

Long Island Rail Road

MTA LONG ISLAND RAIL ROAD
2006 Final Proposed Budget
November Financial Plan 2006-2009

MISSION STATEMENT

The mission of the MTA Long Island Rail Road is to provide a safe, accessible, clean, cost-effective, customer-focused rail transportation system that runs on time, is comfortable, user-friendly and provides the region with a valued and indispensable service.

FINANCIAL OVERVIEW

The LIRR's 2006 Final Proposed Budget identifies the resources needed to enable the Railroad to fulfill its service obligations as efficiently as possible, while minimizing impacts on our customers. The 2006 budget offers a slight increase to service over current levels as the result of reinvestment from some gap-closing measures, and aims to continue to improve such service attributes as on-time performance and fleet-wide mean distance between failures. The budget plan also reflects MTA's continuing commitment to security and to improving both employee and customer safety.

The budget and financial plan projections also reflect the organizational and operational PEGs initiated in 2005 or 2006 that ensure better utilization of resources. In preparing the budget, the LIRR focused on sustaining and enhancing administration reductions and scrutinizing operations to reduce costs and eliminate cost inefficient functions. Funding of the 2005-2009 Capital Program also has an impact on the operating budget, as a significant portion of this program relies on force account resources to complete normal replacement and state of good repair activities.

2005 November Forecast

The 2005 November Forecast reflects expense increases totaling \$20.0 million over the July Mid-Year Forecast of \$1,072.0 million. The major elements of increasing expense are Pension, Traction Power, Fuel and Claims. Further erosion is projected for Reimbursables as well. The increase to Pensions of \$6.6 million results from actuarial assessments calling for cost increases to reflect funding requirements. Traction Power has been increased by \$7.0 million to cover changes in LIPA billings as well as rate increases. Diesel fuel rates continue to rise, and the November Forecast anticipates a \$2.3 million increase over the July Forecast. A review of claims and lawsuits reserves drives a \$7.5 million increase over the Mid-Year Forecast. An adjustment to calculations of reimbursable overheads, along with below-plan activity, results in Reimbursables falling \$2.0 million below the July Forecast.

There are some offsets to increasing expenses also recognized with the November Forecast. Passenger Revenues look to improve somewhat, growing by \$2.4 million

over the Mid-Year Forecast of \$436.8 million. Non-Labor Expenses also provide some offset, with reduced projections for Maintenance Services, Professional Services, and Leases and Rentals totaling \$3.2 million.

At Mid-Year, favorable rate changes in Railroad Retirement Taxes and Railroad Unemployment rates were recognized in the July Forecast; rate details were provided too late in 2004 to be reflected in the Final 2005 Budget. Capital reimbursable revenues underruns of \$17.3 million were the major source of projected shortfalls at Mid-Year.

In the adopted 2005 Budget, the LIRR planned to make a significant reduction in Transportation department overtime. That PEG is no longer part of the Operations plan and has been eliminated from the Forecast. Additionally, in the February Financial Plan, there was a PEG to eliminate 14 right-of-way clean-up/maintenance positions in 2005; this PEG has also been eliminated. Further, another Engineering department PEG to eliminate 10 Signal positions will not be continued.

2006 Final Proposed Budget-Baseline

The primary driver of the 2006 Budget baseline is sustaining service at current levels, with slight additions to train service. Certain expense elements continue to reflect high rates of growth, such as traction power, fuel, pensions and health and welfare. Most of these increases are being treated as allowable growth, reducing the pressure on the LIRR to find offsets from its baseline budget items. As noted above, the LIRR aims to improve On-Time Performance to 94.3% from 2005 year-to-date results of 92.4%. Through July 2005, fleet-wide mean distance between failures (MDBF) has reached 43,291 miles, and the LIRR plans to increase MDBF to 64,800 miles in 2006. The impressive reliability performance of the M-7 fleet provides a solid foundation for expected continuing improvements. Goals for 2006 also reflect planned 10% improvements in both customer and employee safety statistics.

The 2006 Revenue budget totals \$622.5 million; Non-reimbursable revenues make up \$475.9 million of the total and Reimbursable revenues are \$146.6 million. The total expense budget is \$1.433 billion, of which \$1.159 billion is for operating expenses and the balance is associated with such non-cash items as depreciation. Non-reimbursable operating expenses total \$1,012.2 million in 2006, while Reimbursable expenses are \$146.6 million in the accrued statements.

The cash budget for 2006 incorporates \$686.2 million in cash receipts (\$178.9 million of which are capital receipts) and \$1,226.8 million in cash disbursements. The baseline net cash requirement is \$(540.6) million, as driven by operating expenses paid for in 2006, revenues received in 2006, and other adjustments to cash flow. While much of the operating budget has a direct impact on cash flow, there are some items such as material purchases for capital work that only appear in the cash budget. In addition, the differences between accrued and cash budgets reflect natural lags between when costs are incurred and when they will be paid for.

On an accrued basis, both revenues and expenses are higher in the 2006 Final Proposed Budget than in the 2005 November Forecast. Baseline Ridership in 2006 grows over 2005 November Forecast by 0.8 million rides, or 1.1%. Operating expenses before depreciation of \$1.159 billion reflect growth of \$66.8 million over the 2005 November Forecast, \$32.9 million of which is in non-reimbursable expenses. Significant increases in reimbursable expenses are projected for 2006, as a result of full funding of the 2005-2009 program in mid-2005.

Total revenues of \$622.5 million are \$45.1 million higher than in the November Forecast, with non-reimbursable revenues rising by \$11.2 million and reimbursable revenues by \$33.8 million in the 2006 budget over the 2005 November Forecast. While the resulting total operating deficit rises \$45.4 million to \$(810.3) million in 2006, the projected baseline cash deficit (or subsidy requirement) of \$(540.6) million in 2006 is higher by \$63.9 million. The difference between the operating and cash deficits results primarily from the \$274 million in depreciation, a non-cash item.

Other adjustments have also been included in the Baseline as a result of changing external variables. Most notably these include a rise in pension costs based on the latest actuarial valuation and plan performance, increases to health and welfare and significant growth in the cost of traction power. There are no major operational programs beginning in 2006.

Full-time positions total 6,449 in the baseline 2006 Final Proposed Budget, with 5,699 non-reimbursable positions and 750 reimbursable positions. Compared to the 2005 November Forecast, this reflects a total increase of 230 positions, 51 non-reimbursable positions and 179 reimbursable positions, consistent with anticipated levels of capital funding in 2006. Transportation non-reimbursable positions increase by 25 in 2006, and Equipment maintenance positions increase by 32. Virtually all the increase to reimbursable positions in 2006 occurs in the Engineering department.

During detailed budget reviews, some of the New Needs from the July Plan were re-estimated. Where other New Needs were subsequently identified for 2006, they were in some cases offset by revisions or retraction of New Needs from the July Plan. In addition, there were a number of items from the Preliminary Budget that were re-estimated prior to incorporation in the Final Proposed Budget. The major items representing these changes are outlined below.

