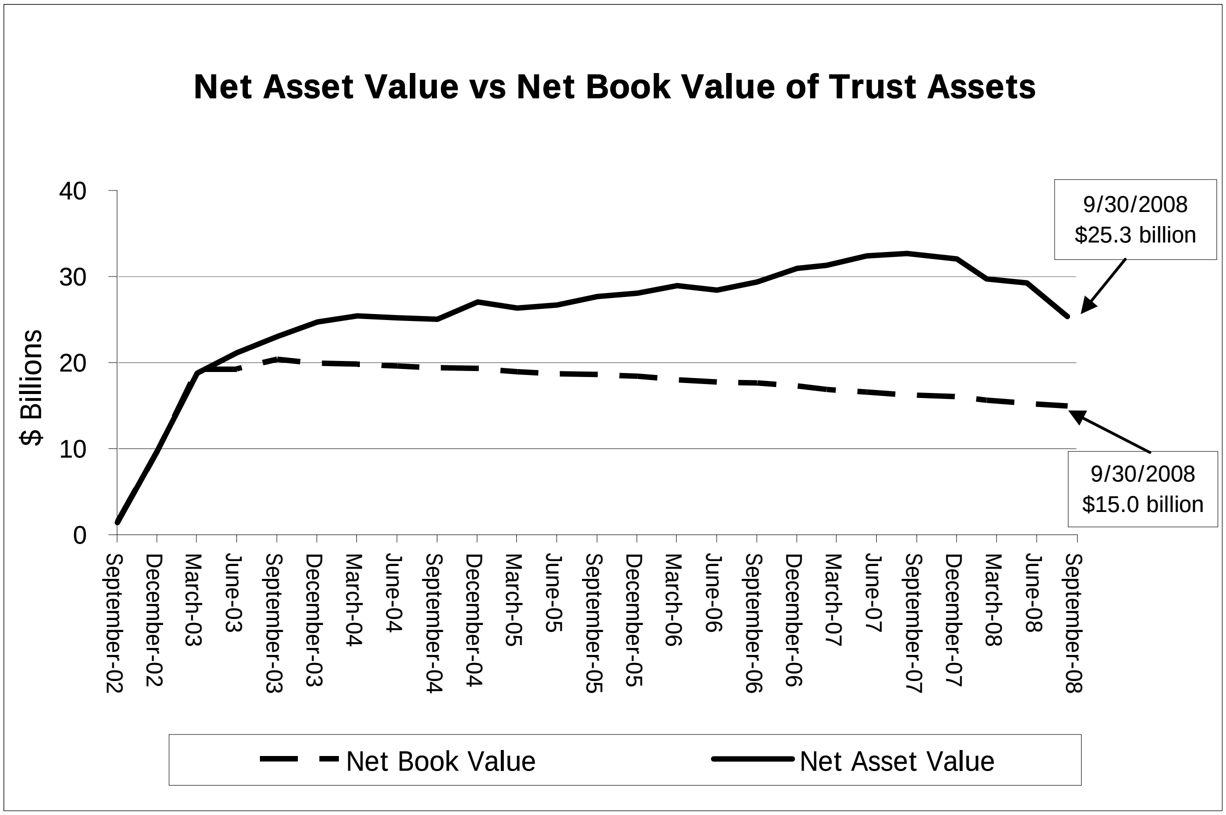


* No transfer was required in October 2007. The transfer for December 2007 was made on November 30th and for March 2008 on February 29th.

Summary of transfers: From its inception in February 2002 to September 30, 2008, the Trust received $21.3 billion from the Treasury and transferred $6.3 billion back to the Treasury. The net book value of funds received from the Treasury since inception, therefore, is $15.0 billion. The following graph displays the transfers between the Trust and Treasury for each fiscal year since inception.



The assets received by the Trust have been invested in a diversified multi-asset class portfolio in accordance with the Trust's investment policy. This diversification of assets has allowed the Trust's assets to grow beyond their original book value. As of September 30, 2008, the net asset value of the Trust-managed assets totaled $25.3 billion, representing an increase of $10.3 billion above the net book value of assets transferred to the Trust for investment. The following chart reflects the growth of the Trust's assets, comparing the net book value of assets received by the Trust to the net asset value of those assets at the end of each quarter since September 30, 2002.



d) Account Benefits Ratio

The funds available to pay railroad retirement benefits and administrative costs include assets held in the RRA and the SSEB Account and assets held by the Trust for investment. Section 204 of the Act requires that amounts in the RRA and assets held by the Trust be included in the annual calculation of the account benefits ratio ("ABR"). The ABR is the ratio of the fair market value of the assets in the RRA and the Trust as of the close of the fiscal year to the total benefits and expenses paid in that fiscal year. The average account benefits ratio ("AABR"), the 10-year average of the ABR, is used to determine the tier 2 tax rates for railroad employers and employees.

As provided in the Act, the RRB computed the account benefits ratio for fiscal year 2008 and certified the ratio to the Secretary of the Treasury on October 24, 2008. The Secretary determined the AABR for fiscal year 2008 and on November 28, 2008 published a notice in the Federal Register of the tier 2 employer and employee tax rates for calendar year 2009. Copies of the RRB certification letter and the Treasury notice are contained in Appendix H. The account benefits ratio declined from 7.94 for fiscal year 2007 to 6.09 for fiscal year 2008. The ten-year average account benefits ratio was unchanged at 6.9 for the ten-year period ended September 30, 2008.

d) Staff Update

During fiscal year 2008, the Board and its investment staff took steps to update and simplify the Trust's asset allocation policy and provide additional policy direction in its Investment Guidelines. The Trust re-aligned certain existing staff positions to guide the Trust through the implementation of this updated policy and to continue the close monitoring of asset performance.

Catherine A. Lynch was named Chief Executive Officer and Chief Investment Officer. Ms. Lynch has been with the Trust since February 2003, and prior to this position served as Senior Investment Officer overseeing the implementation of the Trust's investment plans.

David J. Locke was named Senior Managing Director of Investments. Mr. Locke works with Ms. Lynch and the asset class directors to oversee the implementation and monitoring of changes to the Trust's investment plans. Mr. Locke has been with the Trust since August 2003, and prior to this position served as the Managing Director of Global Private Markets.

Kevin McCormack joined the Trust in December 2007 and now serves as the Director of Non US Equity, overseeing the Trust's allocation to that asset class.

Liz Fisher joined the Trust in December 2007 as a Senior Investment Analyst – Real Assets. Ms. Fisher provides support to the Director of Real Assets, overseeing the Trust's investment in that asset class.

In October 2007, two analysts, Annita Biondo and Andrew Kim, joined the Trust. Ms. Biondo supports the administrative department and provides assistance to the Senior Accounting Officer. Mr. Kim provides analytical support to the directors of the public market asset classes.

Biographical information on the Trust's staff members can be found in Appendix J.

3) Operations of the Trust: Investment Matters

a) Overview

Fiscal year 2008 was a difficult year in financial markets even before the failure of a large investment bank in September accelerated a nearly-unprecedented period of market turmoil. From October 1, 2007 through August 31, 2008, the S&P 500 US stock index returned -14.34%, and the MSCI All-Country World index of non-US stocks returned -18.00%. But the September events catalyzed a series of vicious cycles which fed downward spirals in almost all markets. As credit tightened, investors who were forced to "de-leverage" (i.e., to decrease the amount of borrowed money they used) sold securities to raise cash; as those sales depressed the prices of securities, lenders issued margin calls, requiring borrowers to raise even more cash by selling additional securities. While many of the forces which drove markets lower were technical in nature, like the de-leveraging cycle just described, rather than related to fundamental market conditions (e.g., actual declines in corporate earnings), it is important to remember that the economic environment and business outlook were difficult even before September. September's market volatility and steep value declines finished off one of the more difficult investment markets in recent memory. In September, the S&P 500 US stock index returned -8.91%, and the MSCI All-Country World index of non-US stocks returned -15.02%. Thus for the full year ended September 30, 2008, the S&P 500 US stock index returned -21.98% and the MSCI All-Country World index of non-US stocks returned -30.32%.

In normal times, different financial markets tend to be uncorrelated, with asset classes going up and down by different amounts at different times. This lack of correlation among asset classes is one of the fundamentals of modern portfolio theory that drives investors to create diversified portfolios as a way of reducing overall portfolio risk: as long as a portfolio holds uncorrelated assets, it should experience better returns and less volatility in the long run. The Trust's portfolio, like those of most pension funds and endowments, is constructed to be well-diversified for exactly this reason. However, in crises, correlations among asset classes tend to increase, and that is what happened in late fiscal 2008 (and has continued in early fiscal 2009). With all asset classes trending down, there was simply no asset class that was providing offsetting balance to these broad market declines. The following table shows returns for several different asset classes for the fiscal year through August, for the month of September, and for the full fiscal year combining both sub-periods.

		Index Return		
Asset Class	**Index**	**10/1/07-8/31/08 ***	**9/1/08-9/30/08 ***	**Full Year 10/1/07-9/30/08**
US Equity	S&P 500	-14.34%	-8.91%	-21.98%
Non US Equity	MSCI ACWI ex US	-18.00%	-15.02%	-30.32%
US Fixed Income	LB US Universal	4.28%	-1.87%	2.32%
Non US Fixed Income	LB Global Aggregate ex US	5.27%	-2.96%	2.15%
Commodities	Dow Jones AIG Total Return	8.89%	-11.53%	-3.66%

* Periodic returns – not annualized.

In such a difficult investment environment, the Trust has taken prudent steps to ensure sufficient liquidity to meet all Trust needs. Trustees and staff have worked closely through the fiscal year on these complex matters and continue to examine and implement strategies for weathering these storms. As a long-term investor, the Trust should benefit from the long-term recovery of financial markets from current very depressed levels.

b) Investment Plan: Structure and Policy

Structure: The Trust's asset class structure has developed over the six years since September 2002 from a starting portfolio which was all government securities, to a three-asset-class structure, and finally to a structure which is more fully diversified across geography, capitalization size, style, credit quality and many other characteristics. The Trust's *Investment Guidelines* specify not just the target asset allocation, but ranges around the neutral point for each asset class, as well as rules for rebalancing back to target allocations or ranges when market valuations change. The plan also addresses asset allocation across a spectrum of active risk levels and degrees of liquidity. Around the neutral weights for each asset class are ranges within which Trust exposures must remain. The Investment Guidelines also provide for a policy benchmark by asset class to measure actual Trust performance against an objective standard.

Current Long-Term Target Asset Allocation

Asset Class	Target	Range
US Equity	26%	21-31%
Non-US Equity	22%	17-27%
Private Equity	10%	5-15%
US Fixed Income	17%	12-22%
Non-US Fixed Income	10%	5-15%
Real Estate	10%	5-15%
Commodities	5%	3-7%
Opportunistic	0%	0-10%

The Trust's Investment Guidelines include an opportunistic asset class without a specific target allocation. This asset class will be utilized for investments that are incompatible with the criteria for the other primary asset classes yet are believed to offer the Trust an attractive risk-adjusted investment return, low correlation with other investments, or other attributes that will help the Trust achieve its strategic investment objectives.

The portfolio structure can be thought of in two dimensions, with each asset class subdivided into three parts according to levels of active risk and liquidity (indexed or enhanced, active management, and private or illiquid investments). The structure facilitates both management and oversight of the Trust's portfolio.

***Investment Guidelines refinements**:* The Trustees approved the current Investment Guidelines on September 16, 2008, which incorporated changes to the asset allocation policy and the policy benchmark and implemented other refinements and enhancements. These changes included more specific language regarding rebalancing requirements, adoption of an interim strategic policy benchmark to govern the build-out of the portfolio structure, and additional language articulating Trust policy with respect to leverage, derivatives, and counterparty credit risk. The changes in the policy benchmark became effective on October 1, 2008.

***Benchmark risk**:* During FY 2008, the Trust moved to reduce the risk of its investment performance varying from the strategic policy benchmark (benchmark risk) by improving the alignment of its investments with the policy benchmarks adopted by the Trustees. The majority of the reduction in potential benchmark risk was accomplished through further refinement of the asset class categories as discussed above. Further improvements were made with respect to certain existing over-weights to specific investment styles relative to the benchmark weights. These included removing small-cap and value style over-weights in US equities and small-cap and emerging markets over-weights in non US equities.

i) Public-markets implementation

US Equity: Four new large-cap growth active managers were hired to complement the existing three active managers in this sector of the portfolio, and the investment mandate for one manager was changed from core to large-cap growth. Five existing managers were terminated for poor performance or issues of strategy fit with the Trust's revised asset allocation. The Trust ended FY 2008 with 21 active and four passive managers in US equity not including the global balanced sub-managers discussed below**.** At the end of the fiscal year, 64% of the Trust's US equity allocation was actively managed.

Non-US Equity: The non-US equity allocation is invested primarily with six passive mandates handled by two managers. The number of active managers remains at two, not including global balanced sub-managers, as no new active managers were hired during FY 2008. The Trust did, however, add three new currency overlay managers with the objective of reducing volatility in returns caused by exposure to non-US dollar currencies. At the end of the fiscal year, 16% of the Trust's non US equity allocation was actively managed.

US Fixed Income: During the fiscal year, the investment mandate for one US fixed income manager was changed from a core strategy to an active alternative strategy, implemented via two separate mandates. As a result of this change, the manager was reassigned to the opportunistic asset class. The balance of the investment manager roster for this asset class remained unchanged with nine active managers and one passive mandate, not including the global balanced sub-managers. At the end of the fiscal year, 97% of the Trust's US fixed income allocation was actively managed.

Non-US Fixed Income: Four new managers were hired as the Trust's initial active managers in this asset class with the assets coming from the remaining passive investments in this asset class. At the end of the fiscal year, this asset class had nine active managers, not including the global balanced sub-managers. At the end of the fiscal year, 100% of the Trust's non US fixed income allocation was actively managed.

Commodities: There were no changes in this asset class during the fiscal year. Assets remained invested with one passive/enhanced manager and one active manager. At the end of the fiscal year, 54% of the Trust's allocation to Commodities was actively managed.

Opportunistic: This asset class was added with the changes made to the asset allocation policy. As noted above, one of the Trust's existing managers from the US fixed income asset class was reassigned and given two separate mandates. At the end of the fiscal year, 100% of the Trust's allocation to the Opportunistic asset class was actively managed.

Global Tactical Asset Allocation Program: The managers in the Global Tactical Asset Allocation program utilize multiple asset class sub-products and therefore are not categorized in a single asset class. During fiscal year 2008, the Trust made the decision to terminate one of its three managers in this program due to significant changes in the management team combined with poor performance. At year end, a detailed review of the remaining two Global Tactical Asset Allocation mangers was underway.

ii) Private-markets implementation

During FY 2008, the Trust continued to make significant progress towards its implementation objectives in the private asset classes. The Trustees approved 13 new private equity fund investments during the fiscal year, bringing the total number of partnerships in the private equity portfolio to 49.

In addition, the Trustees also approved seven new real estate fund investments during FY 2008, expanding the Trust's investments in the private segment of the real estate market to include timber and real estate debt. The new fund investments brought the total number of real estate managers to thirteen.

iii) Proxy voting policy

The Trust maintains a proxy voting policy which delegates the voting of Trust proxies to its investment managers as fiduciaries of the Trust. It also details specific responsibilities of those managers in the voting of proxies, makes clear the responsibility of investment managers to coordinate proxy-voting with the Trust's custodian, and retains for the Trust itself responsibility for monitoring, reviewing and reporting on the implementation of the proxy voting policy. A copy of the proxy voting policy is in Appendix F. Each year managers with proxy-voting responsibilities are asked to certify that they had voted all proxies in accordance with the policy and solely in the interest of the participants and beneficiaries of the Trust. After the end of the fiscal year, staff reviewed and reported to the Board of Trustees regarding each manager's proxy voting record with respect to Trust securities.

c) Investment Performance

While most railroad retirement system assets are managed by the Trust, some assets remain in Treasury accounts managed by the RRB. Approximately 5.3% of the total, or $1.4 billion out of $26.7 billion as of September 30, 2008, is held in the form of reserves that are invested in Treasury securities by the RRB. These reserves are replenished as needed through transfers from the Trust to the Treasury. In determining its asset allocation, the Trust takes into account these reserves, and sets its investment policies accordingly. The following discussion focuses on the investment performance of Trust-managed assets only.

Overall performance: For fiscal year 2008, the investment return on Trust-managed assets, net of fees was -19.07%. The Trust's strategic policy benchmark returned -17.35%.

The variance of -1.72% in investment return versus the benchmark has two primary components. One is the impact of invested asset class weights varying from the benchmark weights and the other is investment manager performance. About one-fourth, or -0.39%, of the fiscal year 2008 investment return variance was due to asset class over or under-weights, and three-fourths, or -1.33%, was due to investment manager performance. The Trust continues to monitor each of its managers closely during this highly unusual investment environment as they develop plans to adapt and respond to the current circumstances and anticipated challenges ahead.

4) Audit Committee

The Audit Committee met four times during fiscal year 2008. During the year, the Audit Committee engaged Deloitte & Touche LLP ("Deloitte") to perform an interim audit of the Trust's Schedule of Investments in Securities and Statement of Assets and Liabilities as of December 31, 2007. The Trust issued its audited statement and provided the RRB with an independent audited net asset balance for the Trust, allowing the RRB to complete its annual Statement of Social Insurance using audited inputs from the Trust.

In addition, the Audit Committee engaged Deloitte to perform the annual audit of the Trust's financial statements for the fiscal year ended September 30, 2008. The Audit Committee provided oversight of the financial statement audit process in accordance with its fiduciary duty to the Trust. The Trust issued its audited financial statements within 45 days of its fiscal year end, allowing the RRB to include the Trust's net assets in its financial statements and meet its financial reporting deadline.

Finally, the Trust staff, at the direction of the Audit Committee, updated its accounting policies and procedures manual to arrive at a more comprehensive and thorough documentation of how the Trust maintains compliance with Generally Accepted Accounting Principles. These policies and procedures address recently issued Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 157 ("SFAS 157") surrounding fair value measurements and disclosures. SFAS 157 will be effective for the Trust's fiscal year ending September 30, 2009, or for any stand alone schedule of assets and liabilities prepared subsequent to November 15, 2008.

5) Internal Accounting and Administrative Controls

During fiscal year 2008, the Trust's staff continued to improve the system of internal accounting and administrative controls designed to ensure the safekeeping and proper accounting of investments, and the efficient operation of the Trust activities.

Custodian Arrangements: The Trust's assets are held by its primary custodian, The Northern Trust Company ("Northern Trust"). Assets represented by commingled funds are held with the custodian of each respective fund. As the Trust continues to move from indexation to separately-managed accounts, the custody of those assets will be transferred from the sub-custodians to the Trust's primary custodian.

Accounting: Northern Trust provides the Trust with a full accounting and performance record of all transactions involving Trust assets. Reconciliations of the primary custodian records to the investment manager's records are performed monthly. The Trust has established a process to review the monthly reconciliations to ensure that all transactions are recorded properly on the respective books. Financial data from the custodian bank form the basis for the Trust's various required reports and financial statements.

In addition, the Trust staff updated its accounting policies and procedures manual to arrive at a more comprehensive and thorough documentation of how the Trust maintains compliance with Generally Accepted Accounting Principles. These policies and procedures address recently issued FASB SFAS 157.

Operations: During fiscal year 2008, the Trust completed the implementation of a general ledger and financial reporting software platform. This system interfaces with the custodian's books and records and allows for the expedited preparation of financial statements.

6) Financial Status of the Trust

a) Statement of Cash Flows

During fiscal year 2008, the Trust continued to finance cash transfers of railroad retirement system assets to the Treasury for beneficiary payments. These transfers totaled approximately $1.3 billion during fiscal year 2008. The net amount transferred to the Trust from the Treasury since inception is $15.0 billion.

b) Financial Statements and Independent Auditors' Report

National Railroad Retirement Investment Trust

Financial Statements as of and for the Fiscal Year Ended September 30, 2008 and Independent Auditors' Report

National Railroad Retirement Investment Trust

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Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
National Railroad Retirement Investment Trust:

We have audited the accompanying statement of assets and liabilities of the National Railroad Retirement Investment Trust (the "Trust"), including the condensed schedule of investments, as of September 30, 2008, and the related statements of operations, changes in net assets, and the financial highlights, for the year then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights present fairly, in all material respects, the financial position of the National Railroad Retirement Investment Trust as of September 30, 2008, and the results of its operations, changes in its net assets, and financial highlights for the year end ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

November 14, 2008

National Railroad Retirement Investment Trust

Statement of Assets and Liabilities
As of September 30, 2008
($ In thousands)

Assets		
Investments in Securities - At fair value (cost, $30,706,615)	$	27,597,374
Cash and Cash Equivalents (including restricted cash of $4,478)		605,289
Cash Denominated in Foreign Currency - At fair value (cost, $22,669)		22,474
Receivable for Investments Sold		978,128
Interest Receivable		63,870
Dividends Receivable		14,615
Unrealized Gain on Swap Contracts		24,502
Unrealized Gain on Foreign Currency Exchange Contracts		125,946
Variation Margin Receivable		2,412
Other Assets		7,475
Total Assets		29,442,085
Liabilities		
Obligation to Return Securities Lending Collateral		1,953,157
Payable for Investments Purchased		1,969,388
Unrealized Loss on Swap Contracts		47,846
Accrued Management Fees		25,063
Unrealized Loss on Foreign Currency Exchange Contracts		101,976
Options Written - At fair value (premiums received, $4,558)		5,073
Variation Margin Payable		768
Other Liabilities		3,080
Total Liabilities		4,106,351
Net Assets	$	25,335,734

The accompanying footnotes are an integral part of these financial statements.

National Railroad Retirement Investment Trust

Condensed Schedule of Investments
As Of September 30, 2008
($ In thousands)

Equity	Number of Units, Shares or Par Value (000)	Fair Value
US Equity		
Common Stocks		
Financial Services, 3.74%	-	$ 947,279
Information Technology, 3.58%	-	906,853
Energy, 2.53%	-	641,956
Health Care, 2.33%	-	590,421
Industrials, 2.13%	-	539,886
Consumer Discretionary, 2.01%	-	508,366
Consumer Staples, 1.61%	-	407,555
Telecommunications, 0.76%	-	191,844
Materials, 0.66%	-	168,395
Utilities, 0.59%	-	150,235
Other Equity, 0.04%	-	11,173
Total Common Stocks, 19.99%		5,063,963
Unit Trusts		
Northern Trust Russell 1000 Value Equity Index Fund	1,514	1,046,750
Northern Trust Russell 1000 Growth Equity Index Fund	3,659	768,476
BGI Russell 2000 Value Fund	28,096	716,729
BGI Russell 2000 Growth Fund	42,820	660,651
Goldman Sachs Collective Trust Structured Total Market Fund	32,471	250,677
Mellon Daily Valued Active Index Plus Fund	669	99,195
Total Unit Trusts, 13.98%		3,542,478

The accompanying footnotes are an integral part of these financial statements.

National Railroad Retirement Investment Trust

Condensed Schedule of Investments
As Of September 30, 2008
($ In thousands)

Equity	Number of Units, Shares or Par Value (000)		Fair Value
Other US Equity Securities (a)			
Wellington Trust Company Real Estate Portfolio	3,223	$	80,612
Prudential PRISA II Fund	1		37,466
Other	-		54,156
Total Other US Equity Securities, 0.68%			172,234
Total US Equity, 34.65%		$	8,778,675
Non US Equity			
Unit Trusts			
BGI EAFE Equity Value Index Fund	161,353	$	1,266,436
Northern Trust Emerging Markets Index Fund	114,043		1,099,257
Northern Trust Developed Int'l Small Cap Index	133,485		1,025,295
BGI EAFE Growth Index Fund	76,452		913,503
Blenheim Commodity Fund	117		289,430
BGI MSCI Equity Index Fund (Canada)	4,706		279,891
Goldman Sachs Structured Int'l Country Neutral	25,291		180,069
Newton Capital Management EAFE Plus Fund	6,811		62,932
Mellon International Stock Index Fund	226		60,619
Goldman Sachs Structured Emerging Markets Equity Fund	304		31,624
Total Unit Trusts, 20.56%			5,209,056
Common Stocks			
Japan, 1.05%	-		267,278
United Kingdom, 0.97%	-		246,891
Other Common Stock			1,093,176
Total Common Stocks, 6.34%			1,607,345
Other Non US Equity Securities (a), 0.17%	-		43,970
Total Non US Equity, 27.08%		$	6,860,371

The accompanying footnotes are an integral part of these financial statements.

National Railroad Retirement Investment Trust

Condensed Schedule of Investments
As Of September 30, 2008
($ In thousands)

Equity	Number of Units, Shares or Par Value (000)		Fair Value
Private Equity			
Campbell Opportunity Timber Fund, LP	99,491	$	115,621
Warburg Pincus Private Equity IX, LP	67,805		77,498
Blackstone Capital Partners V, LP	75,235		75,649
Apollo Investment Fund VI, LP	57,383		61,925
Blackstone Credit Liquidity Partners, LP	52,569		57,542
First Reserve Fund XI, LP	51,744		55,986
CVC European Partners IV (A), LP	20,971		45,342
Providence Total Mkt Trust Special Situations Feeder, LP	43,533		43,764
Carlyle Partners IV, LP	35,798		38,862
CMEA Ventures VI, LP	18,275		35,013
Providence Equity Partners Offshore V, LP	25,643		34,401
Pfingsten Executive QP Fund III, LP	21,390		32,485
Matlin Patterson Global Opportunities Partners III, LP	31,871		31,234
Providence Equity Partners VI, LP	29,373		29,770
Other	-		500,992
Total Private Equity Investments, 4.88%			1,236,084
Total Equity, 66.61% (Cost, $19,335,485)		$	16,875,130

Fixed Income	Number of Units, Shares or Par Value (000)	Fair Value
Government Notes and Bonds		
US Treasury Notes 3.125% 8/31/2013	80,449	81,065
Germany (Fed Rep) 3.75% Bonds 12/12/2008	50,625	71,288
US Treasury Notes 2.375%, 8/31/2010	70,427	70,966
Norway (Kingdom of) 4.25% Bonds 5/19/2017	189,110	31,970
Poland (Rep of) 5% Bonds 10/24/2013	76,050	30,230
Other	-	1,695,576
Total Government Notes and Bonds, 7.82%		1,981,095

The accompanying footnotes are an integral part of these financial statements.

National Railroad Retirement Investment Trust

Condensed Schedule of Investments
As Of September 30, 2008
($ In thousands)

Fixed Income	Number of Units, Shares or Par Value (000)	Fair Value
Government Agency Sponsored Mortgage Backed Securities ("MBS")		
FNMA 30 Year Pass-throughs, 6%, October	296,430	$ 300,309
FHLMC 30 Year Gold Participation, 5.5%, October	142,960	142,279
FNMA 30 Year Single Family Mortgage, 5%, October	116,734	113,742
GNMA TBA Pool, 6%, 30 Years, October	95,802	97,374
GNMA I 30 Year Single Family Mortgage, 5.5%, October	67,010	67,073
FHLMC Pool #GO-4604, 5.5%, 12/1/2034	31,286	31,214
Other	-	1,377,803
Total Government Agency Sponsored MBS, 8.41%		2,129,794
Unit Trusts		
BGI US High Yield Bond Index Fund, Class A	95,005	$ 1,248,209
Bridgewater Pure Alpha II Ltd Class B	333	269,087
Bridgewater All Weather Portfolio Ltd Class B	167	149,913
Mellon Aggregate Bond Index Fund	400	138,410
Mellon Active Bond Fund	391	53,864
Other	-	-
Total Unit Trusts, 7.34%		1,859,483
Corporate Bonds, 5.46%	-	1,383,777
Non-Government CMOs, 2.04%	-	516,464
Commercial Mortgage-Backed Securities, 0.95%	-	241,830
Asset Backed Securities, 0.85%	-	214,796
Government Agencies, 0.72%	-	183,598

National Railroad Retirement Investment Trust

Condensed Schedule of Investments
As Of September 30, 2008
($ In thousands)

Fixed Income	Number of Units, Shares or Par Value (000)		Fair Value
Index-Linked Government Bonds, 0.52%	-	$	130,581
Short Term Bills and Notes, 0.23%	-		57,521
Short Term Investment Funds			
Fidelity Ultra Short Duration Fund	394		35,526
Other	-		4
Total Short Term Investment Funds, 0.14%			35,530
Commercial Paper, 0.04%	-		9,700
Other Fixed Income Securities (b), 0.19%	-		48,882
Total Fixed Income, 34.71% (Cost, $9,417,973)		$	**8,793,051**
Securities Lending Collateral			
Core USA Fund (c)	1,953,157		1,929,193
Total Securities Lending Collateral, 7.61% (Cost, $1,953,157)		$	**1,929,193**
Total Investments in Securities, 108.93% (Cost, $30,706,615)			**27,597,374**
Net liabilities (Net assets less investments in securities), -8.93%			(2,261,640)
Net Assets, 100.00%		$	**25,335,734**

Note: The Schedule of Investments presents the investments of National Railroad Retirement Investment Trust by sector within each asset class while identifying the largest 50 holdings in the portfolio.

(a) Includes Purchased Options, Preferred Stock, Real Estate and REITs, Rights/Warrants, and Hedge Funds.
(b) Includes Index-Linked Corporate Bonds, Municipal/Provincial Bonds, and Certificates of Deposit.
(c) Represents cash collateral pledged by the counterparties for investment securities loaned by the Trust.

National Railroad Retirement Investment Trust

Statement of Operations
As of September 30, 2008
($ In thousands)

Income:		
Interest	$	337,436
Dividends		226,750
Income from investment securities loaned, net of fees		17,680
Total Income		581,866
Expenses:		
Investment management fees		59,328
Compensation		4,840
Professional fees		3,539
Trustee fees and expenses		209
Custodial fees		100
Other expenses		3,967
Total Expenses		71,983
Net Investment Income		509,883
Realized and Unrealized Gain/(Loss) from Investments and Foreign Currency:		
Net Realized gain/(loss) from Investments		(323,566)
Net increase/(decrease) in unrealized gain/(loss) on:		
Investments		(6,216,588)
Translation of assets and liabilities in foreign currencies		(3)
		(6,216,591)
Net realized and unrealized loss from investments and foreign currency		(6,540,157)
Net Decrease in Net Assets Resulting from Operations	$	(6,030,274)

The accompanying footnotes are an integral part of these financial statements.

National Railroad Retirement Investment Trust

Statement of Changes in Net Assets
As of September 30, 2008
($ In thousands)

Increase/(Decrease) in Net Assets from Operations		
Net investment income	$	509,883
Net realized gain/(loss) from investments and foreign currency		(323,566)
Net change in unrealized gain/(loss) on investments and translation of assets and liabilities in foreign currencies		(6,216,591)
Net decrease in net assets resulting from operations		(6,030,274)
Assets transferred to the Treasury		(1,298,000)
Net Assets:		
Beginning of Year		32,664,008
End of Year	$	25,335,734

The accompanying footnotes are an integral part of these financial statements.

Notes to Financial Statements
As of and for the Fiscal Year Ended September 30, 2008

1. ORGANIZATION

Formation The National Railroad Retirement Investment Trust (the "Trust") was created as a result of Federal legislation. The Railroad Retirement and Survivors' Improvement Act of 2001 (the "Act") established the Trust, the sole purpose of which is to manage and invest industry-funded Railroad Retirement assets as set forth in the Act. Domiciled in, and subject to the laws of the District of Columbia (to the extent not inconsistent with the Act), the Trust is a tax-exempt entity that is neither an agency nor instrumentality of the Federal Government. The Trust became effective on February 1, 2002.

The Railroad Retirement system was created as a Federal pension program during the 1930s to fund retirement benefits of railroad workers and their dependents. For more than 65 years, the Railroad Retirement Account ("RRA"), a Federal trust fund, has collected payroll taxes from railroad employers and employees and paid out benefits to beneficiaries. Railroad Retirement is funded as a pay-as-you-go system that is not subject to the Employee Retirement Income Security Act of 1974 ("ERISA") funding rules.

The Act authorizes the Trust to manage and invest the assets of the Railroad Retirement system in the same array of investment alternatives available to private sector pension plans, and to pay administrative expenses of the Trust from the assets in the Trust. Prior to the Act, Railroad Retirement assets were limited to investment in US Government securities issued directly by the United States Treasury (the "Treasury"). Responsibility for administering the Railroad Retirement system, including eligibility determinations and the calculation of beneficiary payments, remains with the Railroad Retirement Board (the "Board"), a Federal agency.

Investment Management The Trust's principal investment objective for its portfolio of investments ("portfolio") is to achieve a long term rate-of-return on assets for the portfolio sufficient to enhance the financial strength of the railroad retirement system and to provide timely funding to the Treasury for payment of benefit obligations and administrative expenses.

Except for limited partnership agreements, which are held by the Trust, generally all of the Trust's assets in the portfolio are held by custodians appointed by the Trust, or transfer agents in the case of commingled funds.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Trust in preparation of its financial statements. The policies conform to accounting principles generally accepted in the United States of America ("GAAP") for investment companies.

Basis of Accounting The Trust applies the accrual method of accounting when preparing its financial statements.

Valuation of Investments Commingled funds, which are not publicly traded, may include publicly-traded securities for which detailed holdings are reported to the Trust. The fair value of these commingled funds as of September 30, 2008 totaled approximately $10.9 billion. Fair values of these non-publicly traded securities are determined after consideration of valuations provided by the external investment managers adjusted for receipts, disbursements, and distributions through the date of the statement of assets and liabilities. The valuation of these non-publicly traded securities may involve estimates, appraisals, assumptions, and methods that are reviewed by management. Due to the inherent limitations in any estimation technique, these fair value estimates are not necessarily indicative of the amounts that would be realized in a market transaction.

Equity securities traded on a national securities exchange or quoted on the NASDAQ National Market System ("NMS") are valued on their last reported sale price on the principal exchange (US or foreign) or official closing price as reported by NASDAQ. Options and futures contracts are valued at the last sales price quoted on the exchange on which they primarily trade. Securities traded on over-the-counter ("OTC") markets as well as listed securities for which no sales are reported are valued at the most recent bid quotation.

Fixed income securities (US and foreign) for which price quotations are readily available are valued at the most recent reported sales price. If no reported sales price is available, fixed income securities are valued at prices furnished by an independent pricing service, which considers yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities.

The ability of issuers of the debt securities held by the Trust to meet their obligations may be affected by economic developments in a specific industry or region. The values of the securities can be significantly affected by changes in interest rates or in the financial condition of the issuer or market conditions generally. The Trust invests a portion of its assets in mortgage-backed securities and debentures. The value and related income of these securities is sensitive to change in economic conditions, including delinquencies and/or defaults. Recent instability in the markets for fixed-income securities, particularly mortgage-backed securities, has resulted in increased volatility of market prices and periods of illiquidity have adversely impacted the valuation of certain securities held by the Trust. The values of such investments are reported in the accompanying financial statements at their fair value determined based upon the market conditions as of September 30, 2008. Due to continued market instability since year end, the fair values of such investments have decreased from the amounts reported in the accompanying financial statements.

Foreign securities are valued as of the close of each foreign security's market wherein each security trades. All investments quoted in foreign currency are translated into US dollars at the prevailing exchange rates on the date of valuation. Investments in foreign securities may involve risks not present in domestic investments. Since foreign securities may be denominated in foreign currency and involve settlement and pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the US dollar can significantly affect the value of investments and earnings of the portfolio. Foreign investments may also subject the Trust to foreign government exchange restrictions, expropriations, taxation or other political, social or economic risks, all of which could affect the value of the foreign securities investments.

Securities (US and foreign) for which quotations are not readily available are valued under procedures contained in the Investment Manager Guidelines of the Trust's custodian contract with Northern Trust, approved by the Trustees. The pricing procedures for a security traded within the

US, which includes, among other factors, researching most recent bid and ask prices, documenting the reason(s) for unavailability of data from a pricing service, and requesting current bids for similar securities from independent securities broker-dealers, may also be used to determine the value of a foreign security should something occur that renders quotations not readily available for a foreign security.

Private Equity ("PE") partnership assets are valued by the Trust at fair value as determined by the General Partner ("GP") of the investment partnership in accordance with the terms of each partnership's governing agreement. In general, the partnership agreements require assets to be valued by applying a pricing model, which generally requires the assets of the partnership to be recorded at cost, which approximates value, until such time a financial event(s) results in a material change in the value of the assets with consideration given to external factors such as partnership redemption restrictions and other liquidity limitations. Changes in value for non-marketable securities held by each PE partnership are valued by the GP in accordance with GAAP and oversight by a Limited Partner advisory board. This value may be adjusted by the Trust if there is evidence in a secondary market of partnership share transactions that are different than the partner capital accounts.

Swap agreements are valued by the Trust at prices furnished by approved pricing sources. Changes in the value of swap agreements are recorded as unrealized appreciation or depreciation in the Statement of Assets and Liabilities. The amounts related to net receipts/(payments) under the swap agreements are recorded as realized gain/(loss) in the Statement of Operations. The primary risk associated with swap agreements is that a counterparty could default on its obligation to pay net amounts due to the Trust.

Security Transactions, Accrued Income and Expense The Trust records purchases and sales of investment securities on a trade-date basis. Investment securities are recorded at value. Interest income is determined on the basis of coupon interest accrued using the interest method. Dividend income (less foreign tax withheld, if any) is recorded on the ex-dividend date. Gains or losses realized on sales of investment securities are based on average cost.