As noted in the Preliminary Budget proposal, the efficiencies that result in labor savings give the LIRR the opportunity to reinvest in service improvements for our customers. Starting in May 2006, the Railroad will add two morning peak trains, one evening shoulder peak train, and extend a dual mode train with additional stops. In 2006, this will cost approximately \$1.5 million, (\$2.1 million on an annualized basis) and results in a \$0.6 million re-estimate from the Preliminary Budget.

This Plan includes New Needs identified since the Preliminary 2006 Budget submission such as drum storage installation and maintenance (\$0.4 million), utility costs for new

signal system areas (\$0.1), drill crews to move trains while Babylon Car Wash is out of service (\$0.1), purchase of a scale for weighing scrap prior to sale (\$0.1), two Information Services positions for data encryption security (\$0.2), one position for managing security projects (\$0.1), additional positions for litigation and pensions (offset with reimbursement), one additional Editorial Officer (\$0.1), new actuarial reviews to meet GASB requirements (\$0.1), an Origin/Destination Study (offset by reduced advertising), and increased legal fees for asbestos litigation (\$0.3).

There were also substantial adjustments to previously-identified New Needs that largely reduced the cost and headcount projected for these needs. These also include deferral of some needs into 2007, such as purchase of some Diesel Bench Test Equipment. A review of Engineering planned increases to headcount resulted in revision to New Needs of about 13 positions and re-estimates largely related to projects reducing growth by about 30 year-end positions.

Included in the July Plan was a substantial New Need for concrete ties that are failing and require replacement well in advance of their expected life cycle. Because of the unpredictable rate of deterioration, inspections and spot replacements cannot be relied upon to prevent service disruptions. Therefore, the LIRR plans to replace approximately 32,000 Rocla ties during the spring and fall of 2006, and the balance of the 32,000 ties purchased in 1997 in the ensuing years. The total cost in 2006 will be \$14.0 million, which is \$1.0 million lower than the estimate included in the Preliminary Budget.

In a subsequent section, there is a review of the below-the-line post-2005 PEG Program. Also discussed below are the major assumptions for the November Plan and reconciliations to the July Plan.

2007-2009 Projections

The projections out to 2009 reflect a stable situation for the LIRR, where service levels are maintained, even as 2005 and 2006 PEGs carry forward. In the baseline projections for 2007 through 2009 there are no notable changes to the LIRR's commitment to its customers. Goals are in place for the key performance measures, including on-time performance (at 94.3% through 2009) and MDBF (projected to continue improving to 80,000 miles by 2008). During this period the LIRR also implements Life Cycle Maintenance for its growing M7 fleet, as many components enter key maintenance stages. Fulfillment of LCM requirements places growing demands on resources, particularly maintenance materials, which are reflected in the projections.

The baseline projections for 2007-2009 reflect these various impacts. Non-reimbursable revenues rise slowly but steadily each year, averaging about 1.6% per year, consistent with the projected changes in baseline ridership. Non-reimbursable revenues grow to \$484.4 million in 2007, \$491.3 million in 2008 and \$499.7 in 2009. Reimbursable revenues continue to rise by 5% to \$153.9 million in 2007 over 2006,

reflecting planned program activity. The rates of growth are slower in 2008 (up 0.8% to \$155.2 million) and 2009 (up 2.6% to \$159.3 million).

Compared to the rate of revenue growth, the pace of expense growth is somewhat higher, driven by rates of increase well above normal inflation in both health and welfare and in materials. Non-reimbursable expenses (before depreciation) grow by 3.8% to \$1,050.5 million in 2007, 6.6% (to \$1,119.7 million) in 2008 and 3.5% (to \$1,158.6 million) in 2009. In 2008 particularly, about 55% of the \$69.3 million increase to operating expenses is for materials. Reimbursable expenses grow by \$7.3 million (5.0%) in 2007 over 2006, and by another \$1.3 million (0.8%) in 2008 and \$4.1 million (2.7%) in 2009.

The baseline positions in these projections drop in 2007 and then stay relatively flat through 2009. There is a decrease of 21 positions from the 2006 baseline, and a drop of another 4 positions in 2008. Of the 21-position drop in 2008, 16 are reimbursable positions in Capital Program Management. The balance of the change results from a decrease of 29 Engineering positions offset by an increase of 24 in Equipment. No operational impacts are expected from these changes.

In the following section, there is a review of the below-the-line post-2005 PEG Program. Also discussed below are the major assumptions for the November Plan and reconciliations to the July Plan.

2006 PEG Actions

Total PEG's for 2006 are comprised of revenue enhancements of \$12.6 million and expense reductions of \$5.6 million. In administration, work brought in-house will result in \$0.3 million of credits that offset Law department claims administrative work. Conclusion of a DuPont accident prevention contract also provides \$0.3 of savings in 2006.

In Maintenance, one-time savings from a reduction to purchase of air brake material saves \$3.0 million, while a change to the M7 periodic inspection cycle based on FRA waiver approvals will save more than \$1.0 million and 13 positions. Efficiencies in train crew utilization result in reductions in the number of tours but no change to headcount, and save just under \$1.0 million.

As noted above, the major PEG's for 2006 are revenue enhancements. About \$0.6 million is associated with changes to parking fees and agreements at various stations. An expected \$12.0 million increase to right-of-way leased line fees (based on asset assessment and revised agreements) is projected for 2006.

All of these actions result in reductions of 13 positions and savings of \$18.2 million in 2006. These proposed changes will not affect commutation or discretionary travel.

2007 Projections

There are no new PEG actions proposed for 2007. The value of the 2006 PEG program is \$15.8 million, with the elimination of the one-time PEG for M7 airbrake material. Except as noted above, all other 2005 and 2006 PEG's continue into 2007, with adjustments for inflation where appropriate.

2008-2009 Projections

The PEG actions taken in 2005 and 2006 are largely carried forward into 2008 and 2009, escalating in value with inflation. The PEGs total \$15.8 million in 2008 and \$15.9 million in 2009.

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$410.766	\$439.280	\$448.405	\$456.759	\$463.069	\$471.326
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	25.782	25.345	27.453	27.650	28.191	28.395
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$436.548	\$464.625	\$475.858	\$484.409	\$491.260	\$499.721
<u>Expenses</u>						
Labor:						
Payroll	\$347.867	\$358.987	\$370.532	\$381.849	\$395.359	\$404.606
Overtime	67.667	68.429	70.392	71.287	72.830	75.161
Health and Welfare	88.725	96.824	106.257	117.708	131.631	144.653
Pensions	114.217	121.264	119.447	113.730	112.499	110.438
Other Fringe Benefits	72.481	75.335	78.583	81.098	84.365	87.296
Reimbursable Overhead	(19.261)	(16.290)	(26.664)	(25.008)	(25.568)	(26.550)
Total Labor Expenses	\$671.696	\$704.549	\$718.547	\$740.664	\$771.116	\$795.604
Non-Labor:						
Traction and Propulsion Power	\$50.589	\$67.565	\$69.730	\$69.999	\$71.705	\$73.208
Fuel for Buses and Trains	8.769	13.210	15.935	13.663	12.758	12.727
Insurance	15.190	15.476	16.777	18.390	20.180	22.181
Claims	8.971	16.665	13.482	13.760	14.078	14.432
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	51.442	62.429	70.539	64.919	62.739	64.444
Professional Service Contracts	16.747	25.058	23.440	22.366	22.389	22.402
Materials & Supplies	60.013	66.958	76.060	99.051	137.103	145.729
Other Business Expenses	6.292	7.341	7.657	7.660	7.673	7.840
Total Non-Labor Expenses	\$218.013	\$274.702	\$293.620	\$309.808	\$348.625	\$362.963
Other Expenses Adjustments:						
Other	18.257	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustment	\$18.257	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$907.966	\$979.251	\$1,012.167	\$1,050.472	\$1,119.741	\$1,158.567
Depreciation	220.456	250.298	274.012	274.868	259.393	255.760
Total Expenses	\$1,128.422	\$1,229.549	\$1,286.179	\$1,325.340	\$1,379.134	\$1,414.327
Baseline Net Surplus/(Deficit)	(\$691.874)	(\$764.924)	(\$810.321)	(\$840.931)	(\$887.874)	(\$914.606)
2006 PEG Program	0.000	12.000	18.181	15.762	15.849	15.935
Post 2006 PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$691.874)	(\$752.924)	(\$792.140)	(\$825.169)	(\$872.025)	(\$898.671)