Options Contracts The Trust may purchase or sell (write) exchange- (or OTC-) traded options contracts to hedge against risks associated with price fluctuations for certain securities.

When either a put or call option is purchased, the contract is recorded as an investment and the premium gets marked-to-market daily to reflect the current market value of the option contract. When a purchased option contract expires (unexercised), a loss is realized in the amount of the cost of (premium paid for) the option. If a closing sale contract is entered into, however, a gain or loss is realized, to the extent that the proceeds from the sale are greater or less than the cost of the option. If a put option is exercised, a gain or loss is realized from the sale of the underlying security by adjusting the proceeds from such sale by the amount of the premium paid for the put option. If a call option is exercised, the cost of the security purchased upon exercise is increased by the premium paid for the call option.

When either a put or call option is sold (written), an amount equal to the premium received is recorded as a liability. The liability gets marked-to-market daily to reflect the current market value of the written option. When a written option contract expires (unexercised), a gain is realized in the amount of the premium received for (or paid for) this option. If a closing purchase contract is entered into, however, a gain or loss is realized in the amount of the premium less the cost of the option. If a written put option is exercised, the amount of the premium originally received reduces the cost of the security, which is purchased upon exercise of the put option. If a sold (written) call is exercised, a gain or loss is realized from the sale of the underlying security, and the proceeds (if any) from such sale are increased by the premium received for the written call.

Transactions in options written during the fiscal year ended September 30, 2008 were as follows:

	Contracts (000's)	**Premiums ($000's)**
Options outstanding 9/30/2007	(209,476)	(2,738)
Options written	(2,133,251)	(58,037)
Options exercised/expired	2,235,893	56,217
Options outstanding 9/30/2008	(106,834)	(4,558)

The Trust could be exposed to risk if the counterparties in options transactions were unable to meet the terms of the contracts. To mitigate this risk, the Trust requires its counterparties to these contracts to pledge either cash or securities as collateral against any default in these transactions.

Futures Contracts The Trust may invest in financial futures contracts for the purpose of hedging its portfolio to counter fluctuations in value, to gain access to securities the Trust intends to purchase, and to manage overall portfolio risk as part of a broad risk management program. As of September 30, 2008, the Trust held approximately $4.5 million of restricted cash, which is included in Cash and Cash Equivalents. This amount represents the initial margin on futures contracts as of September 30, 2008. Futures contracts are valued at the last sales price quoted on the exchange on which they primarily trade.

The Trust is required to pledge an amount of cash, US government securities, or other assets, equal to a certain percentage of the futures contract amount (initial margin deposit) upon entering a financial futures contract. Subsequent payments, known as "variation margin," are made (or received) by the Trust each day, depending on the daily fluctuations in the value of the underlying financial instrument. The Trust records an unrealized gain or loss equal to the daily variation margin. When the margin amount is received or paid in cash, the daily variation margins are recorded as a realized gain or loss.

The Trust's use of financial futures transactions entails the risk of imperfect correlation in movements in the price of futures contracts and the value of the underlying hedged assets, and the risk associated with the possibility of an illiquid market. Should futures' market conditions change unexpectedly, and the Trust takes no action to respond to such changes, the Trust may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. Potential losses associated with counterparty risk are mitigated by initial margin deposits either in the form of cash or securities and variation margins deposited daily.

Foreign Currency Translation The Trust maintains accounting records in US dollars. Investment securities in the portfolio denominated in a foreign currency are translated into US dollars at current exchange rates. Purchases and sales of securities, income receipts and trading expenses are translated into US dollars at the exchange rate on the date of the transactions.

Forward Foreign Currency Exchange Contracts The Trust may use currency contracts to hedge against fluctuations in currency exchange rates. The Trust enters forward foreign currency exchange contracts ("forward currency contracts") or spot currency contracts as part of its investment strategies when purchasing or selling investment securities denominated in a foreign currency. Differences in currency exchange rates can adversely impact the value associated with the purchasing or selling of investment securities denominated in a foreign currency.

The Trust may use spot currency contracts to hedge against foreign currency exchange rate fluctuations related to a specific portfolio transaction, such as the delay between a security transaction's trade date and settlement date. The Trust may also use forward currency contracts to hedge against foreign currency exchange rate fluctuations related to portfolio holdings or concentrations of such holdings.

Currency contracts are adjusted daily by the prevailing spot or forward rate of the underlying currency, and any appreciation or depreciation is recorded for financial statement purposes as unrealized until the contract settlement date, at which time the Trust records realized gains or losses equal to the difference between the value of the contract at the time the contract opened and the value at the time it closed.

The Trust could be exposed to risk if the counterparty is unable to meet the terms of a currency contract or if the value of the foreign currency changes unfavorably and the Trust does not alter its position in the transaction. To mitigate this risk, the Trust requires its counterparties to pledge either cash or corporate securities as collateral against default in these transactions.

Swap Agreements The Trust may enter swap transactions for hedging purposes as well as in order to efficiently gain exposure to a particular asset class index.

At the time a swap agreement reaches its scheduled termination (or contract expiration) date, there is risk that the Trust would not be able to obtain a replacement transaction or that the terms of the replacement would not be as favorable as the expiring transaction. The primary risk associated with swap agreements is that a counterparty could default on its obligation to pay net amounts due to the Trust.

Securities Lending The Trust engages in a securities lending program with its custodian, as lending agent, to enhance the return on its investments. Securities lending transactions are usually initiated by securities broker-dealers and other financial institutions that need specific securities to cover either a short sale or a customer's failure to deliver securities sold short. The Trust requires counterparties to pledge either cash or securities as collateral to mitigate potential losses during securities lending transactions.

Notes to Financial Statements
As of and for the Fiscal Year Ended September 30, 2008

When the Trust receives cash as collateral pledged by a counterparty, the Trust recognizes this cash as its asset along with an obligation to return the cash. The cash is invested in a short-term investment fund until it is returned to the counterparty. This amount is reflected in Investments in Securities in the accompanying Statement of Assets and Liabilities and totaled $1.9 billion as of September 30, 2008. The collateral is maintained at an amount equal to at least 102% of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business each day and any additional required collateral is delivered to the Trust on the next business day. As of September 30, 2008, the Trust's custodian had declared a collateral deficiency in the Trust's short term collateral reinvestment pool (Core USA Fund), meaning the value of collateral was less than 102% of the market value of loaned securities. As of October 1, 2008, the value of collateral was 102% of the market value of loaned securities in accordance with the securities lending agreement.

When the Trust receives securities as collateral pledged by a counterparty, the Trust does not recognize the securities as its asset along with an obligation to return the securities since the Trust may not sell or repledge securities it receives as collateral pledged by a counterparty.

Securities on loan, their value and respective cash collateral pledged (invested in the securities lending collateral pool) as of September 30, 2008 were as follows:

Securities Loaned ($ in thousands)	Value of Securities Loaned	Cash Collateral Pledged	Value of Securities Loaned	Securities Collateral Pledged
Fixed Income - Non-US Gov't Bonds	$ 31,142	$ 33,568	$ –	$ –
Fixed Income - Non-US Corp Bonds	5,093	5,537	–	–
Fixed Income - US Gov't Bonds	378,239	384,487	2,315	2,335
Fixed Income - US Agencies	31,031	31,705	-	-
Fixed Income - US Corp Bonds	167,561	168,371	-	-
Equity - US Common Stock	1,141,173	1,141,366	688	677
Equity - Non-US Common Stock	174,372	188,123	21,715	23,383
	$ 1,928,611	$ 1,953,157	$ 24,718	$ 26,395

The current market conditions have led to the Trust's custodian placing liquidity restrictions on the immediate withdrawal of investment in the securities lending collateral pool. Subsequent to the Trust's fiscal year end, the Trust began a staged withdrawal program to take place over a period of approximately 12 months to terminate participation in its custodian's securities lending program.

Common Stock The Trust invests in common stock across all corporate sectors.

Government Mortgage Backed Securities The Trust invests in government mortgage backed securities. Government mortgage backed securities ("MBS") are issued generally by government sponsored enterprises (e.g., the Federal National Mortgage Association ("Fannie Mae"); Federal Home Loan Mortgage Corporation ("Freddie Mac"); and Government National Mortgage Association ("Ginnie Mae"), respectively).

The Trust's portfolio includes government mortgage backed "to be announced" ("TBA") securities. TBA securities are marked-to-market on a daily basis by the custodian. TBAs can be either purchased or sold for forward settlement.

Corporate and Government Bonds The Trust may invest in corporate bonds covering all sectors of the market. The Trust may also invest in government bonds. These include bonds and notes issued by the US government as well as foreign governments.

Income Taxes The Trust is exempt from taxes under Section 501(c)(28) of the Internal Revenue Code of 1986 and from state and local taxes pursuant to Section 231(n)(j)(6) of the Railroad Retirement Act of 1974. As such, no provision for income taxes is included in the financial statements.

Cash and Cash Equivalents Cash and Cash Equivalents includes cash and foreign currency held at banks, and cash balances held in short-term investment funds which can be drawn down with same day notice. As of September 30, 2008, the Trust held $4.5 million of restricted cash, representing initial margin on futures contracts.

Investment Management Fees The Trust has entered into investment management agreements with third party investment managers. These agreements provide for the payment of investment management fees, which are generally paid on a quarterly basis. The fees are calculated as a percentage of the weighted-average value of assets under management, with an additional performance fee in some instances.

Use of Estimates The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual amounts could differ from those estimates.

3. RELATED PARTY TRANSACTIONS

Railroad Retirement Board Under the provisions of the Act, the Board directs the Treasury to contribute RRA and Social Security Equivalent Benefit Account ("SSEBA") assets to the Trust, as defined in the Act. Since the Trust's inception, the Board has contributed $21.3 billion to the Trust. The Board also periodically directs the Trust to transfer funds to the Treasury to fund benefit payments and administrative expenses of the RRA. Since the Trust's inception, approximately $6.3 billion has been transferred to the Treasury by the Trust. During the fiscal year ended September 30, 2008, approximately $1.3 billion was transferred to the Treasury. As defined in the Act, the Trust reports to the Board and is required to perform its duties solely in the interest of the Board and through it, the participants and beneficiaries of the programs funded by the Act.

Legal Counsel The Trust incurred approximately $3.0 million in legal fees during the fiscal year ended September 30, 2008. Legal counsel was provided by firms that may also provide services to the major railroads and railway labor unions whose representatives are members of the Board of Trustees.

Custodian The Trust's custodian also serves as its securities lending agent. In addition, the custodian may be engaged to provide investment management services for a portion of Trust assets.

4. EMPLOYEE BENEFIT PLAN

The Trust provides a defined contribution plan ("Plan") covering all employees. Employees participate in the Plan by making discretionary contributions from their eligible compensation, but not more than the maximum annual amount allowed by law. The Trust makes matching contributions equal to 100% on the first 6% of compensation deferred. The Trust may also, at its discretion, make an additional profit-sharing contribution to the Plan. During the fiscal year ended September 30, 2008, the Trust made contributions of $212,767 to the Plan on behalf of the employees.

5. COMMITMENTS

Office Space Lease In July 2003, the Trust entered into a ten-year operating lease agreement with respect to its principal office space in Washington, DC. Subsequently, the Trust has entered into additional leases to expand its office space.

Remaining payment obligations relating to the leases for each of the next five years and thereafter are as follows:

Fiscal Year Ending September 30	Amount
2009	$ 403,530
2010	413,402
2011	423,526
2012	433,902
2013	369,324
Thereafter	-
Total	$2,043,684

Private Equity Investments As of September 30, 2008, the Trust had commitments to invest up to an additional $1.39 billion in Private Equity Investments.

6. FINANCIAL HIGHLIGHTS

The financial ratios noted below encompass the net of all funds received by the Trust through September 30, 2008.

	October 1, 2007 - September 30, 2008
Financial Ratios (1):	
Expense to average net assets	0.25%
Net investment income to average net assets	1.76%
Total Return (2):	
Total Return	(19.07%)

(1) The ratios of expense to average net assets and net investment income to average net assets represent the expenses and net investment income for the period, as reported on the statement of operations, to the Trust's average net assets.

(2) The total return reflected above includes net investment income and net realized and unrealized gains on investments. The return is time-weighted and measures the performance of a unit of assets held continuously for the time period covered.

7. RECENTLY ISSUED ACCOUNTING STANDARDS

In September 2006, the Financial Accounting Standards Board released the Statement of Financial Accounting Standard No. 157 ("SFAS 157"), *Fair Value Measurements*. SFAS 157 clarifies the definition of fair value and establishes a framework for measuring fair value, as well as additional disclosure requirements in the financial statements. SFAS 157 will be effective for the Trust's fiscal year ending September 30, 2009, or for any stand alone schedule of assets and liabilities prepared subsequent to November 15, 2008. SFAS 157 is not expected to have a material impact on the Trust's net assets.

In March 2008, Statement of Financial Accounting Standard No. 161, ("SFAS 161"), *Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133*, was issued. SFAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosures that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position.

In September 2008, FASB Staff Position No. 133-1 and FASB Interpretation No. 45-4 (the "FSP"), *Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161*, was issued and is effective for fiscal years and interim periods ending after November 15,

2008. The FSP amends FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities,* to require disclosures by sellers of credit derivative, including credit derivatives embedded in hybrid instruments. The FSP also clarifies the effective date of SFAS 161, whereby disclosures required by SFAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The impact on the Trust's financials statement disclosures, if any, is currently being assessed.

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APPENDICES

APPENDICES

A) BY-LAWS

B) INVESTMENT GUIDELINES

C) MEMORANDUM OF UNDERSTANDING

D) CONFLICTS OF INTEREST POLICY STATEMENT

E) CONFIDENTIALITY POLICY STATEMENT

F) PROXY VOTING POLICY

G) CHIEF INVESTMENT OFFICER, SENIOR ADMINISTRATIVE OFFICER AND SENIOR ACCOUNTING OFFICER CERTIFICATION LETTERS

H) RAILROAD RETIREMENT BOARD CERTIFICATION LETTER TO TREASURY AND TREASURY FEDERAL REGISTER NOTICE ON 2009 TAX RATE

I) NOTICE TO THE RAILROAD RETIREMENT BOARD AND ACCEPTANCE OF NEW TRUSTEES

J) BIOGRAPHICAL INFORMATION ON TRUSTEES AND STAFF

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APPENDIX A

As Amended on March 26, 2003

BYLAWS
of
THE NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST

A Trust Established Pursuant to
The Railroad Retirement and Survivors' Improvement Act of 2001

ARTICLE I

Purposes

The National Railroad Retirement Investment Trust (hereinafter, the "Trust") is organized exclusively for the purposes set forth in Section 105 of The Railroad Retirement and Survivors' Improvement Act of 2001 (the "Act"): to manage and invest the assets of the Trust. Section 105(a) of the Act provides for the establishment of a Board of Trustees (the "Board") to operate the Trust and authorizes the Board to make rules to govern its operations, employ professional staff, and contract with outside advisors to provide legal, accounting, investment advisory or other services necessary for the proper administration of the Trust. Subject to the provisions of the Act, applicable laws of the District of Columbia and these Bylaws, the Trust may conduct any or all lawful affairs necessary to manage and invest its assets.

ARTICLE II

Trustees

Section 1. Powers. Subject to the provisions of the Act, applicable laws of the District of Columbia and these Bylaws, the activities and affairs of the Trust shall be conducted and all powers shall be exercised by or under the direction of the Board. The Board may delegate the management of specific activities of the Trust to any person(s) or committees, provided that the activities and affairs of the Trust shall be managed and all powers shall be exercised under the direction of the Board. Without prejudice to the aforementioned general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

(a) To select and remove the officers, agents, independent contractors, employees and advisors of the Trust (including, but not limited to, legal counsel, independent advisers, investment managers, custodial institutions and public accountants, as prescribed by the Act), prescribe powers and duties for them and, where appropriate, fix their compensation.

(b) To conduct the affairs and activities of the Trust and to make such rules and regulations as the Board may deem appropriate for the proper administration of the Trust.

(c) To borrow money and incur indebtedness for the purposes of the Trust, and to cause to be executed and delivered therefor, in the Trust's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt and securities therefor.

(d) to acquire, by lease or by purchase, interests in real property in furtherance of the purposes of the Trust and to execute and deliver such agreements, indemnifications, undertakings, and other writings as may be required in connection therewith.

Section 2. Number of Trustees, Selection and Term of Office. Seven (7) Trustees shall be selected, qualified and appointed to staggered terms, in accordance with the provisions of Section 105(a) of the Act. The six (6) Trustees who are selected by rail labor and management shall have the power to select the Independent Trustee. Terms of office shall commence on February 1 of each year.

Section 3. Vacancies. Subject to the provisions of the Act, applicable laws of the District of Columbia and these Bylaws, any Trustee may resign, effective upon giving sixty days' written notice to the Board, or on such shorter notice as may be agreed between the Board and the resigning Trustee. Pursuant to Section 105(a) of the Act, a vacancy in the Board shall not affect the power of the Board and shall be filled in the same manner as the selection of the Trustee whose departure caused the vacancy. Each Trustee so selected shall hold office until the expiration of the term of the replaced Trustee and until a successor has been appointed.

A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation, or removal of any Trustee. The Board may declare vacant the office of a Trustee who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any fiduciary duty arising under the Act or under any other applicable law governing the Trust.

Section 4. Compensation. The six (6) Trustees who are selected by rail labor and management shall have the power to fix the Independent Trustee's compensation for services to the Trust. None of the six (6) Trustees who are selected by rail labor and management shall receive compensation from the Trust; provided, however, that any such Trustee who is not employed by either rail labor or management shall be entitled to receive reasonable compensation to be determined by the other Trustees. All Trustees shall be entitled to receive reimbursement for reasonable costs incurred in connection with their attendance at Board meetings and performance of other services to the Trust.

Section 5. Place of Meetings. Meetings of the Board shall be held at any place, within or without the District of Columbia, which has been designated from time to time by the Board. In the absence of such designation, meetings shall be held at the principal office of the Trust.

Section 6. Public Access to Board Meetings. The Board shall have the authority to determine the extent to which individuals other than Trustees may attend meetings or otherwise participate in the deliberations of the Board; provided, however, that no such individual employed by rail labor or management shall be entitled to receive reimbursement for such activities.

Section 7. Annual Meetings. The Board shall hold an annual meeting for the purpose of organization and the transaction of business. Annual meetings of the Board shall be held without call or notice on **March 1** at **10:00 a.m.** local time or on such other date as the Board may specify.

Section 8. Regular Meetings. Regular meetings of the Board shall be held at least quarterly without call or notice on such dates as may be fixed by the Board.

Section 9. Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the Chair of the Board or any three Trustees upon at least seven (7) business days' notice to each Trustee or on such shorter notice as all Trustees may agree.

Section 10. Quorum. Pursuant to Section 105(a) of the Act, five (5) Trustees constitute a quorum of the Board for the transaction of business. Investment guidelines must be adopted by a unanimous vote of the entire Board. Unless otherwise specified in the Act or these Bylaws, all other decisions of the Board shall be decided by a majority vote of the quorum present. Subject to the foregoing, every act or decision taken or made by a majority of the Trustees present at a meeting duly held at which a quorum is present shall be regarded as an act of the Board.

Section 11. Participation in Meetings Via Telephone or Video Conference. Trustees and others entitled to participate in Board meetings may participate in meetings of the Board via telephone or video conference.

Section 12. Adjournment. A majority of the Trustees present, whether or not a quorum is present, may adjourn any Board meeting to another time and place. Trustees who are absent from the adjourned meeting shall be given notice of the time and place at which such meeting will resume.

Section 13. Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all Trustees consent in writing (including by facsimile) to such action. Such written consent shall have the same effect as a vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 14. Rights of Inspection. Every Trustee shall have the right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Trust.

Section 15. Committees. The Board may appoint one or more committees, including, but not limited to, (i) an Administrative Committee, (ii) an Audit Committee and (iii) an Investment Committee, each consisting of two or more Trustees. Except as otherwise provided in these Bylaws or in the Act, the Board may delegate to such committees any of the authority of the Board, provided that no such Committee shall have the authority to:

(a) Amend or repeal these Bylaws or any other organizational documents of the Trust or the Board;

(b) Fill vacancies on the Board or in any committee;

(c) Appoint other committees of the Board or the members thereof;

(d) Approve any self-dealing (or "conflict of interest") transaction;

(e) Adopt an agreement of merger or consolidation; or

(f) Sell, lease or exchange Trust property and assets.

The Board may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted.

Minutes shall be kept of each meeting of each committee, and such minutes shall be included as an appendix to the minutes of the next meeting of the Board

ARTICLE III

Officers

Section 1. Officers. The officers of the Trust shall be a Chair, and such other officers as may be appointed by the Board. The Chair shall preside at all meetings of the Board and exercise and perform such other powers and duties as may be from time to time assigned by the Board.

Section 2. Selection, Removal and Resignation. The officers of the Trust shall be appointed by, and shall serve at the pleasure of, the Board, and shall hold their respective offices until their resignation, removal, or other disqualification from service, or until their respective successors shall be appointed.

Any officer may be removed, either with or without cause, by the Board at any time. Any officer may resign at any time by giving written notice to the Board, and any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointment to such office. Such vacancies shall be filled as they occur.

ARTICLE IV

Other Provisions

Section 1. Principal Office. The principal office of the Trust shall be fixed and located at 1250 Eye Street, N.W., Washington, D.C., or such other address as the Board shall determine. The Board is granted full power and authority to change said principal office from one location to another. The Board may make such changes pursuant to this Section 1 without amending the Bylaws, provided that any such changes are documented in a Board resolution duly noted in the minutes of the meetings where such decisions are made.

Section 2. Books and Records. The Trust's books and records, together with all of the documents and papers pertaining to the business of the Trust, shall be kept and maintained at the principal office of the Trust. The fiscal year of the Trust shall end on September 30, unless otherwise provided for by the Board, and the books and records of the Trust shall be kept on a fiscal year basis and shall reflect all the transactions of the Trust and be appropriate and adequate for the Trust's business.

Section 3. Representation of Ownership Interests. The Board or any duly authorized delegate of the Board may vote, represent, and exercise on behalf of the Trust all rights incident to any and all shares of any corporation, or other interest in any entity, held in the name of the Trust. The authority herein granted may be exercised either by any such officer in person or by proxy or power of attorney.

Section 4. Banking. The Chair, or any duly authorized delegate of the Board, may: (i) make deposits into operating accounts held in the Trust's name and endorse checks, drafts, or other instruments for such deposits; and (ii) sign or countersign checks, drafts, or other orders for the payment of money issued in the name of the Trust against any funds deposited into any such accounts.

ARTICLE V

Indemnification

The Trust shall indemnify, in the manner and to the fullest extent permitted by law (including, without limitation, the Act), any person (or the estate of any person) who was or is a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether or not by or in the right of the Trust, and whether civil, criminal, administrative, investigative or otherwise, by reason of the fact that such person is or was a Trustee or an employee of either a rail carrier or a rail union who performed services for the Trust at the direction of one or more Trustees. To the fullest extent permitted by law, the indemnification provided herein shall include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement; and, in the manner provided by law, any such attorneys' fees and expenses may be paid by the Trust in advance of the final disposition of such action, suit or proceeding upon receipt, in each case, of an undertaking by or on behalf of the Trustee to repay such amounts, together with interest thereon, if it is ultimately determined that such Trustee is not entitled to indemnification with respect thereto.

ARTICLE VI

Amendment, Construction and Definitions

Section 1. Amendments. These Bylaws may be amended or repealed by a majority vote of a quorum of Trustees present at a duly held meeting or by a consent in writing of all Trustees.

Section 2. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the Act and in any applicable laws of the District of Columbia not inconsistent with the Act shall govern the construction of these Bylaws.

APPENDIX B

NRRIT

National Railroad Retirement Investment Trust

INVESTMENT GUIDELINES

(Effective as of September 16, 2008)

The National Railroad Retirement Investment Trust (the "Trust" or "NRRIT") was established, effective February 1, 2002, pursuant to Section 15(j) of the Railroad Retirement Act of 1974, as amended by Public Law 107-90, the Railroad Retirement and Survivors' Improvement Act of 2001 (the "Act"). The Act was amended subsequently by Public Law 108-203, the Social Security Protection Act of 2004, to make certain technical corrections to the 2001 legislation creating the Trust. The Trust's sole purpose is to invest the assets of the railroad retirement system for the Railroad Retirement Board. Domiciled in Washington, D.C., the Trust is a tax-exempt entity (pursuant to Section 501(c)(28) of the Internal Revenue Code) and is not an agency or instrumentality of the United States federal government.

The Trust is governed by a Board of seven Trustees (the "Board of Trustees") -- three selected by railroad carriers, three selected by railroad labor unions, and an independent Trustee selected by the other six Trustees. **The Act sets forth fiduciary standards for the Trustees and directs them to discharge their duties solely in the interest of the Railroad Retirement Board (an agency of the United States federal government) and, through it, the participants and beneficiaries of the programs funded under the Railroad Retirement Act.**

The Trust is authorized by the Act to diversify the investment of the assets of the railroad retirement system through the use of multiple asset classes as is customary for defined benefit plans of other U.S. industries. Section 15(j) of the Act directs the Board of Trustees to adopt Investment Guidelines which must be approved by a unanimous vote of the Trustees. The Act authorizes the Board of Trustees to invest the assets of the Trust in a manner consistent with such Investment Guidelines. The Trustees are required by the Act to diversify the Trust's investments "so as to minimize the risk of large losses and to avoid disproportionate influence over a particular industry or firm, unless under the circumstances it is clearly prudent not to do so." In accordance with these statutory directives, the Board of Trustees has adopted these Investment Guidelines.

I. Investment Objectives

The Trust's primary investment objectives are to establish a portfolio that will achieve a long-term rate-of-return on assets sufficient to enhance the financial strength of the railroad retirement system and to do so in a diversified manner that minimizes the risk of large losses. Achievement of these objectives will facilitate the payment of benefits under the Act by the Railroad Retirement Board and the United States Treasury. To further these objectives, the Trust has established the asset allocation policy set forth in these Investment Guidelines and will seek to obtain returns that are in the aggregate greater than the returns of the strategic policy benchmark set forth below. In addition, the Trust shall take such other steps as may be appropriate to effectively manage investment risk and volatility.

II. A. Asset Allocation Policy and Strategic Policy Benchmark

In 2002, the Trustees retained an independent investment advisory firm to conduct a comprehensive asset allocation study for the purpose of analyzing asset allocation strategies for the Trust. The study analyzed the long-term expected return, risk, and return correlation of various asset classes, as well as the expected return and risk of various portfolios of these asset classes. In 2004, 2006, and 2008, the Trust took steps to review and update its asset allocation with new analysis performed by the Trust's investment staff with the use of analytic resources provided by independent investment advisory firms. As a result of these reviews, the Board of Trustees periodically has refined the Trust's asset allocation policy and strategic policy benchmark.

The Trust's overall asset allocation (target allocation and policy range) and strategic policy benchmark to govern the investment of assets managed by the Trust are set forth below.

Asset Class	Policy Benchmark	Target Allocation %	Policy Range %
US Equity	Russell 3000	26%	21-31
Non-US Equity	MSCI ACWI Ex-US IMI-$Net	22	17-27
Private Equity	(2/3 Russell 3000 + 1/3 MSCI ACWI Ex-US IMI-$Net) + 300 bp	10	5-15
Global Equity		**58%**	**53-63%**
US Fixed Income/ Convertibles	Lehman US Universal	17%	12-22
Non-US Fixed Income/ Convertibles	Lehman Global Aggregate ex-USD	10	5-15
Global Fixed Income		**27%**	**22-32%**
Real Estate	(80% NCREIF Property Index + 20% Custom REIT[1])	10%	5-15
Commodities	DJ-AIG Total Return	5	3-7
Global Real Assets		**15%**	**10-20%**
Opportunistic	Custom	0	0-10
TOTAL FUND		**100%**	

[1]NRRIT's Custom REIT benchmark is 2/3 "FTSE NAREIT US Equity REIT index" and 1/3 "FTSE EPRA/NAREIT Global Real Estate Index–Net Return to US Investors."

The asset allocation policy contains certain asset classes that are relatively illiquid in nature and may not otherwise be suitable for interim investment in index-type investment vehicles to obtain the market exposure contemplated by the asset allocation policy. As a result, investments in these asset classes are funded over an extended period of time. To accurately reflect the interim investment of funds earmarked for these more complex asset classes, the Trust maintains an internal transition version of its target allocation and policy ranges to properly track the interim retention of such funds within other asset classes at any given point in time.

Rebalancing decisions made pursuant to subsection B of this section II are to be made with reference to these transition target allocations and policy ranges.

B. Rebalancing Requirements

The following guidelines will be applied to maintain the desired asset allocation targets:

1. If, at the end of any calendar quarter, the proportion of Trust assets invested in any asset class (as calculated by the Trust's custodian bank) is above the upper or below the lower limits of the policy range for such asset class, as prescribed above, the Trust's investment staff is required to rebalance assets by transferring assets to or from such asset class from or to one or more other asset classes. Rebalancing will be required if either the upper or lower limits for the policy range of a particular asset class (e.g., US Equity) or the upper or lower limits for the policy range of a global class (e.g., Global Equity) have been exceeded.

2. When rebalancing of an asset class is required, the Trust's investment staff shall rebalance the asset class to a point that is within 50% of the midpoint of the target allocation within the policy range (e.g., where the target allocation is 26% and the policy range is 21% - 31%, the rebalance must reset the asset class to a point between 23.5% and 28.5%).

3. Rebalancing will be initiated promptly in the first month following receipt of a quarterly notice from the Trust's custodian bank that one or more asset classes are above the upper or below the lower policy range limits prescribed above. Rebalancing must be completed promptly and in a cost effective manner.

4. If the Trust's investment staff concludes that a rebalancing is not deemed advisable (e.g., in an illiquid asset class), approval of the Board of Trustees will be required to supersede the requirements of this subsection B.

5. The Trust's investment staff shall regularly monitor the positioning of each asset class within its policy range and make such recommendations to the Trustees as are appropriate with respect to the advisability of rebalancing asset classes that are nearing, but have not exceeded, the high or low points of their policy ranges.

6. In evaluating how best to liquidate assets to fund periodic transfers to the United States Treasury required by Section 15(k) of the Act, the Trust shall take into consideration the asset classes that are at the high end of their respective policy ranges, relative cash positions of the Trust's investment managers, and other relevant factors.

III. Selection of Investment Managers

Pursuant to Section 15(j) of the Act, the Board of Trustees shall retain independent investment managers to invest the assets of the Trust consistent with these Investment Guidelines. A separate agreement between the Trust and each individual investment manager will document the specific responsibilities, limitations, and compensation arrangements of each investment manager. Each investment manager will have full discretion, within the parameters of that manager's Investment Management Agreement with the Trust, to (i) select securities and properties for investment, (ii) determine the timing of and execute transactions, and (iii) act in accordance with the Trust's Proxy Voting Policy Statement.

IV. Other Investment Requirements and Limitations

A. No more than 10% of the Trust's assets may be invested by any individual investment manager (including any of its affiliates). This limitation shall not apply to assets invested by an investment manager retained to invest assets in index accounts.

B. Trust assets shall not be invested in securities of publicly traded corporations whose primary business is the operation of North American railroads. A list of these corporations is attached as Appendix A. This limitation shall not apply to securities that are purchased as part of a broad market index account, a broad market exchange traded fund, or any investment in a pooled or commingled fund where the Trust is not in a position to control investment selection.

C. In making investments on behalf of the Trust, an investment manager is authorized to utilize leverage (including by the use of derivative instruments to the extent permitted by paragraph D below) in the manager's investment strategy only to the extent delineated by the Trust in the investment manager's Investment Management Agreement with the Trust; *provided, however,* that the use of such leverage shall not directly or indirectly expose the Trust to a risk of financial loss that exceeds the dollar amount of the Trust's investment with the investment manager in question.

D. Subject to the limitations of the immediately preceding paragraph C, and only to the extent delineated by the Trust in an Investment Management Agreement with an investment manager, derivative instruments may be used by an investment manager as a means of *hedging and risk control,* for *arbitrage,* to *create market exposures*, or to *manage country and asset allocation exposures*. In these situations, an investment manager may use derivatives when they are the most effective means of achieving the investment objective.

1. Where appropriate, an investment manager may use derivative instruments for the following reasons:

   a. *Hedging and risk control.* To the extent that a portfolio is exposed to clearly defined risks and there are derivative instruments that can be used to reduce those risks, an investment manager may use such derivative instruments for the purpose of hedging such risks, including cross-hedging of currency exposures.

   b. *Arbitrage.* An investment manager may use derivative instruments to facilitate the simultaneous purchase and sale of securities for the purpose of taking advantage of a pricing disparity.

   c. *Creation of market exposures.* An investment manager may use derivative instruments to replicate the risk/return profile of an asset or asset class provided that the Investment Management Agreement for such investment manager allows for such exposures to be created with the underlying assets themselves.

d. *Management of country and asset allocation exposure.* An investment manager whose portfolio mandate permits tactically changing the exposure of the portfolio to different countries and/or asset classes may use derivative instruments for this purpose.

2. Derivative instruments may not be used in the following ways:

   a. Derivative instruments may not be used to invest in asset classes, securities, currencies, indices, or any other financial vehicle unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative instruments.

   b. Derivative instruments may not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial vehicle beyond that which would be allowed by a portfolio's investment guidelines if created with non-derivative instruments.

   c. Derivative instruments may not be used to increase the portfolio risk above that which could be experienced by using permitted physical securities.

   d. An investment manager may not use borrowed funds to finance the use of any derivative instrument.

E. In order to diversify the Trust's counterparty credit risk, and to limit the Trust's credit exposure to any one counterparty, the Trust's investment managers shall establish limits for each of their trading counterparties based upon both the credit rating of the counterparty and the relative level of risk associated with each existing and proposed transaction. These limits shall satisfy such standards as may be established by the Trust from time-to-time.

F. All investments shall be made in accordance with the Trust's Conflict of Interest Policy.

V. Voting of Proxies

All proxies shall be voted solely in the interest of plan participants and beneficiaries as outlined in the Trust's Proxy Voting Policy Statement.

VI. Periodic Review and Amendment

The Board of Trustees shall review these Investment Guidelines on a regular basis. Any material changes approved by the Board of Trustees will be communicated to the Trust's investment managers.

APPENDIX A

Note: Entities listed below are classified by the U.S. Securities and Exchange Commission as being primarily engaged in "Railroads, Line-Haul Operating" pursuant to Section 4011 of the U.S. Standard Industry Classification System and have outstanding publicly traded equity and/or debt securities:

Atchison, Topeka and Santa Fe Railway Co.
BNSF Corp. Funding Trust I
BNSF Railway Co.
Burlington Northern, Inc.
Canadian National Railway Co.
Canadian Pacific Railway Ltd/CN
Chartwell International, Inc.
CSX Corp.
Genesee & Wyoming Inc.
Illinois Central Railroad Co.
Kansas City Southern
Missouri Pacific Railroad Co.
New York Regional Rail Corp.
Norfolk Southern Corp.
Providence & Worcester Railroad Co/RI/
Southern Pacific Rail Corp.
Union Pacific Corp.
Union Pacific Railroad Co.
Wisconsin Central Transportation Corp.

Revised, approved and adopted by the undersigned Trustees at Washington, D.C. on September 16, 2008.

Walter A. Barrows
Secretary Treasurer
Brotherhood of Railroad Signalmen

John W. MacMurray
Independent Trustee

George J. Francisco, Jr.
President
National Conference of Firemen and Oilers, SEIU

Joel Parker
Special Assistant to the President and
International Vice President
Transportation Communications
International Union

Bernie Gutschewski
Vice President -Taxes
Union Pacific Corporation

William Sparrow
CSX (retired)

Linda Hurt
Vice President Investor Relations
Burlington Northern Santa Fe Corporation

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APPENDIX C

MEMORANDUM OF UNDERSTANDING

Budgetary, Accounting and Financial Reporting Responsibilities Respecting Assets Held by the National Railroad Retirement Investment Trust

The Railroad Retirement Board (RRB), the National Railroad Retirement Investment Trust (the Investment Trust), the Department of the Treasury (Treasury), and the Office of Management and Budget (OMB) (collectively, the Parties), agree on the following budgetary, accounting and financial reporting responsibilities respecting assets transferred to and from, and held by, the Investment Trust for RRB.

1.0 General

The Parties agree that, (i) while the Railroad Retirement and Survivors' Improvement Act of 2001 (P.L. 107-90) (the Act) provides that the Investment Trust is not a department, agency, or instrumentality of the Federal Government, the cash and investments held by the Investment Trust for RRB are nevertheless assets of the Federal Government and must be accounted for and reported as such; (ii) the Act provides that the Investment Trust is not subject to the requirements of Title 31 of the U.S. Code (including apportionment); and (iii) the annual audit of the Investment Trust required by the Act shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

2.0 Fiscal Year of the Investment Trust

The Investment Trust will use the same fiscal year as the Federal Government. Currently, the Federal Government's fiscal year begins on October 1 and ends on September 30 of the following calendar year.