REIMBURSABLE

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MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$410.766	\$439.280	\$448.405	\$456.759	\$463.069	\$471.326
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	25.782	25.345	27.453	27.650	28.191	28.395
Capital and Other						
Reimbursements	126.103	112.781	146.628	153.912	155.177	159.297
Total Revenue	\$562.651	\$577.406	\$622.486	\$638.321	\$646.437	\$659.018
<u>Expenses</u>						
Labor:						
Payroll	\$405.818	\$408.956	\$432.058	\$444.073	\$458.858	\$469.155
Overtime	77.519	75.816	79.807	80.934	82.531	85.162
Health and Welfare	97.133	104.473	116.463	128.373	142.445	155.848
Pensions	122.902	131.284	134.433	134.633	132.200	131.820
Other Fringe Benefits	89.163	87.352	92.249	95.379	98.844	102.284
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$792.535	\$807.881	\$855.010	\$883.392	\$914.878	\$944.269
Non-Labor:						
Traction and Propulsion Power	\$50.767	\$67.744	\$69.730	\$69.999	\$71.705	\$73.208
Fuel for Buses and Trains	8.769	13.210	15.935	13.663	12.758	12.727
Insurance	15.315	15.771	17.147	18.770	20.481	22.489
Claims	8.971	16.665	13.482	13.760	14.078	14.432
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	54.611	67.409	75.267	70.181	68.220	69.603
Professional Service Contracts	16.828	25.380	23.747	22.757	22.810	22.764
Materials & Supplies	61.719	70.460	80.330	103.580	141.642	149.955
Other Business Expenses	6.297	7.512	8.147	8.282	8.346	8.417
Total Non-Labor Expenses	\$223.277	\$284.151	\$303.785	\$320.992	\$360.040	\$373.595
Other Expenses Adjustments:						
Other	18.257	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustment	\$18.257	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$1,034.069	\$1,092.032	\$1,158.795	\$1,204.384	\$1,274.918	\$1,317.864
Depreciation	220.456	250.298	274.012	274.868	259.393	255.760
Total Expenses	\$1,254.525	\$1,342.330	1,432.807	1,479.252	\$1,534.311	\$1,573.624
Baseline Net Surplus/(Deficit)	(\$691.874)	(\$764.924)	(\$810.321)	(\$840.931)	(\$887.874)	(\$914.606)
2006 PEG Program	0.000	12.000	18.181	15.762	15.849	15.935
Post 2006 PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$691.874)	(\$752.924)	(\$792.140)	(\$825.169)	(\$872.025)	(\$898.671)

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

		2005	2006			
		November	Final			
	2004	Forecast	Proposed	2007	2008	2009
	Actual		Budget			
<u>Receipts</u>						
Farebox Revenue	\$442.423	\$467.980	\$477.405	\$486.059	\$492.669	\$501.226
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	32.023	27.195	29.872	29.771	30.389	30.672
Capital and Other Reimbursements	164.714	148.828	178.921	192.455	194.564	199.091
Total Receipts	\$639.160	\$644.003	\$686.198	\$708.285	\$717.622	\$730.989
<u>Expenditures</u>						
Labor:						
Payroll	\$408.701	\$408.396	\$430.526	\$442.543	\$457.327	\$467.667
Overtime	76.580	75.816	79.807	80.934	82.531	85.162
Health and Welfare	96.571	104.473	116.463	128.373	142.445	155.848
Pensions	123.053	101.234	134.040	134.208	131.741	131.361
Other Fringe Benefits	91.410	87.438	92.249	95.379	98.844	102.284
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$796.315	\$777.357	\$853.085	\$881.437	\$912.888	\$942.322
Non-Labor:						
Traction and Propulsion Power	\$51.516	\$67.744	\$69.730	\$69.999	\$71.705	\$73.208
Fuel for Buses and Trains	7.163	13.210	15.935	13.663	12.758	12.727
Insurance	18.142	21.651	22.204	24.425	27.769	29.142
Claims	9.727	20.614	12.722	19.985	13.285	13.619
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	62.249	68.653	76.948	71.892	69.967	71.387
Professional Service Contracts	19.515	17.680	19.047	18.257	18.310	18.264
Materials & Supplies	96.316	99.913	122.347	140.171	178.435	186.872
Other Business Expenses	5.387	5.112	5.737	5.852	5.896	5.947
Total Non-Labor Expenditures	\$270.015	\$314.577	\$344.670	\$364.244	\$398.125	\$411.166
Other Expenditure Adjustments:						
Other	30.278	28.700	29.000	29.300	29.600	29.900
Total Other Expenditure Adjustments	\$30.278	\$28.700	\$29.000	\$29.300	\$29.600	\$29.900
Total Expenditures	\$1,096.608	\$1,120.634	\$1,226.755	\$1,274.981	\$1,340.613	\$1,383.388
Baseline Net Cash Deficit	(\$457.448)	(\$476.631)	(\$540.557)	(\$566.696)	(\$622.991)	(\$652.399)
2006 PEG Program	0.000	12.000	18.181	15.762	15.849	15.935
Post 2006 PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	(\$457.448)	(\$464.631)	(\$522.376)	(\$550.934)	(\$607.142)	(\$636.464)

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004	2005	2006			
	Actual	November	Final	2007	2008	2009
		Forecast	Proposed			
			Budget			
Receipts						
Farebox Revenue	\$31.657	\$28.700	\$29.000	\$29.300	\$29.600	\$29.900
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	6.241	1.850	2.419	2.121	2.198	2.277
Capital and Other Reimbursements	38.611	36.047	32.293	38.543	39.387	39.794
Total Receipt Adjustments	\$76.509	\$66.597	\$63.712	\$69.964	\$71.185	\$71.971
Expenditures						
Labor:						
Payroll	(\$2.883)	\$0.560	\$1.532	\$1.530	\$1.531	\$1.488
Overtime	0.939	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.562	0.000	0.000	0.000	0.000	0.000
Pensions	(0.151)	30.050	0.393	0.425	0.459	0.459
Other Fringe Benefits	(2.247)	(0.086)	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$3.780)	\$30.524	\$1.925	\$1.955	\$1.990	\$1.947
Non-Labor:						
Traction and Propulsion Power	(\$0.749)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	1.606	0.000	0.000	0.000	0.000	0.000
Insurance	(2.827)	(5.880)	(5.057)	(5.655)	(7.288)	(6.653)
Claims	(0.756)	(3.949)	0.760	(6.225)	0.793	0.813
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(7.638)	(1.244)	(1.681)	(1.711)	(1.747)	(1.784)
Professional Service Contracts	(2.687)	7.700	4.700	4.500	4.500	4.500
Materials & Supplies	(34.597)	(29.453)	(42.017)	(36.591)	(36.793)	(36.917)
Other Business Expenditures	0.910	2.400	2.410	2.430	2.450	2.470
Total Non-Labor Expenditures	(\$46.738)	(\$30.426)	(\$40.885)	(\$43.252)	(\$38.085)	(\$37.571)
Other Expenditure Adjustments:						
Other	(12.021)	(28.700)	(29.000)	(29.300)	(29.600)	(29.900)
Total Other Expenditure Adjustments	(\$12.021)	(\$28.700)	(\$29.000)	(\$29.300)	(\$29.600)	(\$29.900)
Total Cash Conversion Adjustments before Depreciation	\$13.970	\$37.995	(\$4.248)	(\$0.633)	\$5.490	\$6.447
Depreciation Adjustment	220.456	250.298	274.012	274.868	259.393	255.760
Baseline Total Cash Conversion Adjustments	\$234.426	\$288.293	\$269.764	\$274.235	\$264.883	\$262.207
2006 PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Post 2006 PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$234.426	\$288.293	\$269.764	\$274.235	\$264.883	\$262.207

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual and Cash

Revenue

Farebox Revenue

- The regional economy and employment trends are the primary drivers.
- August Y-T-D ridership trends are above the 2005 budget and the July Plan. Monthly commutation and off-peak ridership are providing favorable results vs. the July Plan.
- 2006 ridership is projected to increase by 1.1% above 2005 level to 80.4 million. This increase in ridership is predicated on some recovery in employment levels.
- Passenger revenue forecasts in the outer years 2006 - 2009 reveal modest annual growth due to increases in ridership.

Other Operating Revenue

- Other revenues (rent, station privileges, etc.) are projected to grow each year primarily through contractual and inflationary increases.

Capital and Other Reimbursements

- Reflects the 2005 - 2009 Capital Program and completion of projects from the 2000 - 2004 Capital Programs.

Expenses

Payroll

- 2006 reflects pattern bargaining agreements of 3.0% for represented employees and CPI increases for management employees of 2.57%.
- 2007 - 2009 includes CPI increases for both represented and management employees of 2.79%, 2.94% and 3.18%, respectively.
- Headcount changes each year are associated with new needs, changes in programs (i.e., fleet modifications) and Capital Program activity.

Overtime

- 2005 - 2006 increase is primarily associated with the change in Capital Program activity and new needs, partially offset by a decrease in anticipated weather-related overtime.
- 2007 - 2009 increases reflect CPI increases and changes in Capital Program activity.

Health & Welfare

- 2006 - 2009 reflects annual rate increase of approximately 9.3%.
- Reflects impact of headcount changes each year.

Pensions

- Reflects the latest actuarial valuation for each year.

Other Fringe Benefits

- Railroad Retirement Tax maximum limits are based on the December 2004 projected maximum earnings bases from the Railroad Retirement Board; the tax rate for each tier is expected to remain unchanged.
- Railroad Unemployment reflects an annual increase in the monthly amount per employee of approximately 11.5% in 2007 and 3.5% in 2008 and 2009.

Traction and Propulsion Power

- 2005 is based on actuals through July, which reflects higher rates and an adjustment for a change in billing methodology from the utility supplier.
- 2006 - 2009 reflects price inflators, historical data and M-7 delivery schedule.

Fuel

- 2005 is based on actuals through July, which reflects higher fuel costs.
- 2006 - 2009 reflects price inflators and historical performance.

Insurance

- 2006 - 2009 reflects price inflators.

Claims

- 2005 reflects actual experience through July and the anticipated settlement and payout of claims for the balance of the year including the payment of \$2.0 million for a case that was not covered by insurance.
- 2006 – 2009 reflects the timing of reserves set up for anticipated cases and inflationary increases.

Maintenance and Other Operating Contracts

- 2006 reflects contract price increases and increases associated with concrete tie replacements, M-1 decommissioning and Jamaica Central Control/Air Train Facility costs.
- 2006 - 2008 reflects changes in the concrete tie replacement and elimination of the M-1 fleet; as well as inflationary increases.

Professional Service Contracts

- The favorable change from 2005 to 2006 is primarily associated with nonrecurring expenses incidental to project work.
- 2005 - 2007 reflects changes in consultant activity (completion of CE-1 Engineering Study in 2007, and Information Services system initiative plans with the completion of projects and the start of new initiatives).
- 2005 - 2009 reflects price inflators.

Material and Supplies

- 2005 - 2009 reflects inflationary growth.
- The increases in materials each year from 2005 - 2009 is primarily Maintenance of Equipment material needs associated with changes in the LCM program and an increased fleet size.
- 2007 - 2009 also includes the operation of the Arch Street Shop.

Other Business Expenses

- 2005 - 2006 reflects changes in credit/debit card authorization fees.
- 2007 - 2009 includes inflationary increases.

Depreciation

- Reflects depreciation of current assets as well as estimates for capital projects based on their beneficial use.

Cash Adjustments

Revenue

- 2005 - 2007 – Timing of capital reimbursement.
- 2005 - 2006 – Reassessment of miscellaneous revenue.

Expense

- Payroll 2005 - 2006 – represented contract settlement paid out in 2005.
- Pension – cash payments versus accrued expenses; prepayment in 2003 for 2005 pension contribution.
- Insurance and Claims & Suits – payments versus accrued expenses.
- Professional, Maintenance and Other Contract services – changes in environmental payments.
- Operating Funded Capital – shifting of funds from 2005 to 2006 and normalization of funds in 2007.
- 2005 - 2009 - timing of material purchases versus charge-outs, 2006 includes a provision for M-7 capital spares.
- Depreciation and other non-cash adjustments for each year 2005 - 2009.