3.0 Account Structure

The transactions of the Investment Trust shall be reported using a separate trust fund account symbol, with RRB being the program agency for that account. The following Treasury Fund Account Symbols have been reserved to report this activity:

60X8118	National Railroad Retirement Investment Trust
60X8118.1	Gains and losses on non-Federal securities, National Railroad Retirement Investment Trust
60X8118.2	Earnings on investments in Federal securities, National Railroad Retirement Investment Trust
60X8118.3	Interest and dividends on non-Federal securities, National Railroad Retirement Investment Trust
60X8118.4	Payment from the Railroad Retirement Account, National Railroad Retirement Investment Trust

60X8118.5	Payment from the Social Security Equivalent Benefit Account, National Railroad Retirement Investment Trust
60X8118.6	Payment from the Railroad Retirement Supplemental Account, National Railroad Retirement Investment Trust

Federal securities are securities issued by the Treasury and securities issued by a Federal agency. Non-Federal securities include all permitted investments, excluding Federal securities. For purposes of this memorandum, securities that are guaranteed by Federal agencies are considered to be non-Federal securities.

Treasury's Financial Management Service (FMS) has established the accounts described above (with the designation account symbol of 60X8118) in FMS's central accounting and financial reporting system. Using this new account number, Treasury's Bureau of the Public Debt (BPD) will establish a separate investment account within BPD's investment accounting system for Investment Trust activity. This separate account will be reflected in separate line items on both the Monthly Treasury Statement and the Monthly Statement of the Public Debt for the activity of the Investment Trust.

4.0 Accounting Treatment of Non-Federal Security Purchases and Sales by the Investment Trust

Purchases and sales of non-Federal securities (other than gains and losses) by the Investment Trust will be treated as a means of financing, as required by section 105(c) of the Act.

5.0 Receipts to the Railroad Retirement System

Treasury's Internal Revenue Service will continue to collect and deposit receipts from the railroad industry for funding of the Railroad Retirement System. Nothing in this memorandum is to be construed as altering that arrangement. Receipts will initially be credited to the Railroad Retirement Account (RRA) or the Social Security Equivalent Benefit Account (SSEBA), as appropriate. RRB shall continue to account for these receipts, in accordance with Treasury guidance issued from time to time.

5.1 Investment in the RRA and the SSEBA

The receipts credited to the RRA and the SSEBA will be automatically invested by BPD in par-value Treasury special securities maturing on the first business day of the following month unless RRB provides specific instructions to do otherwise. Proceeds from maturing securities in the RRA and the SSEBA will be automatically re-invested by BPD in par-value Treasury special securities maturing on the first business day of the following month unless RRB provides specific instructions to do otherwise.

5.2 Receipts of the Investment Trust

Receipts of the Investment Trust will be recorded in the following sub-accounts:

- Gains and losses on non-Federal securities (60X8118.1);
- Earnings on investments in Federal securities (60X8118.2);
- Interest and dividends on non-Federal securities (60X8118.3);
- Payment from the Railroad Retirement Account (60X8118.4);
- Payment from the Social Security Equivalent Benefit Account (60X8118.5); and,
- Payment from the Railroad Retirement Supplemental Account (60X8118.6).

6.0 Transfers of Assets from RRB to the Investment Trust

Subject to the Act and this Memorandum of Understanding, RRB shall determine the timing and the amount of transfers of assets from the RRA, SSEBA, and the Railroad Retirement Supplemental Account (RRSA) to the Investment Trust.

6.1.1 Cash Transfers

RRB shall direct Treasury to transfer cash from the RRA, SSEBA, and RRSA to the Investment Trust. RRB has provided Treasury's Office of Cash and Debt Management (OCDM) with an initial schedule of expected transfers for a period of six months (September 2002 through February 2003). RRB shall provide OCDM with updates to the initial schedule if there are any changes to the dates and amounts of the expected transfers. If it is determined that the transfers will extend beyond the initial six-month schedule, RRB shall provide a revised schedule to cover periods not included on the original schedule (i.e. beyond February 2003) as soon as it is known that transfers will extend beyond this period.

If the need arises for RRB to make transfers from the Investment Trust to the RRA to fund Treasury-disbursed payments, RRB shall provide OCDM with the anticipated amount(s) to be transferred between the Investment Trust and the RRA.

These updates to the initial schedule of cash transfers and notices of transfers from the Investment Trust to RRB shall be pursuant to the business rules contained in Section 6.1.2. All updated schedules and notices shall be delivered in writing to:

David J. Monroe
Director, Office of Cash and Debt Management
Department of the Treasury
1500 Pennsylvania Ave, NW
Washington, DC 20220
Fax Number – (202) 622-4775

6.1.2 Notice for Specific Cash Transfers

Below are the business rules for providing advance notification to Treasury for daily cash management purposes. For each specific transfer of cash projected in the schedule provided in section 6.1.1, RRB shall provide:

- fifteen (15) business days advance written notification for amounts greater than $2 billion,
- five (5) business days advance written notification for amounts between $500 million and $2 billion,
- two (2) business days advance notification of amounts between $50 million and $500 million, and
- transfers of less than $50 million do not require advance notification.

(See Attachment A for the procedures to transfer cash assets to the Investment Trust. Additional guidance on the reporting of large dollar transfers is provided in the Treasury Financial Manual, Volume 1, Part 6, Section 8500 (http://www.fms.treas.gov/tfm/vol1/v1p6c850.txt.).)

6.2 Transfers of Securities

Subject to the Act, RRB may request Treasury to transfer certain Treasury securities to the Investment Trust. Only securities held by RRB on the date of enactment of the Act (i.e. on December 21, 2001) are eligible to be transferred. RRB shall identify to BPD any specific securities to be transferred to the Investment Trust. Notification shall be signed by the contact for RRB account on file with BPD, and shall be delivered prior to 3:00 p.m. (Eastern Time) in writing to:

Susan Chapman
Director, Division of Federal Investments
Office of Public Debt Accounting
Bureau of the Public Debt
P.O. Box 1328
Parkersburg, WV 26106
Phone Number (304) 480-5111
Fax Number (304) 480-5212

BPD will transfer these securities to the Investment Trust by changing the account in which the securities are held in BPD's investment accounting system from the Railroad Retirement Account, 60X8011, to the Investment Trust account, 60X8118. No transaction activity (redemption or investment) will result from the transfer; however, RRB must report the transfer of the securities between the accounts to FMS. The securities will be maintained in non-marketable, book-entry form.

(See Attachment B for the procedures to transfer Treasury securities currently held by RRB to the Investment Trust.)

6.3 Accounting Treatment for Assets Held by the Investment Trust

RRB will record all cash and investments held by the Investment Trust for RRB as Federal funds held outside of Treasury.

7.0 Reporting Requirements

7.1 Annual Report

Section 105(a)(3)(E) of the Act requires the Investment Trust to submit an annual management report to Congress no later than 180 days after the end of the Investment Trust's fiscal year, and to provide a copy of the management report to the President, RRB, and OMB when it is submitted to Congress.

7.2 Monthly Reporting Requirements

As RRB continues to be responsible for the overall management of the Railroad Retirement System, RRB will be responsible for all budgetary and proprietary reporting of the Investment Trust's transactions, and for reporting to Treasury the amount of cash and the value of investments held by the Investment Trust. Treasury and OMB have developed specialized reporting requirements to handle the complexity added by the use of the Investment Trust to manage the Railroad Retirement System's assets and the disbursing agent to pay pension benefits.

- RRB is required to report all payments to and from the Investment Trust and the RRA, SSEBA, and RRSA on a monthly basis for the month in which the payment occurred.
- The Investment Trust may report on a one month delayed basis to RRB, which in turn will report the information to Treasury on a monthly basis. However, the Investment Trust will work towards improving the timeliness of its reporting, so that the transactions are reported as of the end of the month in which they occurred, consistent with all other Federal reporting.

7.2.1 Monthly Reporting by RRB on the RRA and the SSEBA

Nothing in this memorandum is to be construed as altering RRB's current requirements for monthly financial reporting of activity in the RRA and the SSEBA.

Transfers from the RRA and the SSEBA to the Investment Trust account will be reported as outlays of those accounts and as offsetting receipts of the Investment Trust account. Transfers from the Investment Trust account to the RRA will be reported as outlays of the Investment Trust account and as offsetting receipts of the RRA.

7.2.2 Timing of Monthly Reports by the Investment Trust to RRB

The Investment Trust shall report the information described in sections 7.2.3, 7.2.4, and 7.2.5 on a monthly basis to RRB. Except when Treasury, OMB, RRB and the Investment Trust agree to an alternative reporting schedule, this means that the Investment Trust may report each month's transactions no later than the third workday day of the second month after the transactions have occurred. (Beginning January 2003, the Investment Trust may report no later than the second workday of the second month.)

7.2.3 Required Monthly Information

Except as provided in Section 7.2.4, the Investment Trust shall report the following information to RRB:

- Total market value of non-Federal securities, end of month;
- Total interest earnings on Federal securities;
- Total interest and dividends earned on non-Federal securities;
- Total purchases of non-Federal securities;
- Total sales of non-Federal securities;
- Cash balance, end of month;
- Total purchases (at par) of Federal securities;
- Discounts and premiums on Federal securities at time of purchase
- Total sales (at par) of Federal securities;
- Payments to the disbursing agent;
- Administrative expenses; and,
- Payments received from the RRA, the SSEBA, and the RRSA.

Interest earnings on Federal securities (other than zero coupon bonds) shall include any purchase premiums and/or accrued interest at the time of purchase (as a negative), any periodic interest payments (as a positive), any gains realized from purchase discounts at the time of maturity or sale (as a positive)[1], and any gains or losses on sale. Zero coupon bonds will be valued at market value on a monthly basis. The purchases and sales of all other Federal securities shall be reported at par. (Additional guidance to Federal agencies on reporting for accounts invested in Department of the Treasury securities is provided in the Treasury Financial Manual, Volume 1, Part 2, Chapter 4300 (http://www.fms.treas.gov/tfm/vol1/v1p2c430.pdf). For U.S. Standard General Ledger transactions related to reporting for accounts invested in Department of the Treasury securities, further guidance is available at http://www.fms.treas.gov/ussgl.)

Interest and dividends earned on non-Federal securities shall be reported on a gross basis. That is, if interest or dividends are reinvested, this shall be reported simultaneously as interest or dividends earned and as purchases of non-Federal securities.

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[1] Discounts are reported as a positive in subclass 75 (Unrealized Discount on Investments) at time of purchase. At maturity or sale, the purchase discount is reversed by reporting a negative receipt in subclass 75 and any gain realized from the discount is reported as interest in the 60X8118.2 receipt account as a positive.

RRB shall use the information provided by the Investment Trust to prepare the monthly financial reports for the Investment Trust account (60X8118) and report to Treasury. As long as the Railroad Retirement System payments are disbursed through a FMS Financial Center, RRB shall complete the Statement of Transactions (Form 224) by the fifth workday of the month (the third workday, beginning January 2003). Once the Railroad Retirement System payments are disbursed through a non-Federal disbursing agent, RRB shall complete the Statement of Accountability (Form 1219) and the Statement of Transactions (Form 1220) by the fifth workday of the month. RRB shall use the standard reporting procedures to complete these reports. (Additional guidance to Federal agencies on financial reporting is provided in the Treasury Financial Manual, Volume 1, Part 2. (http://www.fms.treas.gov/tfm/vol1/v1p2c100.html.).) The table in Appendix C provides detailed guidance for reporting each class of anticipated transactions.

7.2.4 Monthly Valuation of Assets Held by the Investment Trust

As mentioned above, RRB shall report the total market value of the portfolio of non-Federal securities held by the Investment Trust to Treasury on a monthly basis. Realized and unrealized gains and losses (net of purchases and sales) on the portfolio of non-Federal securities held by the Investment Trust shall be reported as offsetting receipts. The Investment Trust may report this mark-to-market valuation of the portfolio to RRB on a 30-day delay basis. RRB will calculate gains and losses on non-Federal securities as follows:

Total market value of non-Federal securities, end of the current month
\+ Sales of non-Federal securities
\- Purchases of non-Federal securities
\- Total market value of non-Federal securities, end of previous month

The Parties agree that it would be difficult and expensive to revalue certain classes of non-Federal assets held by the Investment Trust on a monthly basis. Therefore, the Investment Trust shall be required to revalue monthly only assets for which current market quotations are readily available in nationally recognized financial media. The Investment Trust may revalue all other assets on an annual basis (at the end of the fiscal year).

7.2.5 Administrative Expenses

The Investment Trust shall report its direct expenditures for administrative expenses to RRB each month on an aggregate basis. In addition, at least once each year (at the end of the fiscal year) the Investment Trust shall report the amount of administrative expenses incurred by investment management firms that invest on its behalf. To the extent that these firms deduct their administrative expenses from earnings reported to the Investment Trust, the Investment Trust shall report the amount of estimated administrative expenses separately and increase amounts of earnings reported by the same amount.

7.2.6 Certification of Monthly Information

RRB shall certify to Treasury that it has reported the information provided to it by the Investment Trust. RRB's certification will not be construed as certifying to the accuracy of the information provided by the Investment Trust. Ensuring the accuracy of the information provided on a monthly basis is a responsibility of the Investment Trust. However, RRB is responsible for ensuring that the annual information reported to Treasury is consistent with the Investment Trust's audited financial statements subject to differences between the budget and financial reporting in the basis for measurement of transactions. To the extent there are differences for other reasons, RRB will work with the Investment Trust to correct the information reported to Treasury.

7.2.7 Benefit Payments

RRB's reporting of monthly benefit payments is not covered by the one month delay permitted by paragraph 7.2.2 because RRB will have the information necessary to report benefit payments at the end of the month in which the benefits are paid. Under the Act, RRB continues to have the responsibility for determining who is entitled to railroad retirement benefits, the amount of each benefit, and the timing of payments. In addition, RRB will direct the Investment Trust to transfer funds to the disbursing agent sufficient to pay railroad retirement non-SSEB tier 1, tier 2 and supplemental benefits.

7.3 Required Quarterly Reporting

On a quarterly basis, RRB will also be required to complete FACTS II (Federal Agencies' Centralized Trial-Balance System II) reporting based on information provided by the Investment Trust. FACTS II will allow RRB to submit one set of accounting data (mostly budgetary, but some also proprietary) that fulfills the needs of the FMS 2108 Year-End Closing Statement and the SF 133 Report on Budget Execution. The reporting schedule and additional guidance related to FACTS II reporting is provided in the FMS website at http://www.fms.treas.gov/ussgl/factsii/index.html.

7.4 Required Yearly Reporting

RRB shall report the financial information as required in the Treasury Financial Manual, Volume I, Part 2, Chapter 4000 (I TFM 2-4000) Federal Agencies' Centralized Trial-Balance System (FACTS I) to FMS, using Treasury Fund Account Symbol number 60X8118 which will include the information on the activities and balances of the Investment Trust.

8.0 Revision of Reporting Requirements

If necessary, this memorandum will be updated as needed, with consent of the Parties, to reflect changes in reporting requirements published in OMB's Circular No. A-11.

Attachments

9.0 Signatures

Railroad Retirement Board

Signature

Steven A. Bartholow
General Counsel/Senior Executive Officer

10/16/2002
Date

Department of the Treasury

Signature

Donald V. Hammond
Fiscal Assistant Secretary

10/18/02
Date

National Railroad Retirement Investment Trust

Signature

Enos T. Throop, Jr.
Chief Investment Officer

October 21, 2002
Date

Office of Management and Budget

Signature

Richard P. Emery, Jr.
Assistant Director for Budget Review

10/28/2002
Date

Attachment A

Cash Transfer to the National Railroad Retirement Investment Trust
Procedures

Objective	RRB / Trust Action	Treasury Action
Initial Transfer of Excess Balances (Cash) from RRB Accounts to Trust	The Trust, through RRB, has provided a schedule to Treasury (OFAS) of pending transfers of the initial balances in the Railroad Retirement Account (60X8011), the Social Security Equivalent Benefit Account (60X8010) and the Railroad Retirement Supplemental Account – (60X8012). With this advance notification, funds can be made available to Trust on specified dates. ***Updates to the schedule of transfers should be provided, in writing, to:*** David J. Monroe Director, Office of Cash and Debt Management Department of the Treasury 1500 Pennsylvania Ave, NW Washington, DC 20220 Fax Number – (202) 874-4775	Treasury (OFAS – OCDM) identifies need for requested amount of cash and plans to have funds available. Depending on size of transfer, Treasury may be able to make transfers of cash without the full 30-day notice. However, the 30-day notice will enable Treasury to ensure that the full amount of funds will be able to be transferred in 30 days. Treasury will work with RRB and the Trust on specific timing of transfers.
	RRB instructs BPD to liquidate securities held in accounts 60X8011, 60X8010 and 60X8012 by sending redemption instruction to BPD designating specific securities to liquidate. (Standard procedures, using **Request for Investment/Redemption Form**)	BPD liquidates securities. Increases cash balance of investment accounts.
	RRB instructs FMS to move cash balance from 60X8011, 60X8010 and/or 60X8012* account to Investment Trust's account at its designated custodial bank. RRB certifying officer will use the Electronic Certification System or complete a hardcopy SF 1166 and send it to FMS Regional Financial Center, to move money to Trust account outside of Treasury.	FMS will effect the transfer of the funds to the Trust's account at its designated financial institution. (The transfer will most likely occur electronically, either by automated clearinghouse credit, or wire transfer at the option of RRB.)
	RRB will report the outlay of funds from accounts 60X8010, 60X8011, and/or 60X8012 on the current month SF 224 for those accounts, and report an offsetting receipt to account 60X8118 with a subclass of (41) on the current month SF 224 to indicate funds were moved to the Investment Trust outside of Treasury.	
* Once all funds in the Supplemental Benefit Account (60X8012) are transferred to the Trust, this account will be eliminated. The other two accounts will have ongoing activity.		

On-going transfers of funds to the Investment Trust	RRB will identify amount of funds to move to the investment Trust. Funds shall be transferred in accordance with the notification timeframes outlined in Section 6.1.2. ***Notification should be sent in writing to:*** Cash Forecasting Division Cash Accounting and Reporting Directorate Financial Management Service Department of the Treasury 3700 East West Highway, Room 5A09 Hyattsville, Maryland 20782 Fax Number: 202-874-9945 Or: 202-874-9984 Telephone: 202-874-9790 e-mail: funds.control@fms.treas.gov	
	If funds are invested in short term, par-value Treasury securities, RRB instructs BPD to liquidate securities held in accounts 60X8011, or 80X8010 by sending redemption instruction to BPD designating specific securities to liquidate. (Standard procedures, using **Request for Investment/Redemption Form)**	BPD liquidates securities. Increases cash balance of investment accounts.
	RRB instructs FMS to move a cash amount from the 60X8011 and/or 60X8010 account(s) to designated account of the Trust. RRB certifying officer will use the Electronic Certification System or complete a hardcopy SF 1166 and send it to FMS Regional Financial Center, to move money to Trust account outside of Treasury.	FMS will effect the transfer of the funds to the Trust's account at its designated financial institution. (The transfer will most likely occur electronically, either by automated clearinghouse credit, or wire transfer at the option of RRB.)
	RRB will report the outlay of funds from accounts 60X8010, 60X8011, and/or 60X8012 on the current month SF 224 for those accounts, and report an offsetting receipt to account 60X8118 with a subclass of (41) on the current month SF 224 to indicate funds were moved to the Investment Trust outside of Treasury.	