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE	Favorable/(Unfavorable)								
	2005 November Forecast	2006 Final Proposed Budget	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Revenue									
Farebox Revenue	\$439.280	\$448.405	\$9.125	\$456.759	\$8.354	\$463.069	\$6.310	\$471.326	\$8.257
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	25.345	27.453	2.108	27.650	0.197	28.191	0.541	28.395	0.204
Capital and Other Reimbursements	112.781	146.628	33.847	153.912	7.284	155.177	1.265	159.297	4.120
Total Revenue	\$577.406	\$622.486	\$45.080	\$638.321	\$15.835	\$646.437	\$8.116	\$659.018	\$12.581
Expenses									
Labor:									
Payroll	\$408.956	\$432.058	(\$23.102)	\$444.073	(\$12.015)	\$458.858	(\$14.785)	\$469.155	(\$10.297)
Overtime	75.816	79.807	(3.991)	80.934	(1.127)	82.531	(1.597)	85.162	(2.631)
Health and Welfare	104.473	116.463	(11.990)	128.373	(11.910)	142.445	(14.072)	155.848	(13.403)
Pensions	131.284	134.433	(3.149)	134.633	(0.200)	132.200	2.433	131.820	0.380
Other Fringe Benefits	87.352	92.249	(4.897)	95.379	(3.130)	98.844	(3.465)	102.284	(3.440)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$807.881	\$855.010	(\$47.129)	\$883.392	(\$28.382)	\$914.878	(\$31.486)	\$944.269	(\$29.391)
Non-Labor:									
Traction and Propulsion Power	\$67.744	\$69.730	(\$1.986)	\$69.999	(\$0.269)	\$71.705	(\$1.706)	\$73.208	(\$1.503)
Fuel for Buses and Trains	13.210	15.935	(2.725)	13.663	2.272	12.758	0.905	12.727	0.031
Insurance	15.771	17.147	(1.376)	18.770	(1.623)	20.481	(1.711)	22.489	(2.008)
Claims	16.665	13.482	3.183	13.760	(0.278)	14.078	(0.318)	14.432	(0.354)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	67.409	75.267	(7.858)	70.181	5.086	68.220	1.961	69.603	(1.383)
Professional Service Contracts	25.380	23.747	1.633	22.757	0.990	22.810	(0.053)	22.764	0.046
Materials & Supplies	70.460	80.330	(9.870)	103.580	(23.250)	141.642	(38.062)	149.955	(8.313)
Other Business Expenses	7.512	8.147	(0.635)	8.282	(0.135)	8.346	(0.064)	8.417	(0.071)
Total Non-Labor Expenses	\$284.151	\$303.785	(\$19.634)	\$320.992	(\$17.207)	\$360.040	(\$39.048)	\$373.595	(\$13.555)
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$1,092.032	\$1,158.795	(\$66.763)	\$1,204.384	(\$45.589)	\$1,274.918	(\$70.534)	\$1,317.864	(\$42.946)
Depreciation	250.298	274.012	(23.714)	274.868	(0.856)	259.393	15.475	255.760	3.633
Total Expenses	\$1,342.330	\$1,432.807	(\$90.477)	\$1,479.252	(\$46.445)	\$1,534.311	(\$55.059)	\$1,573.624	(\$39.313)
Baseline Net Surplus/(Deficit)	(\$764.924)	(\$810.321)	(\$45.397)	(\$840.931)	(\$30.610)	(\$887.874)	(\$46.943)	(\$914.606)	(\$26.732)
2006 PEG Program	12.000	18.181	6.181	15.762	(2.419)	15.849	0.087	15.935	0.086
Post 2006 PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$752.924)	(\$792.140)	(\$39.216)	(\$825.169)	(\$33.029)	(\$872.025)	(\$46.856)	(\$898.671)	(\$26.646)

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

CASH RECEIPTS & EXPENDITURES

	Favorable/(Unfavorable)								
	2005 November Forecast	2006 Final Proposed Budget	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Receipts</u>									
Farebox Revenue	\$467.980	\$477.405	\$9.425	\$486.059	\$8.654	\$492.669	\$6.610	\$501.226	\$8.557
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	27.195	29.872	2.677	29.771	(0.101)	30.389	0.618	30.672	0.283
Capital and Other Reimbursements	148.828	178.921	30.093	192.455	13.534	194.564	2.109	199.091	4.527
Total Receipts	\$644.003	\$686.198	\$42.195	\$708.285	\$22.087	\$717.622	\$9.337	\$730.989	\$13.367
<u>Expenditures</u>									
Labor:									
Payroll	\$408.396	\$430.526	(\$22.130)	\$442.543	(\$12.017)	\$457.327	(\$14.784)	\$467.667	(\$10.340)
Overtime	75.816	79.807	(3.991)	80.934	(1.127)	82.531	(1.597)	85.162	(2.631)
Health and Welfare	104.473	116.463	(11.990)	128.373	(11.910)	142.445	(14.072)	155.848	(13.403)
Pensions	101.234	134.040	(32.806)	134.208	(0.168)	131.741	2.467	131.361	0.380
Other Fringe Benefits	87.438	92.249	(4.811)	95.379	(3.130)	98.844	(3.465)	102.284	(3.440)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$777.357	\$853.085	(\$75.728)	\$881.437	(\$28.352)	\$912.888	(\$31.451)	\$942.322	(\$29.434)
Non-Labor:									
Traction and Propulsion Power	\$67.744	\$69.730	(\$1.986)	\$69.999	(\$0.269)	\$71.705	(\$1.706)	\$73.208	(\$1.503)
Fuel for Buses and Trains	13.210	15.935	(2.725)	13.663	2.272	12.758	0.905	12.727	0.031
Insurance	21.651	22.204	(0.553)	24.425	(2.221)	27.769	(3.344)	29.142	(1.373)
Claims	20.614	12.722	7.892	19.985	(7.263)	13.285	6.700	13.619	(0.334)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	68.653	76.948	(8.295)	71.892	5.056	69.967	1.925	71.387	(1.420)
Professional Service Contracts	17.680	19.047	(1.367)	18.257	0.790	18.310	(0.053)	18.264	0.046
Materials & Supplies	99.913	122.347	(22.434)	140.171	(17.824)	178.435	(38.264)	186.872	(8.437)
Other Business Expenses	5.112	5.737	(0.625)	5.852	(0.115)	5.896	(0.044)	5.947	(0.051)
Total Non-Labor Expenditures	\$314.577	\$344.670	(\$30.093)	\$364.244	(\$19.574)	\$398.125	(\$33.881)	\$411.166	(\$13.041)
Other Expenditure Adjustments:									
Other	28.700	29.000	(0.300)	29.300	(0.300)	29.600	(0.300)	29.900	(0.300)
Total Other Expenditure Adjustments	\$28.700	\$29.000	(\$0.300)	\$29.300	(\$0.300)	\$29.600	(\$0.300)	\$29.900	(\$0.300)
Total Expenditures	\$1,120.634	\$1,226.755	(\$106.121)	\$1,274.981	(\$48.226)	\$1,340.613	(\$65.632)	\$1,383.388	(\$42.775)
Baseline Net Cash Deficit	(\$476.631)	(\$540.557)	(\$63.926)	(\$566.696)	(\$26.139)	(\$622.991)	(\$56.295)	(\$652.399)	(\$29.408)
2006 PEG Program	12.000	18.181	6.181	15.762	(2.419)	15.849	0.087	15.935	\$0.086
Post 2006 PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	\$0.000
Net Cash Deficit	(\$464.631)	(\$522.376)	(\$57.745)	(\$550.934)	(\$28.558)	(\$607.142)	(\$56.208)	(\$636.464)	(\$29.322)

**MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Utilization**

RIDERSHIP/UTILIZATION PROJECTIONS

- The LIRR Passenger Revenue Forecasting Model provides system wide revenue and ridership projections. The regional economy, employment trends and the impact of the March 1, 2005 fare increase are the primary drivers of passenger ridership and revenue in 2006.
- The 2005 revised forecast assumes 1.5% higher ridership than the July Plan and 0.3% higher than 2004 actual results. Monthly commutation and off-peak ridership trends are providing favorable results vs. the July Plan.
- Ridership projections for the outer years 2007-2010 reveal modest annual growth. This growth is predicated on some recovery in employment and from the price elasticity effects of the fare increase.

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
Ridership/Traffic Volume (Utilization)
(in millions)

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline Total Ridership	79.254	79.508	80.356	81.853	82.984	84.463
<i>Impact of: PEG Program</i>						
Total Ridership	79.254	79.508	80.356	81.853	82.984	84.463

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Summary of Changes between Financial Plans by Category

2005: November Financial Plan vs. July Financial Plan

2005 November Financial Plan is based on actual performance through July with projections for August through December based on current trends and known activities.

Revenue

- 1.5% increase in ridership
- (1.0)% decrease in average yield per passenger
- Special Services – primarily due to fewer number of assignment
- Higher Penn Station rental income, Advertising revenue, partially offset by sale of scrap and lower newsstand and concession income.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity due to delay in approved funding for the 2005-2009 Capital Program (scopes and schedules).

Expense

- Payroll and benefits – reduced from July Plan due to lower Railroad Retirement, Railroad Unemployment and Health & Welfare rates, partially offset by a slight increase in headcount (timing of attrition for positions to be abolished) and an increase in overtime.
- Pension costs have been increased to reflect the latest actuarial valuation.
- Traction and propulsion power is higher resulting from higher utility costs and an adjustment for a change in billing methodology by utility supplier.
- Fuel for trains is higher primarily resulting from increased rates. Diesel fuel increased by 69% over the budget and almost 21% over the July Plan resulting from higher fuel prices.
- Maintenance and Other Operating Contracts decreased primarily due to M-1 Decommissioning schedule and cost, timing of plant equipment maintenance and elevator repairs.
- All other non-payroll expenses have been re-estimated based on planned activities and timing of service contracts (primarily consultant activity, environmental services, increases in claims & suits reserves).

2006: November Financial Plan vs. July Financial Plan

Revenue

- 0.9% increase in ridership
- (0.4)% decrease in average yield per passenger
- Higher revenue from reimbursement of pension staff by pension plan.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity associated with the 2005 - 2009 Capital Program.

Expense

- Payroll and benefits – decreased from July Plan due to a reduction in headcount associated with changes in capital program activity and changes in new needs, partially offset by higher overtime.
- Pension costs have been increased to reflect the latest actuarial valuation.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Maintenance and Other Operating Contracts decreased primarily due to lower costs for M-1 Decommissioning and revised estimates for concrete tie replacements.
- Materials have been re-estimated based on changes in the original plans for the Life Cycle Maintenance Program.
- All other non-payroll expenses have been re-estimated based on planned activities, changes in service contracts (primarily consultant activity) and credit adjustment for law claim work.

2007: November Financial Plan vs. July Financial Plan

Revenue

- 0.9% increase in ridership
- (0.4)% decrease in average yield per passenger
- Higher revenue from reimbursement of pension staff by pension plan.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity associated with the 2005 - 2009 Capital Program.

Expense

- Payroll and benefits – decreased from July Plan due to a reduction in headcount associated with changes in capital program activity and changes in new needs, partially offset by higher overtime.
- Pension costs have been increased to reflect the latest actuarial valuation.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Materials have been re-estimated based on increases in new needs (i.e., bench test equipment).
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

2008: November Financial Plan vs. July Financial Plan

Revenue

- 0.9% increase in ridership
- (0.4)% decrease in average yield per passenger
- Higher revenue from reimbursement of pension staff by pension plan.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity associated with the 2005 - 2009 Capital Program.

Expense

- Payroll and benefits – decreased from July Plan due to a reduction in headcount associated with changes in capital program activity and changes in new needs, partially offset by higher overtime.
- Pension costs have been increased to reflect the latest actuarial valuation.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

2009: November Financial Plan vs. July Financial Plan**Revenue**

- 0.9% increase in ridership
- (0.4)% decrease in average yield per passenger
- Higher revenue from reimbursement of pension staff by pension plan.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity associated with the 2005 - 2009 Capital Program.

Expense

- Payroll and benefits – decreased from July Plan due to a reduction in headcount associated with changes in capital program activity and changes in new needs, partially offset by higher overtime.
- Pension costs have been increased to reflect the latest actuarial evaluation.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$467.329)	(\$518.127)	(\$547.161)	(\$613.717)	(\$643.615)
<i>Non-Reimbursable Major Changes</i>					
Revenue					
Farebox Revenue	\$2.438	\$2.489	\$2.535	\$2.570	\$2.616
Other Operating Revenue	0.095	0.252	0.259	0.267	0.275
Sub-Total Non-Reimbursable Revenue Changes	\$2.533	\$2.741	\$2.794	\$2.837	\$2.891
Expenses					
Pensions	(6.888)	(5.209)	0.500	(0.184)	2.246
Energy rate increases (traction power, fuel, gas & electric)	(3.216)	(6.530)	(2.335)	(1.104)	(0.943)
LIPA billing adjustment	(6.000)	(4.169)	(4.159)	(4.163)	(4.159)
Claims reserve adjustment	(7.521)	0.000	0.000	0.000	0.000
Drum Storage installation and maintenance	0.000	(0.395)	(0.407)	(0.407)	(0.407)
Increase in legal fees for asbestos cases	0.000	(0.281)	(0.281)	(0.294)	(0.301)
Morris Park Turntable	0.437	(0.600)	0.000	0.000	0.000
Re-instate 2 mothballed locomotives	0.000	(0.463)	(0.470)	(0.478)	(0.486)
Uniform purchases	(0.230)	(0.230)	(0.230)	(0.230)	(0.230)
M-1 Decommissioning	0.234	0.600	0.000	0.000	0.000
M/E Hardware/software	0.000	0.300	0.300	0.300	0.300
Diesel modifications and bench test equipment	0.000	1.100	(2.855)	0.000	0.000
Signalization Babylon to Speonk maintenance	0.000	0.267	0.514	0.564	0.584
Atlantic Terminal Facility maintenance	0.000	0.273	0.286	0.313	0.324
CE-1 Consultant	0.000	0.300	(0.300)	0.000	0.000
Concrete Tie Replacement	0.000	1.002	0.636	(0.728)	(0.751)
New Train Service re-estimate	0.000	0.114	(0.537)	(0.518)	(0.533)
All Other (primarily headcount changes and change in overhead methodology)	1.159	2.656	(4.733)	(3.925)	(6.019)
Sub-Total Non-Reimbursable Expense Changes	(\$22.025)	(\$11.265)	(\$14.071)	(\$10.854)	(\$10.375)
<i>Total Non-Reimbursable Major Changes</i>	(\$19.492)	(\$8.524)	(\$11.277)	(\$8.017)	(\$7.484)
<i>Reimbursable Major Changes</i>					
Revenue					
Capital and Other Reimbursement	(1.961)	(4.957)	(1.621)	(2.727)	(2.276)
Sub-Total Reimbursable Revenue Changes	(\$1.961)	(\$4.957)	(\$1.621)	(\$2.727)	(\$2.276)
Expenses					
Pensions	0.260	(1.510)	(6.950)	(5.773)	(7.124)
Change in capital program activity and project headcount adjustment	1.701	8.203	13.807	12.015	12.564
Overhead rate and methodology change	0.000	(1.736)	(5.236)	(3.515)	(3.164)
Sub-Total Reimbursable Expense Changes	\$1.961	\$4.957	\$1.621	\$2.727	\$2.276
<i>Total Reimbursable Major Changes</i>	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Total Accrual Changes</i>	(\$19.492)	(\$8.524)	(\$11.277)	(\$8.017)	(\$7.484)
<i>Cash Adjustment Changes</i>					
Capital rebalancing adjustment	0.000	(7.090)	0.000	0.000	0.000
Misc. Rev adjustment	0.000	(0.500)	(0.500)	(0.500)	(0.500)
Claims & Suits (Payments vs. Reserves)	6.295	0.000	(7.000)	0.000	0.000
Environmental Payments	3.250	0.000	0.000	0.000	0.000
Material Adjustments (M-7 Capital spares)	0.000	(5.000)	0.000	0.000	0.000
Operating Funded Capital	0.775	(1.359)	(0.800)	(0.800)	(0.800)
All Other	(0.130)	0.043	0.042	0.043	0.000
<i>Total Cash Adjustment Changes</i>	\$10.190	(\$13.906)	(\$8.258)	(\$1.257)	(\$1.300)
<i>Total Baseline Changes</i>	(\$9.302)	(\$22.430)	(\$19.535)	(\$9.274)	(\$8.784)
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$476.631)	(\$540.557)	(\$566.696)	(\$622.991)	(\$652.399)