Securities Transfer to the National Railroad Retirement Investment Trust
(Including the Transfer of the Proceeds of Redeemed Securities held by the Investment Trust)

Procedures

Objective	RRB / Trust Action	Treasury Action
Transfer of Currently-held Securities from RRB to Trust	RRB identifies specific securities to transfer to the Trust ownership. (In writing to BPD using established contact for RRB account as signatory.) ***(Notification should be provided, in writing, to:)*** Susan Chapman Director, Division of Federal Investments Office of Public Debt Accounting Bureau of the Public Debt P.O. Box 1328 Parkersburg, WV 26106 Phone Number (304) 480-5111 Fax Number (304) 480-5112	BPD changes the ownership of the securities, by changing the account in which the securities are held in InvestOne from the RRB account, 60X8011, to the account for Trust activity, 60X8118. No transaction activity (redemption or investment) occurs.
	Trust must establish a designated contact for new account. Completes **Fund Information Form** and submits it to BPD at the above address.	
	RRB must report the transfer of securities from 60X8011 to 60X8118 to FMS via the monthly account transaction reporting (SF 224).	
Redemption of Securities held by the Trust at BPD	Trust completes **Request for Investment/Redemption Form** identifying security to be redeemed and submits it to BPD.	BPD liquidates designated securities and increases cash balance in Investment Account (60X8118).
Transfer of the Proceeds (Cash) of a Redemption to the Trust	Trust requests that RRB instructs FMS to move cash balance from 60X8118 account to Trust. Funds shall be transferred in accordance with the notification timeframes outlined in Section 6.1.2. ***Notification should be sent in writing to:*** Cash Forecasting Division Cash Accounting and Reporting Directorate Financial Management Service Department of the Treasury 3700 East West Highway, Room 5A09 Hyattsville, Maryland 20782 Fax Number: 202-874-9945 Or: 202-874-9984 Telephone: 202-874-9790	FMS will effect the transfer of the funds to the Trust account at its designated financial institution. (The transfer will most likely occur electronically, either by automated clearinghouse credit, or wire transfer at the option of RRB.)

	e-mail: funds.control@fms.treas.gov RRB certifying officer will use the Electronic Certification System or complete a hardcopy SF 1166 and send to FMS Regional Financial Center, to move money to Trust account outside of Treasury.	

Railroad Investment Trust
Accounting for Transactions
Funds 60X8010, 60X8011, 60X8012 and 60X8118

Attachment C

Transaction	USSGL		SF 224	60X8010, 60X8011, 60X8012 RRB Debit	60X8010, 60X8011, 60X8012 RRB Credit	60X8118 NRRIT Debit	60X8118 NRRIT Credit
1. **Anticipated Appropriation**							
Proprietary		None	None				
Budgetary	4120	Appropriations Anticipated - Indefinite		100			
	4450	Unapportioned Authority			100		
2. **Apportionment**							
Proprietary		None	None				
Budgetary	4450	Unapportioned Authority		100			
	4590	Apportionments Unavailable - Anticipated Resources			100		
3. **Tax Receipts**							
Proprietary	1010	Fund Balance With Treasury	60X8010.2	100			
	5800	Tax Revenue Collected	60X8011.2		100		
			(Reported)				
Budgetary	4114	Appropriated Trust or Special Fund Receipts	by Treasury)	100			
	4120	Appropriations Anticipated - Indefinite			100		
4. **Apportionment and Allotment**							
Proprietary		None	None				
Budgetary	4590	Apportionments Unavailable - Anticipated Resources		100			
	4510	Apportionments			100		
	4510	Apportionments		100			
	4610	Allotments - Realized Resources			100		
5. **Transfer Funds to RIT**							
Proprietary	5760	Expenditure Financing Sources - Transfers Out		85			
	1010	Fund Balance With Treasury	(09)60X8010		85		
			(09)60X8011				
			(09)60X8012				
	1130	Funds Held by the Public	(41)60X8118			85	
	5750	Expenditure Financing Sources - Transfers In	60X8118.5				85
			60X8118.4				
			60X8118.6				
Budgetary	4610	Allotments - Realized Resources		85			
	4902	Delivered Orders - Obligations, Paid			85		
	4114	Appropriated Trust or Special Fund Receipts				85	
	4620	Unobligated Funds Not Subject to Apportionment					85

Railroad Investment Trust
Accounting for Transactions
Funds 60X8010, 60X8011, 60X8012 and 60X8118

Attachment C

Transaction	USSGL		SF 224	60X8010, 60X8011, 60X8012 RRB Debit	RRB Credit	60X8118 NRRIT Debit	NRRIT Credit
6. <u>Purchases of Treasury Securities at Par[2]</u>							
Proprietary	1610	Investment in U.S. Securities (par)	(88)60X8118			10	
	1130	Funds Held by the Public	(41)60X8118				10
Budgetary		None					
7. <u>Sale of Treasury Securities at Par[2]</u>							
Proprietary	1130	Funds Held by the Public	(41)60X8118			5	
	1610	Investment in U.S. Securities (par)	(98)60X8118				5
Budgetary		None					
8. <u>Earnings on Federal Securities</u>							
Proprietary	1130	Funds held by the Public	(41)60X8118			1	
	5310	Earnings on Investments	60X8118.2				1
Budgetary	4114	Appropriated Trust or Special Fund Receipts				1	
	4620	Unobligated Funds Not Subject to Apportionment					1
9. <u>Purchase of Federal Agency Securities at Par[2]</u>							
Proprietary	1620	Investment in Securities Other than Public Debt	(80)60X8118			10	
	1130	Funds held by the Public	(41)60x8118				10
Budgetary		None					
10. <u>Sale of Federal Agency Securities at Par[2]</u>							
Proprietary	1130	Funds held by the Public	(41)60x8118			10	
	1620	Investment in Securities Other than Public Debt	(90)60x8118				10
Budgetary		None					
11. <u>RITC Purchases of Non-Federal Securities</u>							
Proprietary	1620	Investment in Securities Other than Public Debt	(42)60x8118[1]			73	
	1130	Funds Held by the Public	(41)60X8118				73
Budgetary	4620	Unobligated Funds Not Subject to Apportionment				73	
	4394	Receipts unavailablefor Obligation Upon Collection					73

Railroad Investment Trust
Accounting for Transactions
Funds 60X8010, 60X8011, 60X8012 and 60X8118

Attachment C

Transaction	USSGL		SF 224	60X8010, 60X8011, 60X8012 RRB Debit	RRB Credit	60X8118 NRRIT Debit	NRRIT Credit
12. **Mark to Market for Unrealized Gain (Non-Federal Securities)**							
Proprietary	1618	Market Adjustment - Investments	(42)60X8118[1]			20	
	7180	Unrealized Gain - Investments	60X8118.1				20
Budgetary	4114	Appropriated Trust or Special Fund Receipts				20	
	4394	Receipts Unavailable for Obligation Upon Collection					20
13. **RITC Sale of Non-Federal Securities** (reflecting market adjustment- realized gain)							
Proprietary	1130	Funds Held by the Public	(41)60X8118			100	
	1620	Investment in Securities Other than Public Debt	(42)60X8118[1]				73
	7110	Gains on Disposition of Assets	60X8118.1				27
	7180	Unrealized Gain - Investments	60X8118.1			20	
	1618	Market Adjustment - Investments	(42)60X8118[1]				20
Budgetary	4114	Appropriated Trust or Special Fund Receipts				7	
	4394	Receipts Unavailable for Obligation Upon Collection				93	
	4620	Unobligated Funds Not Subject to Apportionment					100
14. **Payment of Admin Expenses**							
Proprietary	6100	Operating Expenses	(10)60X8118			2	
	1130	Funds Held by the Public	(41)60X8118				2
	1010	Fund Balance with Treasury[3]				2	
	1010	Fund Balance with Treasury					2
Budgetary	4620	Unobligated Funds Not Subject to Apportionment				2	
	4902	Delivered Orders-Obligations, Paid					2
15. **Payment of Benefits**							
Proprietary	6400	Benefit Expenses	(61)60X8118			2	
	1130	Funds Held by the Public	(41)60X8118				2
	1010	Fund Balance with Treasury[3]				2	
	1010	Fund Balance with Treasury					2
Budgetary	4620	Unobligated Funds Not Subject to Apportionment				2	
	4902	Delivered Orders-Obligations, Paid					2

Attachment C

Transaction	USSGL		SF 224	60X8010, 60X8011, 60X8012 RRB Debit	RRB Credit	60X8118 NRRIT Debit	NRRIT Credit
16. Interest and Dividends Received (Non-Federal Securities)							
Proprietary	1130	Funds Held by the Public	(41)60X8118			5	
	5310	Interest Revenue	60X8118.3				5
Budgetary	4114	Appropriated Trust or Special Fund Receipts				5	
	4620	Unobligated Funds Not Subject to Apportionment					5
17. Mark to Market for Unrealized Loss (Non-Federal Securities)							
Proprietary	7280	Unrealized Loss - Investments	60X8118.1			10	
	1618	Market Adjustment - Investments	(42)60X8118[1]				10
Budgetary	4394	Receipts Unavailable for Obligation Upon Collection				10	
	4114	Appropriated Trust or Special Fund Receipts					10
18. Transfer Zero-Coupon Bonds to NRIT							
Proprietary	1630	Investments - ZCBs	(88)60X8011		1,000		
	1631	Unamortized Discount - ZCBs	(72)60X8011	400			
	1633	Amortization of Discount - ZCBs		200			
	1638	Market Adjustment - ZCBs	(72)60X8011	100			
	7110	Gains on Disposition of Assets			200		
	1630	Investments - ZCBs	(88)60X8118			1,000	
	1631	Unamortized Discount - ZCBs	(72)60X8118				400
	1638	Market Adjustment - ZCBs	(72)60X8118				100
Budgetary		None					
19. Mark to Market - Zero Coupon Bonds							
Proprietary	1638	Market Adjustment - Investments in zero coupon bonds	(72)60X8118			50	
	5310	Interest Revenue	60X8118.1				50
Budgetary	4114	Appropriated Trust or Special Fund Receipts				50	
	4394	Receipts Unavailable for Obligation Upon Collection					50

[1] Until programming changes are in effect for Treasury's central accounting system, monthly reporting to Treasury of subclass 42 (investments in non-Federal securities) is not required. However, balances for non-Federal securities should be reflected as a footnote in the 4th quarter FACTS II submission for yearend reporting.
[2] For Federal securities purchased at a premium, discount, or include accrued interest, refer to existing U.S. Standard General Ledger guidance for budgetary and/or proprietary accounting transaction entries. Additionally, for SF224 reporting, if investments are in non-guaranteed Federal Agency Securities use subclass 81 for investments and 91 for redemptions.
[3] This is an automatic system entry. Do not report on the SF224.

Transfer of Funds from the National Railroad Retirement Investment Trust to Treasury for Disbursing Purposes

Procedures

Objective	RRB / Trust Action	Treasury Action
Transfers of Funds (Cash) from the Trust to Treasury for Disbursement	*Note: These procedures will only be used in the event that funds held by the Trust are required to be transferred back to the Treasury to make benefit payments. Once the non-Federal disbursing agent is in place, funds should not need to be returned to Treasury.* RRB advises the Trust that funds should be returned to the Treasury for disbursement of benefit payments. The Trust will liquidate assets and transfer funds, by wire transfer, to the Treasury's account at the New York Federal Reserve Bank to the credit of the RRB. Should it be necessary to transfer amounts in excess of $50 million from the Investment Trust to the RRB, a large dollar deposit notification would be required to be sent by RRB to: Cash Forecasting Division Cash Accounting and Reporting Directorate Financial Management Service Department of the Treasury 3700 East West Highway, Room 5A09 Hyattsville, Maryland 20782 Fax Number: 202-874-9945 Or: 202-874-9984 Telephone: 202-874-9790 e-mail: funds.control@fms.treas.gov	Through the Fedwire Deposit System, the RRB will be credited with immediately available funds from the wire transfer. (A separate memorandum of understanding covers the disbursement of benefit payments by FMS until a non-Federal disbursing agent is selected.)

APPENDIX D

CONFLICTS OF INTEREST
Policy Statement of the
National Railroad Retirement Investment Trust

Statement of policy

The policy of the National Railroad Retirement Investment Trust (the "Trust") with respect to conflicts of interest requires that the Trustees and all employees (hereinafter "NRRIT personnel") avoid any conflict or appearance of conflict between their personal interests and the interest of the Trust in dealing with all entities or individuals doing or seeking to do business with the Trust. Underlying these standards is the fundamental proposition that all NRRIT personnel must discharge their duties solely in the interest of the Railroad Retirement Board and through it, the participants and beneficiaries of the programs funded under the Railroad Retirement Act of 1974, as amended.

Personal finances

NRRIT personnel shall not, without the consent of the Board of Trustees, hold or acquire a financial interest in any enterprise which to the knowledge of the individual has any business relationship with the Trust, or is seeking to establish such business relationship. A financial interest shall not include securities in a publicly traded company held directly or indirectly, provided that such interest is less than one percent (1%) of the outstanding shares of such company or debt of such company.

Outside activities

NRRIT personnel shall not hold any position with any other enterprise, the existence of which would conflict or might reasonably be supposed to conflict with the individual's performance of his or her duties or responsibilities to the Trust without full and complete disclosure thereof to the Board of Trustees.

NRRIT personnel shall not negotiate employment with any person or entity that is doing business or seeking to do business with the Trust without full and complete disclosure thereof to the Board of Trustees.

Inside information

NRRIT personnel shall maintain the confidentiality of all information related to deliberations and decisions, including but not limited to investment decisions, of the Trust and shall not use such information for personal profit or allow it to be used for personal profit of others.

Gratuities

NRRIT personnel, or members of their families, shall not accept gifts from any person, firm or corporation doing business or seeking to do business with the Trust, of such a nature or in such a circumstance that a reasonable person could infer that the acceptance of such gifts might unduly influence the individual in the performance of his or her duties. In deciding whether to accept any gift from such person, firm or corporation, NRRIT personnel, or members of their families should exercise proper judgment and as a general rule, should not accept any gift with a fair market value in excess of $100.

NRRIT personnel, or members of their families may accept entertainment- related services (e.g., food or beverages, invitations to attend a sporting event or participate in a sporting activity) where they are (a) reasonable in scope, (b) are associated with a bona fide business meeting or conference, and (c) are provided to others as a normal part of doing business in the industry or profession.

Notwithstanding the terms of the preceding two paragraphs, NRRIT personnel, or members of their families shall not accept money or any other thing of value in connection with any investment made by or for the Trust, nor shall any such person have any pecuniary interest in such investment.

Disclosure

Whenever an NRRIT personnel becomes aware of a conflict of interest, or has any question as to any activity, interest, or relationship which could be construed as a conflict of interest, such individual shall promptly report the circumstances to the Board of Trustees.

All NRRIT personnel shall annually sign a statement affirming that such person has:

a. received a copy of this conflict of interest policy,

b. read and understands this policy, and

c. agreed to comply with its terms.

As approved and adopted in amended form by the Board of Trustees on July 10, 2003. This Policy Statement was originally approved and adopted by the Board on July 19, 2002.

APPENDIX E

CONFIDENTIALITY
Policy Statement of the
National Railroad Retirement Investment Trust

Statement of general policy

The Board of Trustees (the “Board”) of the National Railroad Retirement Investment Trust (the “Trust”) recognizes the sensitivity of all deliberations related to investment decision making, particularly in a Trust of this size and unique statutory structure. As such, the Board has adopted a policy that requires that the Trustees, Trust Advisors, and all Trust employees (hereinafter "NRRIT personnel"), as well as any investment advisor, manager, or custodian retained by the Trust, maintain the confidentiality of all information related to investment deliberations and decisions and other operations of the Trust.

The Trustees also recognize their statutory obligation to discharge their duties solely in the interest of the Railroad Retirement Board and through it, the participants and beneficiaries of the programs funded under the Railroad Retirement Act of 1974. As such, the Trust shall respond to any inquiry of the Railroad Retirement Board with respect to investment activities of the Trust, but shall do so in a manner so as to maintain the confidentiality of such information, under such terms and conditions as may be developed by Trust counsel and the General Counsel of the Railroad Retirement Board. Any request for confidential information from any other agency or instrumentality of the Federal Government shall be considered by the Trustees on a case-by-case basis and in consultation with the Railroad Retirement Board.

Confidential information

All information relating to Trust business, including Trustee investment and business deliberations, internal staff deliberations, Board and Committee meeting book materials and meeting minutes, Trust investment plans, manuals and memoranda, internal investment analyses, meeting summaries or notes, and all other similar work papers should be treated as confidential by NRRIT personnel, unless (1) release of such information is required to carry out a direction from the Board, (2) is otherwise authorized by the Board or the Chief Investment Officer, or (3) is included in summary or aggregate form in annual reports that are required pursuant to the Act, or any other applicable Federal law.

Continuing Obligation to Preserve Confidentiality

All confidential information of the Trust is the sole and exclusive property of the Trust, and the obligation to preserve such confidentiality shall continue for former NRRIT personnel after their professional affiliation with the Trust ends.

Annual Affirmation

All NRRIT personnel annually shall sign a statement affirming that such person has:

a. received a copy of this confidentiality policy,

b. read and understands this policy, and

c. agreed to comply with its terms.

Approved by the Board of Trustees on January 27, 2005.

APPENDIX F

NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST
PROXY VOTING POLICY

I. PURPOSE

The purpose of the National Railroad Retirement Investment Trust's ("NRRIT" or the "Trust") Proxy Voting Policy is to provide investment managers and the Railroad Retirement Board (the "RRB") with written documentation of the requirements for the voting of proxies for assets held in NRRIT's accounts.

Section 15(j)(5)(A) of the Railroad Retirement Act of 1974 (the "Act"), as amended by NRRIT's enabling legislation, the Railroad Retirement and Survivors' Improvement Act of 2001, sets forth the fiduciary duties of NRRIT's Board of Trustees. Specifically, the Trustees are required to discharge their duties with respect to Trust assets, including the voting of proxies, "solely in the interest" of the RRB, and through it, the participants and beneficiaries of the programs funded through the Trust. Although the Trust is not subject to ERISA, the general prudence standard set forth in the Act is based upon the general fiduciary standards imposed by ERISA.