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$467.329)	(\$518.127)	(\$547.161)	(\$613.717)	(\$643.615)
Baseline Changes					
Revenue					
Farebox Revenue	\$2.438	\$2.489	\$2.535	\$2.570	\$2.616
Vehicle Toll Revenue					
Other Operating Revenue	0.095	0.252	0.259	0.267	0.275
Capital and Other Reimbursement					
Total Revenue Changes	\$2.533	\$2.741	\$2.794	\$2.837	\$2.891
Expenses					
<i>Labor:</i>					
Payroll and Overtime	(\$2.285)	(\$1.393)	(\$0.058)	(\$0.218)	(\$0.588)
Health and Welfare	0.038	0.746	(0.205)	(1.394)	(2.670)
Pensions	(6.888)	(5.209)	0.500	(0.184)	2.246
Other Fringe Benefits	1.530	(2.072)	(3.475)	(4.078)	(4.040)
Reimbursable Overhead	(1.472)	2.686	0.256	0.861	1.256
Total Labor Expense Changes	(\$9.077)	(\$5.242)	(\$2.982)	(\$5.013)	(\$3.796)
<i>Non-Labor:</i>					
Traction and Propulsion Power	(\$6.958)	(\$5.863)	(\$4.429)	(\$4.433)	(\$4.429)
Fuel for Buses and Trains	(2.251)	(4.750)	(2.143)	(0.863)	(0.505)
Insurance	0.127	0.000	0.000	0.000	0.000
Claims	(7.521)	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	2.942	1.965	(0.771)	(2.376)	(2.947)
Professional Service Contracts	0.784	(0.282)	(0.741)	(0.428)	(0.506)
Materials & Supplies	0.363	2.428	(3.551)	1.668	1.315
Other Business Expenses	(0.434)	0.479	0.546	0.591	0.493
Total Non-Labor Expense Changes	(\$12.948)	(\$6.023)	(\$11.089)	(\$5.841)	(\$6.579)
Total Expense Changes	(\$22.025)	(\$11.265)	(\$14.071)	(\$10.854)	(\$10.375)
Cash Adjustment Changes					
Misc. Rev adjustment	\$0.000	(\$0.500)	(\$0.500)	(\$0.500)	(\$0.500)
Pension - re-estimate of cash payments after latest assumptions	(0.314)	0.000	0.000	0.000	0.000
Insurance	(0.174)	0.000	0.000	0.000	0.000
Claims & Suits (Payments vs. Reserves)	6.295	0.000	(7.000)	0.000	0.000
Environmental Payments	3.250	0.000	0.000	0.000	0.000
M-7 capital spares	0.000	(7.000)	0.000	0.000	0.000
Other material adjustments	0.000	2.000	0.000	0.000	0.000
Operating Funded Capital	0.775	(1.359)	(0.800)	(0.800)	(0.800)
Prior year water & sewage credit	0.122	0.000	0.000	0.000	0.000
Non-cash expense adjustments (Misc. charges & Credits)	0.236	0.043	0.042	0.043	0.000
Total Cash Adjustment Changes	\$10.190	(\$6.816)	(\$8.258)	(\$1.257)	(\$1.300)
Total Baseline Changes	(\$9.302)	(\$15.340)	(\$19.535)	(\$9.274)	(\$8.784)
Baseline 2005 November Financial Plan - Operating Cash	(\$476.631)	(\$533.467)	(\$566.696)	(\$622.991)	(\$652.399)

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Capital and Other Reimbursement	(1.961)	(4.957)	(1.621)	(2.727)	(2.276)
Total Revenue Changes	(\$1.961)	(\$4.957)	(\$1.621)	(\$2.727)	(\$2.276)
Expenses					
Labor:					
Payroll and Overtime	\$0.748	\$5.741	\$5.047	\$5.434	\$5.955
Health and Welfare	0.281	0.484	0.601	0.702	0.598
Pensions	0.260	(1.510)	(6.950)	(5.773)	(7.124)
Other Fringe Benefits	0.440	3.128	4.404	4.620	4.571
Reimbursable Overhead	1.472	(2.686)	(0.256)	(0.861)	(1.256)
Total Labor Expense Changes	\$3.201	\$5.157	\$2.846	\$4.122	\$2.744
Non-Labor:					
Traction and Propulsion Power	(\$0.007)	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.047	(0.019)	(0.020)	(0.016)	(0.017)
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(0.393)	0.338	1.206	1.067	1.472
Professional Service Contracts	0.002	0.124	0.038	0.017	0.087
Materials & Supplies	(0.980)	(0.386)	(2.057)	(2.025)	(1.674)
Other Business Expenses	0.091	(0.257)	(0.392)	(0.438)	(0.336)
Total Non-Labor Expense Changes	(\$1.240)	(\$0.200)	(\$1.225)	(\$1.395)	(\$0.468)
Total Expense Changes	\$1.961	\$4.957	\$1.621	\$2.727	\$2.276
Cash Adjustment Changes					
Capital rebalancing adjustment	\$0.000	(\$7.090)	\$0.000	\$0.000	\$0.000
Total Cash Adjustment Changes	\$0.000	(\$7.090)	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	(\$7.090)	\$0.000	\$0.000	\$0.000
Baseline 2005 November Financial Plan - Operating Cash	\$0.000	(\$7.090)	\$0.000	\$0.000	\$0.000