II. RESPONSIBILITIES OF INVESTMENT MANAGERS

Independent investment managers retained by the Trust pursuant to Section 15(j)(4)(B) of the Act will be fiduciaries of the Trust, and as such they will be required to exercise the same duties of loyalty and care in managing Trust assets. Where the Trust delegates management authority with respect to specified Trust assets to an investment manager, such investment manager will have exclusive authority to vote all proxies related to the Trust securities under its control unless such authority is expressly limited in the investment manager's contract with the Trust. Prudent investment management includes the voting of proxies consistent with the investment manager's own proxy voting guidelines and solely in the interest of the participants and beneficiaries of the Railroad Retirement system.

Each investment manager retained by the Trust will agree to fulfill the following responsibilities:

A. Each investment manager will be obligated to vote all proxies on securities held by such manager in the Trust's portfolios.

B. Each investment manager will be expected to carefully examine all proxy issues. The decision with respect to the proxy vote must be made on a case by case basis, prudently and solely in the interest of the participants and beneficiaries of the Railroad Retirement System.

C. Each investment manager must adopt and implement written policies and procedures that are reasonably designed to ensure that proxies with respect to Trust assets will be voted in the best interest of the participants and beneficiaries of the Railroad Retirement System. The manager must provide to the Trust: (i) a copy of its proxy voting guidelines, and (ii) a summary of its procedures for recording proxy votes and reporting them to the Trust.

D. Decisions with respect to proxy voting may not be delegated by the investment manager to another party, except in cases where a clear conflict of interest exists. In such cases, the investment manager must provide prior written notice to the Trust's investment staff of both the conflict of interest and the party to whom voting authority will be delegated.

E. Each investment manager must accurately record its proxy votes for each Trust security held and the basis for such votes. The votes may be tallied by general category. These records must be made available to the Trust upon its request.

F. Each investment manager must provide to the Trust on an annual basis:

    1) Written certification that all proxies with respect to Trust securities have been voted solely in the interest of the participants and beneficiaries of the Railroad Retirement system;

    2) Written certification that neither the officers of the investment management firm nor their personnel have been unduly influenced by outside sources regarding the voting of any proxy;

    3) In cases where a conflict of interest has been identified, written certification that adequate measures were taken to ensure that such conflict did not affect any proxy vote and documentation explaining the nature of such conflict; and

    4) Adequate documentation to report all proxy votes with respect to Trust securities cast by the investment manager and, for all non-routine matters, the basis for such votes.

III. COORDINATION WITH CUSTODIANS

The investment manager will have the responsibility of ensuring that all proxies with respect to Trust securities are voted, and will coordinate as necessary with the custodians of the Trust's assets to see that this responsibility is carried out.

Should the investment manager not receive proxy solicitation materials on a timely basis from the custodian, which could prevent normal handling of the materials and timely voting from taking place, the investment manager may designate the custodian as its agent to vote the proxy in question. Under these circumstances, the investment manager will not be relieved of its fiduciary responsibility for the voting of proxies; therefore, the investment manager must provide the custodian with specific voting instructions.

IV. RESPONSIBILITIES OF THE TRUST

Consistent with its fiduciary duties as they relate to the voting of proxies, the Trust assumes the following responsibilities:

A. As part of its due diligence review of prospective investment managers and its ongoing oversight of current managers, the Trust's investment staff will review each investment manager’s policies and procedures with respect to proxy voting to ensure that they are in compliance with this Proxy Voting Policy.

B. Upon receipt of the documentation submitted annually by the investment managers, the Trust's investment staff will review and report to the Board of Trustees regarding each investment manager's proxy voting record with respect to Trust securities.

C. The Board of Trustees shall annually review the report of the Trust's investment staff with respect to proxy voting of Trust securities.

D. The Trust reserves the right to modify or rescind the proxy voting authority delegated to an investment manager at any time.

V. DOCUMENTATION

This Proxy Voting Policy will be (i) attached to the Trust’s Investment Guidelines, and (ii) incorporated by reference into each investment management agreement entered into by the Trust.

Approved April 29, 2003

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APPENDIX G

Chief Investment Officer's Certification of the National Railroad Retirement Investment Trust's Process of Financial Reporting And System of Internal Controls

I, Catherine A. Lynch, Chief Investment Officer of the National Railroad Retirement Investment Trust ("NRRIT"), certify that:

(1) I have reviewed the Annual Management Report for Fiscal Year 2008, prepared pursuant to Section 105 of Public Law 107-90, the Railroad Retirement and Survivor's Improvement Act of 2001.

(2) Based on my knowledge, this Annual Management Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which the statements were made, not misleading with respect to the period covered by this Annual Management Report.

(3) Based on my knowledge, the financial statements and other financial information included as part of this Annual Management Report fairly present in all material respects the financial position, results of operations and cash flows of NRRIT as of and for the year ended September 30, 2008.

(4) NRRIT's other certifying officers, the Senior Administrative Officer and Senior Accounting Officer, and I are responsible for establishing and maintaining effective disclosure controls and procedures for NRRIT and have:

a. designed such disclosure controls and procedures to ensure that material information relating to NRRIT is made known to us by others within NRRIT, particularly during the period in which this Annual Management Report was prepared;

b. evaluated the effectiveness of NRRIT's disclosure controls and procedures as of September 30, 2008, (the "Evaluation Date"); and

c. presented in this Annual Management Report our conclusions about the effectiveness of the disclosure controls and procedures based upon our evaluation as of the Evaluation Date.

(5) NRRIT's other certifying officers and I have disclosed, based upon our most recent evaluation, to NRRIT's auditor and the NRRIT Audit Committee:

a. all significant deficiencies in the design or operation of internal controls which could adversely affect NRRIT's ability to record, process, summarize,

and report financial data and have identified for NRRIT's auditor any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in NRRIT's internal controls.

(6) NRRIT's other certifying officers and I have indicated in this Annual Management Report whether there were significant changes in the internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

1/31/2009
January 31, 2009

Catherine A.. Lynch
Chief Investment Officer

Senior Administrative Officer's Certification of the National Railroad Retirement Investment Trust's Process of Financial Reporting And System of Internal Controls

I, Grace A. Ressler, Senior Administrative Officer of the National Railroad Retirement Investment Trust ("NRRIT"), certify that:

(1) I have reviewed the Annual Management Report for Fiscal Year 2008, prepared pursuant to Section 105 of Public Law 107-90, the Railroad Retirement and Survivor's Improvement Act of 2001.

(2) Based on my knowledge, this Annual Management Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which the statements were made, not misleading with respect to the period covered by this Annual Management Report.

(3) Based on my knowledge, the financial statements and other financial information included as part of this Annual Management Report fairly present in all material respects the financial position, results of operations and cash flows of NRRIT as of and for the year ended September 30, 2008.

(4) NRRIT's other certifying officers, the Chief Investment Officer and Senior Accounting Officer, and I are responsible for establishing and maintaining effective disclosure controls and procedures for NRRIT and have:

a. designed such disclosure controls and procedures to ensure that material information relating to NRRIT is made known to us by others within NRRIT, particularly during the period in which this Annual Management Report was prepared;

b. evaluated the effectiveness of NRRIT's disclosure controls and procedures as of September 30, 2008, (the "Evaluation Date"); and

c. presented in this Annual Management Report our conclusions about the effectiveness of the disclosure controls and procedures based upon our evaluation as of the Evaluation Date.

(5) NRRIT's other certifying officers and I have disclosed, based upon our most recent evaluation, to NRRIT's auditor and the NRRIT Audit Committee:

a. all significant deficiencies in the design or operation of internal controls which could adversely affect NRRIT's ability to record, process, summarize,

and report financial data and have identified for NRRIT's auditor any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in NRRIT's internal controls.

(6) NRRIT's other certifying officers and I have indicated in this Annual Management Report whether there were significant changes in the internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

January 31, 2009
January 31, 2009

Grace A. Ressler
Grace A. Ressler
Senior Administrative Officer

Senior Accounting Officer's Certification of the National Railroad Retirement Investment Trust's Process of Financial Reporting And System of Internal Controls

I, Neil E. Kotras, Senior Accounting Officer of the National Railroad Retirement Investment Trust ("NRRIT"), certify that:

(1) I have reviewed the Annual Management Report for Fiscal Year 2008, prepared pursuant to Section 105 of Public Law 107-90, the Railroad Retirement and Survivor's Improvement Act of 2001.

(2) Based on my knowledge, this Annual Management Report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which the statements were made, not misleading with respect to the period covered by this Annual Management Report.

(3) Based on my knowledge, the financial statements and other financial information included as part of this Annual Management Report fairly present in all material respects the financial position, results of operations and cash flows of NRRIT as of and for the year ended September 30, 2008.

(4) NRRIT's other certifying officers, the Chief Investment Officer and Senior Administrative Officer, and I are responsible for establishing and maintaining effective disclosure controls and procedures for NRRIT and have:

a. designed such disclosure controls and procedures to ensure that material information relating to NRRIT is made known to us by others within NRRIT, particularly during the period in which this Annual Management Report was prepared;

b. evaluated the effectiveness of NRRIT's disclosure controls and procedures as of September 30, 2008, (the "Evaluation Date"); and

c. presented in this Annual Management Report our conclusions about the effectiveness of the disclosure controls and procedures based upon our evaluation as of the Evaluation Date.

(5) NRRIT's other certifying officers and I have disclosed, based upon our most recent evaluation, to NRRIT's auditor and the NRRIT Audit Committee:

a. all significant deficiencies in the design or operation of internal controls which could adversely affect NRRIT's ability to record, process, summarize,

and report financial data and have identified for NRRIT's auditor any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in NRRIT's internal controls.

(6) NRRIT's other certifying officers and I have indicated in this Annual Management Report whether there were significant changes in the internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

January 31, 2009

January 31, 2009

Neil E. Kotras

Neil E. Kotras
Senior Accounting Officer

APPENDIX H

UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-2092

OCT 24 2008

The Honorable Henry M. Paulson, Jr.
Secretary of the Treasury
Washington, D.C. 20220

Dear Mr. Secretary:

In accordance with Section 23(b) of the Railroad Retirement Act of 1974, we certify the Account Benefits Ratio for fiscal year 2008 to be 6.09.

Chapter 22, Subchapter E, Section 3241 of the Internal Revenue Code of 1986, as added by Title II, Section 204, of the Railroad Retirement and Survivors' Improvement Act of 2001, requires that the Secretary of the Treasury determine the Average Account Benefits Ratio for the 10 most recent fiscal years, and publish a notice in the *Federal Register*, no later than December 1 of each calendar year, stating the rates of tax which are applicable for the following calendar year for rail employers, employee representatives, and employees. For your information, we estimate the 10-year Average Account Benefits Ratio, rounded to the next highest multiple of 0.1, to be 6.9.

Sincerely,

Michael S. Schwartz

Michael S. Schwartz

V M Speakman, Jr.

V. M. Speakman, Jr.

Jerome F. Kever

Jerome F. Kever

Decided: November 20, 2008.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Kulunie L. Cannon,

Clearance Clerk.

[FR Doc. E8–28000 Filed 11–26–08; 8:45 am]

BILLING CODE 4915–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Publication of the Tier 2 Tax Rates

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice.

SUMMARY: Publication of the tier 2 tax rates for calendar year 2009 as required by section 3241(d) of the Internal Revenue Code (26 U.S.C. section 3241). Tier 2 taxes on railroad employees, employers, and employee representatives are one source of funding for benefits under the Railroad Retirement Act.

DATES: The tier 2 tax rates for calendar year 2009 apply to compensation paid in calendar year 2009.

FOR FURTHER INFORMATION CONTACT: David G. Mills, CC:TEGE:EOEG:ET1, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC 20224, Telephone Number (202) 622–0047 (not a toll-free number).

Tier 2 Tax Rates: The tier 2 tax rate for 2009 under section 3201(b) on employees is 3.9 percent of compensation. The tier 2 tax rate for 2009 under section 3221(b) on employers is 12.1 percent of compensation. The tier 2 tax rate for 2009 under section 3211(b) on employee representatives is 12.1 percent of compensation.

Dated: November 14, 2008.

Nancy Marks,

Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities).

[FR Doc. E8–28213 Filed 11–26–08; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

United States Mint

Notification of Van Buren First Spouse Gold Coin Prices

ACTION: Notification of Van Buren First Spouse Gold Coin Prices.

SUMMARY: The United States Mint is setting prices for the Martin Van Buren First Spouse Gold Proof and Uncirculated Coins.

Pursuant to 31 U.S.C. 5112(o), and in accordance with 31 U.S.C. 9701(b)(2)(B), the United States Mint is setting the price of these coins to reflect the market price of gold. These prices are consistent with recently re-priced, previously introduced 2008 First Spouse Gold Coins.

Effective November 25, 2008, the United States Mint will commence selling Van Buren First Spouse Gold Proof and Uncirculated Gold Coins according to the following price schedule:

Description	Price ($)
Van Buren First Spouse Gold Proof Coin	549.95
Van Buren First Spouse Gold Uncirculated Coin	524.95

FOR FURTHER INFORMATION CONTACT: B. B. Craig, Associate Director for Sales and Marketing; United States Mint; 801 Ninth Street, NW., Washington, DC 20220; or call 202–354–7500.

Dated: November 21, 2008.

Edmund C. Moy,

Director, United States Mint.

[FR Doc. E8–28331 Filed 11–26–08; 8:45 am]

BILLING CODE 4810–37–P

APPENDIX I

NRRIT

National Railroad Retirement Investment Trust

February 1, 2008

The Honorable Michael Schwartz
Chair
U.S. Railroad Retirement Board
844 N. Rush Street
Chicago, IL 60611

The Honorable Jerome F. Kever
Management Member
U.S. Railroad Retirement Board
844 N. Rush Street
Chicago, IL 60611

The Honorable V. M. Speakman, Jr.
Labor Member
U.S. Railroad Retirement Board
844 N. Rush Street
Chicago, IL 60611

Re: Board of Trustees - Transition

Dear Messrs. Schwartz, Kever and Speakman:

On behalf of the Board of Trustees of the National Railroad Retirement Investment Trust, I am writing to report the following developments:

1. The term of James Hixon as Trustee expired on January 31, 2008.

2. Mr. Bernie Gutschewski, Union Pacific Corporation, has been appointed to serve on the Board pursuant to Section 15(j)(3)(A)(ii)(II) of the Railroad Retirement Act of 1974 (the "Act") as amended by Public Law 107-90, the Railroad Retirement and Survivors' Improvement Act of 2001. Mr. Gutschewski's term commenced on February 1, 2008 and will expire on January 31, 2011. In accepting his appointment, Mr. Gutschewski has agreed to discharge his duties with respect to the assets of the Trust solely in the interests of the Railroad Retirement Board and, through it, the participants and beneficiaries of the programs funded under the Railroad Retirement Act. Enclosed for your reference is a copy of the Acceptance by Trustee by which Mr. Gutschewski formally accepted his appointment to the Board.

3. Mr. John MacMurray, Independent Trustee, has been appointed to serve a new term on the Board pursuant to Section 15(j)(3)(A)(ii)(I) of the Railroad Retirement Act of 1974 (the "Act") as amended by Public Law 107-90, the Railroad Retirement and Survivors' Improvement Act of 2001. Mr. MacMurray's term commenced on February 1, 2008 and will expire on January 31, 2011. In accepting his appointment, Mr. MacMurray has agreed to discharge his duties with respect to the assets of the Trust solely in the interests of the Railroad Retirement Board and, through it, the participants and beneficiaries of the programs funded under the Railroad Retirement Act. Enclosed for your reference is a copy of the Acceptance by Trustee by which Mr. MacMuray formally accepted his appointment to the Board.

4. Mr. Joel Parker, Special Assistant to the President & International Vice President, Transportation Communications Union, has been appointed to serve a new term on the Board pursuant to Section 15(j)(3)(A)(ii)(I) of the Railroad Retirement Act of 1974 (the "Act") as amended by Public Law 107-90, the Railroad Retirement and Survivors' Improvement Act of 2001. Mr. Parker's term commenced on February 1, 2008 and will expire on January 31, 2011. In accepting his appointment, Mr. Parker has agreed to discharge his duties with respect to the assets of the Trust solely in the interests of the Railroad Retirement Board and, through it, the participants and beneficiaries of the programs funded under the Railroad Retirement Act. Enclosed for your reference is a copy of the Acceptance by Trustee by which Mr. Parker formally accepted his appointment to the Board.

We look forward to continued cooperation with you in maintaining the strength of the railroad retirement system for the benefit of rail workers and their families, rail retirees, and the rail industry as a whole.

Sincerely,

Walter A. Barrows
Chair

Enclosures

ACCEPTANCE BY TRUSTEE
OF THE NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST

The National Railroad Retirement Investment Trust (the "Trust") was established, effective February 1, 2002, pursuant to Section 15(j) of the Railroad Retirement Act of 1974 (the "Act"), as most recently amended by Public Law 107-90, the Railroad Retirement and Survivors' Act of 2001 (the "2001 Act"). Pursuant to the Act, a Board of Trustees (the "Board") is to be established to assume fiduciary responsibility for the operation of the Trust.

Pursuant to Section 15(j)(3)(A)(ii) of the Act, the undersigned individual has been appointed as a trustee (the "Trustee") of the Trust, by either: (a) the joint recommendation of labor organizations, national in scope, organized in accordance with section 2 of the Railway Labor Act and representing at least 2/3 of all active employees represented by such national labor organizations covered under the Act; or (b) carriers as defined in section 1 of the Railway Labor Act employing at least 2/3 of all active employees covered under the Act.

The undersigned Trustee has reviewed Section 15(j) of the Act as well as a copy of the proposed Bylaws of the Trust. The Trustee understands the duties and responsibilities of serving on the Board, including his fiduciary obligations to the Trust. Specifically, under the Act, each Trustee is required to discharge his fiduciary duties solely in the interest of the Railroad Retirement Board, and through it, the participants and beneficiaries of the programs funded under the Act, (i) for the exclusive purpose of providing benefits to participants and beneficiaries and defraying reasonable plan expenses, (ii) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims (including, by diversifying investments), and (iii) in accordance with the Trust's governing documents.

In addition, the undersigned recognizes that the Act imposes conflict of interest restrictions intended to prevent the Trustees from (i) dealing with the assets of the Trust in their own interests, (ii) acting in any transaction involving the assets of the Trust on behalf of a party whose interests are adverse to the interests of the Trust, and (iii) receiving any consideration for their own personal account from any party dealing with the assets of the Trust.

Understanding all of the foregoing duties and responsibilities of this position, the undersigned individual hereby agrees to serve as a Trustee of the Trust, effective February 1, 2008.

Bernie Gutschewski

Mr. Bernie Gutschewski
Union Pacific Corporation

ACCEPTANCE BY TRUSTEE
OF THE NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST

The National Railroad Retirement Investment Trust (the "Trust") was established, effective February 1, 2002, pursuant to Section 15(j) of the Railroad Retirement Act of 1974 (the "Act"), as most recently amended by Public Law 107-90, the Railroad Retirement and Survivors' Act of 2001 (the "2001 Act"). Pursuant to the Act, a Board of Trustees (the "Board") is to be established to assume fiduciary responsibility for the operation of the Trust.

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In addition, the undersigned recognizes that the Act imposes conflict of interest restrictions intended to prevent the Trustees from (i) dealing with the assets of the Trust in their own interests, (ii) acting in any transaction involving the assets of the Trust on behalf of a party whose interests are adverse to the interests of the Trust, and (iii) receiving any consideration for their own personal account from any party dealing with the assets of the Trust.

Understanding all of the foregoing duties and responsibilities of this position, the undersigned individual hereby agrees to serve as a Trustee of the Trust, effective February 1, 2008.

John MacMurray

Mr. John MacMurray
Independent Trustee

ACCEPTANCE BY TRUSTEE
OF THE NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST

The National Railroad Retirement Investment Trust (the "Trust") was established, effective February 1, 2002, pursuant to Section 15(j) of the Railroad Retirement Act of 1974 (the "Act"), as most recently amended by Public Law 107-90, the Railroad Retirement and Survivors' Act of 2001 (the "2001 Act"). Pursuant to the Act, a Board of Trustees (the "Board") is to be established to assume fiduciary responsibility for the operation of the Trust.

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The undersigned Trustee has reviewed Section 15(j) of the Act as well as a copy of the proposed Bylaws of the Trust. The Trustee understands the duties and responsibilities of serving on the Board, including his fiduciary obligations to the Trust. Specifically, under the Act, each Trustee is required to discharge his fiduciary duties solely in the interest of the Railroad Retirement Board, and through it, the participants and beneficiaries of the programs funded under the Act, (i) for the exclusive purpose of providing benefits to participants and beneficiaries and defraying reasonable plan expenses, (ii) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims (including, by diversifying investments), and (iii) in accordance with the Trust's governing documents.

In addition, the undersigned recognizes that the Act imposes conflict of interest restrictions intended to prevent the Trustees from (i) dealing with the assets of the Trust in their own interests, (ii) acting in any transaction involving the assets of the Trust on behalf of a party whose interests are adverse to the interests of the Trust, and (iii) receiving any consideration for their own personal account from any party dealing with the assets of the Trust.

Understanding all of the foregoing duties and responsibilities of this position, the undersigned individual hereby agrees to serve as a Trustee of the Trust, effective February 1, 2008.

____
Mr. Joel Parker
Transportation Communications Union

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APPENDIX J

National Railroad Retirement Investment Trust

Board of Trustees

February 1, 2008 to January 31, 2009

Biographical Information

CHAIR: **Walter A. Barrows** is International Secretary-Treasurer of the Brotherhood of Railroad Signalmen (BRS). He was elected to this position in 1999 and reelected in 2002 and 2006. He started his railroad career in 1974 with the Norfolk & Western Railroad and later served the BRS as the General Chairman and General Secretary-Treasurer for the Norfolk Southern General Committee. Prior to being elected as International Secretary-Treasurer, he served as a Trustee on BRS' Grand Board of Trustees. He attended Kent State University and the George Meany Center for Labor Studies (National Labor College). He currently serves as Trustee of the BRS 401(k) plan. As BRS' International Secretary-Treasurer, he has primary responsibility for BRS finances and oversees all BRS investments. Mr. Barrows has served on the Board since February 1, 2004.

George J. Francisco, Jr. is President of the National Conference of Firemen & Oilers, SEIU (NCFO), representing more than 26,000 men and women employed in railroads and other sectors. During his more than 30 years with NCFO, he has served as the President and Chief Financial Officer of System Council 2 and Conference Vice President, before becoming Conference Secretary-Treasurer in 1996. As NCFO President since January 1998, he has extensive experience serving as a trustee of a number of union pensions, 401(k) and health and welfare funds, including the Affiliates' Officers and Employees Pension and the Supplemental Retirement Savings (401(k)) plans of the 1.5 million-member SEIU, as well as the Firemen and Oilers National Pension and Welfare Plan. Mr. Francisco holds a BS degree from the University of Dubuque. Mr. Francisco has served on the Board since February 1, 2002.

Bernie Gutschewski is Vice President for Taxes for Union Pacific Corporation. An attorney and certified public accountant, he has worked for more than 32 years in senior financial positions, first in public accounting and at the Union Pacific Corporation. In his current position, he leads a department of more than 40 professionals that manage the federal tax, state tax, ERISA, railroad retirement and other related responsibilities of one of America's largest public corporations. He oversees work on the structuring and compliance of the Corporation's obligations under railroad retirement and, for its private plans, under ERISA. Union Pacific Corporation, the nation's largest railroad, is also the largest contributor of funding to the railroad retirement system. In addition, Mr. Gutschewski is a member of the Union Pacific Corporation Pension Investment Committee that has responsibility for private pension plan assets of almost $2 billion under internal management. Mr. Gutschewski was one of the primary negotiators in the labor-management agreement signed in January 2000 that led to the passage of the Railroad Retirement and Survivors' Improvement Act of 2001. Mr. Gutschewski also served a one-year term on NRRIT's founding Board from February 1, 2002 to January 31, 2003 and served a three-year term from February 1, 2004 through January 31, 2007.

Linda J. Hurt is Vice President-Investor Relations for Burlington Northern Santa Fe Corporation. She has more than 30 years of experience with the company, primarily in finance. She has a bachelor of science degree in business with an accounting major, has passed the certified public accountant exam, and earned a master of business administration degree from The University of Chicago. Prior to her promotion to Vice President-Investor Relations in 2008, Ms. Hurt was Assistant Vice President and Treasurer of both Burlington Northern Santa Fe Corporation and BNSF Railway Company. Among other responsibilities as Treasurer, Ms. Hurt provided oversight of the investment of funds held in the BNSF pension plans. Ms. Hurt is on the board of directors and finance committee of the YWCA of Fort Worth, Texas and Tarrant County. Ms. Hurt has served on the Board since February 1, 2006.

John W. MacMurray was selected in May 15, 2002 as the independent member of the Board of Trustees of the National Railroad Retirement Investment Trust. He is a retired Vice President of Pension and Benefit Investments for RJR Nabisco, where he served from 1989-1998. In this capacity, he was responsible for all aspects of pension fund and savings plan investments for RJR Nabisco with assets totaling more than $6 billion. Mr. MacMurray has 33 years experience in managing large pools of investment assets and, prior to his positions with RJR Nabisco, served in a similar capacity for the Bell Atlantic Corporation and several of its predecessor corporations. He has a degree in finance, and subsequently earned his CFA. In addition, Mr. MacMurray has served on several investment committees of not-for-profit institutions. In the 1990s, he served on the Board of Pensions of the Presbyterian Church USA. In the 2000s Mr. MacMurray served on the endowment committee of Lehigh University and chaired the endowment committee of his church. In addition, to his corporate investment management work, Mr. MacMurray has been a Director and Chairman of SEPTA, the Philadelphia regional transit system. Mr. MacMurray has served on the Board since February 1, 2002.

Joel Parker is Special Assistant to the President and International Vice President of the Transportation Communications International Union (TCU)/IAM. He was elected to the International Vice President position in 1991, and reelected in 1995, 1999 and 2004. The Transportation Communications International Union is one of the oldest, largest, and most diversified unions in the transportation industry, tracing its representation of railroad workers back to 1899. Today, the union represents 46,000 active railroad workers and 13,000 retirees that are covered by the railroad retirement program. In 2005, TCU merged with the International Association of Machinists, which has approximately 700,000 active and retired members. Mr. Parker, who has 33 years of experience within the railroad industry, has been active in union leadership for 30 years of this period. At the TCU, Mr. Parker has primary responsibility for collective bargaining, arbitration, and pension issues. In addition, Mr. Parker serves as Trustee of the Los Angeles County MTA pension plan with over $600 million in assets, the Los

Angeles County TCU Health and Welfare Plan, and the TCU 401(k) Plan. Mr. Parker was one of the primary negotiators in the labor-management agreement signed in January 2000 that led to the passage of the Railroad Retirement and Survivors' Improvement Act of 2001. Mr. Parker has served on the Board since February 1, 2002.

William H. Sparrow is a retired Finance officer of CSX Corporation, which he has continued to serve in a variety of consulting roles. In his last position before retirement, he was Senior Vice President, Investment Planning, with responsibility for the firm's capital programs and capital structure. During his thirty-plus year career at CSX and its predecessors, he was Vice President and Treasurer for nine years, with responsibility for overseeing the investment of the company's $1.5 billion of employee benefit assets. He is a liberal arts graduate of John Hopkins University, with a concentration in economics. A resident of Richmond, VA, he has served as treasurer of a variety of charitable and civic organizations, and has been chairman of the Investment Committee of the James Madison University Foundation for seven years. Mr. Sparrow has served on the Board since February 1, 2007.

National Railroad Retirement Investment Trust
Biographical Information

Investment Staff

Catherine A. Lynch On February 1, 2003, the Trust hired Catherine A. Lynch to serve as its Senior Investment Officer. On January 29, 2008, Ms. Lynch was named the Chief Executive Officer/Chief Investment Officer. Ms. Lynch joined the Trust from the George Washington University, where she was responsible for the University's approximately $650 million endowment, increasing its policy allocation to alternative investments from 5% to 30%; she also handled a total of approximately $560 million in debt issuance for the University. Before joining GWU, she served as Assistant Treasurer of the Episcopal Church of America from 1995 through 1999, brought in as part of a new financial management team to overhaul financial operations and oversee approximately $325 million in endowment and charitable trust funds. She earned the CFA designation in 1986, and holds an undergraduate degree in philosophy from Yale University.

Grace A. Ressler On October 1, 2002, the Trust hired Grace A. Ressler to serve as Senior Administrative Officer. Ms. Ressler has more than 30 years of treasury and investment management experience, including 13 years at Amtrak, where she served as Senior Director of Treasury Operations. In this capacity, Ms. Ressler was responsible for corporate treasury operations, including investment of corporate funds and oversight of the Amtrak defined benefit plan. Prior to joining Amtrak, Ms. Ressler was the Vice President and Treasurer of the J. C. Penney Financial Corporation, where she managed the direct-issue commercial paper program for the company. Ms. Ressler holds the Certified Treasury Professional (CTP) designation; she obtained her undergraduate degree from West Chester University and her MBA from the Baruch College of the City University of New York.

David J. Locke On August 4, 2003, the Trust hired David J. Locke to serve as its Director of Private Equity and on October 1, 2006, was named Managing Director of Global Private Markets. On January 29, 2008, Mr. Locke was named Senior Managing Director - Investments. Mr. Locke has more than 25 years of experience in financial analysis, including thirteen years of experience in private equity investments. Prior to joining the Trust, Mr. Locke was a Principal with Prudential Investment Management, where he was responsible for Prudential's private equity fund-of-funds investment team, handling the identification, selection and monitoring of fund investments. Previously, Mr. Locke was the Senior Investment Officer for Alternative Assets at the Los Angeles County Employees Retirement Association (LACERA) from 1993 until 2000; in that capacity he was responsible for LACERA's private equity investment program. Mr. Locke holds a BS degree in finance from California State University and an MBA with honors from the University of Southern California.

Caixia Ziegler On July 1, 2004, the Trust hired Caixia Ziegler to serve as Senior Investment Advisor of US Equity and on October 1, 2006 was named the Director of Global Real Assets. Prior to joining the Trust, Ms. Ziegler spent six years at United Technologies Corporation where she was most recently Manager of Portfolio Investments, overseeing public and private equity investments for the company's pension and savings plans. Ms. Ziegler earned her CFA designation in 2002. She received a BBA degree in international business and finance from Xiamen University in China, and an MBA degree in finance from Wake Forest University. Ms. Ziegler is a member of the CFA Institute, and the Urban Land Institute.

Michael A. Reeves On September 1, 2004, the Trust hired Michael A. Reeves to serve as Senior Investment Advisor of Private Equity. On October 1, 2006, Mr. Reeves was named Director of Private Markets. Mr. Reeves joined the Trust from FleetBoston Financial Company where he was an Associate overseeing the bank's private equity investments. Previously, he had worked with the State Street Corporation and other entities in the analysis and monitoring of private equity investments. Mr. Reeves graduated from the University of San Francisco with an MBA and from Western New England College with a BS degree in finance.

Maureen McCarthy On January 10, 2005, Maureen McCarthy joined the Trust as Administrative Advisor and on October 1, 2006 advanced to the Senior Administrative Advisor position. Prior to joining the Trust, Ms. McCarthy worked at the ICMA Retirement Corporation where she managed the pricing, trading and portfolio accounting functions. Ms. McCarthy holds a BS degree from Regis University.

Clayton Viehweg On February 2, 2005, the Trust hired Clayton Viehweg to serve as Senior Investment Advisor of Fixed Income. On October 1, 2006, Mr. Viehweg was named Director - Global Fixed Income. Prior to joining NRRIT, Mr. Viehweg worked at The World Bank in its Pension and Investments Department and at Med Star Health where he was primarily responsible for the investment management of its endowment, pension and insurance captive portfolios. Mr. Viehweg received an MBA in Finance from Indiana University and a BA in Economics from the University of Maryland.

Neil E. Kotras On April 25, 2006, Mr. Kotras joined the Trust as Senior Accounting Officer. Prior to joining the Trust, Mr. Kotras worked at T. Rowe Price Associates where he was responsible for financial reporting and accounting policy for all T. Rowe Price mutual fund products. Previously, he worked with PricewaterhouseCoopers where he managed several large financial services audit engagements. Neil received his undergraduate degree from Loyola College in Maryland in 1997 and an MBA from the Robert H. Smith School of Business at the University of Maryland in 2007. Neil is a Certified Public Accountant.

Taekyung Han On November 1, 2006, Taekyung Han joined the Trust as Investment Analyst – Program Measurement and Analysis. Mr. Han currently serves as Senior Investment Analyst focused on the Trust’s marketable securities investment managers. Prior to joining the Trust, Mr. Han worked in the Capital Markets Group at Cambridge

Associates, an Investment Consulting firm whose primary clients are endowments and foundations. Mr. Han holds a Bachelor of Arts degree in Economics from Vassar College.

Patrick O'Brien On March 19, 2007, Mr. O'Brien joined the Trust as Investment Analyst – Private Markets. Prior to joining NRRIT, Mr. O'Brien worked at Beers & Cutler Consulting providing management consulting, accounting system implementation, and financial reporting advisory services. Prior to Beers & Cutler, he worked at IBM Business Consulting Services, performing contract financial reporting and forecasting. Mr. O'Brien holds a B.S. degree in Finance and Economics from the Robert H. Smith School of Business at the University of Maryland.

Barry Kaplan On April 2, 2007, Mr. Kaplan joined the Trust as a Senior Investment Analyst, focused on Private Markets . Prior to joining the Trust, Barry worked for Nuveen Investments where he was involved in the development and execution of product strategies in support of their closed-end fund business. Additionally, Barry worked as an Associate for Duff & Phelps, performing business and asset valuations. Preceding this role, he completed the Financial Leadership Program at AT&T, working in various business units including Business Development and Mergers & Acquisitions. Barry received his undergraduate degree from the University of Maryland in 1999 and an MBA from the Kellogg School of Management at Northwestern University in 2005. Barry is a CFA charterholder.

Gary W. Green On April 9, 2007, the Trust hired Gary W. Green to serve as its Director of US Equity. Mr. Green has more than 15 years of experience in financial analysis and investment management. Prior to joining the Trust, Mr. Green was a Senior Investment Analyst/Associate Portfolio Manager with Clark Enterprises, Inc. where he was responsible for the selection and monitoring of investments for the firm's short and long-term portfolios. Previously, Mr. Green was a Fund Manager of Equity Investments at the ICMA Retirement Corporation (RC) from 2001 until 2006; in that capacity he was responsible for RC's large cap value, mid-cap growth, domestic tactical asset allocation, and multi-asset class domestic equity funds. Additionally, Mr. Green spent five years with T. Rowe Price Associates in Baltimore, MD where he was an Associate for Institutional Client Service. Mr. Green holds a BBA degree with concentration in Finance from West Texas A&M University and earned his CFA charter in 2003.

Annita Biondo On October 1, 2007, the Trust hired Annita Biondo to serve as a Financial Analyst to support the administrative department and the Senior Accounting Officer. Prior to joining the Trust, Ms. Biondo worked as a Tax Associate at RSM McGladrey. Previously, she worked at General Motors and other corporations in finance and human resources. Ms. Biondo received an MBA degree from Marymount University and a BA degree from Indiana University of Pennsylvania.

Andrew Kim On October 1, 2007, the Trust hired Andrew Kim to serve as its Investment Analyst – Public Markets. Prior to joining the Trust, Mr. Kim worked in the Capital Markets group at Cambridge Associates LLC. Previously, Mr. Kim worked at Citigroup Asset Management within the Fixed Income department. Andrew holds a B.S. in Industrial Engineering – Operations Research from the School of Engineering and Applied Sciences at Columbia University.

Liz Fisher On December 3, 2007, Liz Fisher joined the Trust, as a Senior Investment Analyst – Real Assets. Prior to joining the Trust, Ms. Fisher was a Senior Investment Analyst with the State Retirement and Pension System of Maryland, where she was responsible for providing oversight of the System's fixed income and real estate managers. In addition, from 1993 to 2005, Ms. Fisher worked for Legg Mason Wood Walker, Inc., with the majority of her tenure as a credit analyst and strategist in the Fixed Income Capital Markets group. Ms. Fisher is a CFA charterholder and received a Bachelor of Science degree in Business from the University of Maryland.

Kevin McCormack On December 10, 2007, Kevin McCormack joined the Trust and now serves as the Director of Non US Equity. Mr. McCormack has over 20 years of investment management experience. Prior to joining the Trust, Mr. McCormack was Vice President for Connors & Company, an investment consulting firm. Previously, Mr. McCormack was Director Global Equity for the DuPont Trust and worked for BellSouth Corp. for 10 years as Associate Director of Trust Asset Management. Before joining BellSouth, Mr. McCormack was at the Southern Company as Manager of Trust Finance & Investments. Mr. McCormack holds an BS degree with a concentration in Finance from the University of Albany, an MBA degree from Emory University and earned his CFA charter in 1997.

Cynthia Gibbs On May 1, 2008 the Trust hired Cynthia Gibbs to serve as Office Manager. Prior to joining the Trust, Ms. Gibbs worked 20+ years in the health care industry in South Florida and Ohio, most recently as Coordinator, Leadership Development and Career Resources, at a large healthcare provider in Northeast Ohio. Ms. Gibbs holds a BA in Communications from Florida Atlantic University.

NRRIT

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