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$467.329)	(\$518.127)	(\$547.161)	(\$613.717)	(\$643.615)
Baseline Changes					
Revenue					
Farebox Revenue	\$2.438	\$2.489	\$2.535	\$2.570	\$2.616
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.095	0.252	0.259	0.267	0.275
Capital and Other Reimbursement	(1.961)	(4.957)	(1.621)	(2.727)	(2.276)
Total Revenue Changes	\$0.572	(\$2.216)	\$1.173	\$0.110	\$0.615
Expenses					
<i>Labor:</i>					
Payroll and Overtime	(\$1.537)	\$4.348	\$4.989	\$5.216	\$5.367
Health and Welfare	0.319	1.230	0.396	(0.692)	(2.072)
Pensions	(6.628)	(6.719)	(6.450)	(5.957)	(4.878)
Other Fringe Benefits	1.970	1.056	0.929	0.542	0.531
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Total Labor Expense Changes	(\$5.876)	(\$0.085)	(\$0.136)	(\$0.891)	(\$1.052)
<i>Non-Labor:</i>					
Traction and Propulsion Power	(\$6.965)	(\$5.863)	(\$4.429)	(\$4.433)	(\$4.429)
Fuel for Buses and Trains	(2.251)	(4.750)	(2.143)	(0.863)	(0.505)
Insurance	0.174	(0.019)	(0.020)	(0.016)	(0.017)
Claims	(7.521)	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	2.549	2.303	0.435	(1.309)	(1.475)
Professional Service Contracts	0.786	(0.158)	(0.703)	(0.411)	(0.419)
Materials & Supplies	(0.617)	2.042	(5.608)	(0.357)	(0.359)
Other Business Expenses	(0.343)	0.222	0.154	0.153	0.157
Total Non-Labor Expense Changes	(\$14.188)	(\$6.223)	(\$12.314)	(\$7.236)	(\$7.047)
Total Expense Changes	(\$20.064)	(\$6.308)	(\$12.450)	(\$8.127)	(\$8.099)
Cash Adjustment Changes					
Capital rebalancing adjustment	\$0.000	(\$7.090)	\$0.000	\$0.000	\$0.000
Misc. Rev adjustment	0.000	(0.500)	(0.500)	(0.500)	(0.500)
Pension - re-estimate of cash payments after latest assumptions	(0.314)	0.000	0.000	0.000	0.000
Insurance	(0.174)	0.000	0.000	0.000	0.000
Claims & Suits (Payments vs. Reserves)	6.295	0.000	(7.000)	0.000	0.000
Environmental Payments	3.250	0.000	0.000	0.000	0.000
M-7 capital spares	0.000	(7.000)	0.000	0.000	0.000
Other material adjustments	0.000	2.000	0.000	0.000	0.000
Operating Funded Capital	0.775	(1.359)	(0.800)	(0.800)	(0.800)
Prior year water & sewage credit	0.122	0.000	0.000	0.000	0.000
Non-cash expense adjustments (Misc. charges & Credits)	0.236	0.043	0.042	0.043	0.000
Total Cash Adjustment Changes	\$10.190	(\$13.906)	(\$8.258)	(\$1.257)	(\$1.300)
Total Baseline Changes	(\$9.302)	(\$22.430)	(\$19.535)	(\$9.274)	(\$8.784)
Baseline 2005 November Financial Plan - Operating Cash	(\$476.631)	(\$540.557)	(\$566.696)	(\$622.991)	(\$652.399)

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)
(\$ in millions)

Favorable/(Unfavorable)										
2005 November Forecast		2006 Final Proposed Budget		2007		2008		2009		
Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	
LIST of PROGRAMS										
Administration:										
FMTAC Credit for Law Claims			0.330		0.337		0.345		0.356	
Sub-Total Administration	0	\$0.000	0	\$0.330	0	\$0.337	0	\$0.345	0	\$0.356
Customer Convenience & Amenities:										
Train Crew Tour Reductions			0.990		1.020		1.050		1.082	
Sub-Total Customer Convenience & Amenities	0	\$0.000	0	\$0.990	0	\$1.020	0	\$1.050	0	\$1.082
Service:										
M7 Airbrake Material			3.000							
M7 45 to 90 day Periodic Inspection			13	1.002	13	1.041	13	1.084	13	1.121
Sub-Total Service	0	\$0.000	13	\$4.002	13	\$1.041	13	\$1.084	13	\$1.121
Maintenance:										
DuPont Accident Prevention Services			0.255		0.260		0.266		0.272	
Sub-Total Maintenance	0	\$0.000	0	\$0.255	0	\$0.260	0	\$0.266	0	\$0.272
Revenue Enhancements:										
Additional Parking Fees			0.500		1.000		1.000		1.000	
Babylon Parking			0.104		0.104		0.104		0.104	
Right of Way Leased Line Fees		12.000	12.000		12.000		12.000		12.000	
Sub-Total Revenue Enhancements	0	\$12.000	0	\$12.604	0	\$13.104	0	\$13.104	0	\$13.104
Other:										
Sub-Total Other	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Total 2006 PEGs	0	\$12.000	13	\$18.181	13	\$15.762	13	\$15.849	13	\$15.935

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)- Worksheet

PEG Category: Administration

Program: First Mutual Transportation Assurance Company Credit for Law Claims

Background Details: The Law Department Claims Bureau is currently under contract with First Mutual Transportation Assurance Company (FMTAC) to act as the third party administrator for all claims covered by the MTA Stations and Force Liability programs. The costs will be offset by administrative and claims handling contract fees.

PEG Description and Implementation Plan: Credit pertaining to law claims for administrative work.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

Financial Impact (Operating)

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Net Savings (in millions)	0.000	0.330	0.337	0.345	0.356

Total Reduction in Positions Required

(List title of positions)

0	0	0	0	0
---	---	---	---	---

Current Vacancies
(List title of vacant positions)

0	0	0	0	0
---	---	---	---	---

Impact on Operations:

Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

List of Other Concerns:

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)- Worksheet

PEG Category: Customer Convenience and Amenities

Program: Train Crew Tour Reductions

Background Details: Reduction of Collector Tours; The collector is independent from the train crew and may work with many train crews within one tour.

PEG Description and Implementation Plan: Collector tours will be reduced by 10 per weekday, yielding a total reduction of 2,600, annually (10 tours X 260 weekdays).

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

Financial Impact (Operating)

Net Savings (in millions)

2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
------------------------------	-------------------------------	------	------	------

0.000 0.990 1.020 1.050 1.082

Total Reduction in Positions Required

(List title of positions)

0 0 0 0 0

Current Vacancies

(List title of vacant positions)

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

List of Other Concerns:

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)- Worksheet

PEG Category: Maintenance
Program: M7 Airbrake Material

Background Details: On July 14, 2004, the FRA granted the LIRR an alternative standard for periodic maintenance of brake equipment for its M-7 locomotive air brake maintenance cycle from 1104 days (3 yrs.) to 1840 days (5 yrs.). As a result, the life-cycle maintenance period shall be extended from a 3 to a 5 year cycle pending satisfactory results of testing/tear-down of air brake assemblies on 6 locomotives annually that have been in service 3, 4 and 5 years.

PEG Description and Implementation Plan:

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.000	3.000	0.000	0.000	0.000
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>	0	0	0	0	0
<i>Current Vacancies</i> <i>(List title of vacant positions)</i>	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

List of Other Concerns:

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)- Worksheet

PEG Category: Maintenance
Program: M7 45 to 90 day Periodic Inspection

Background Details: M7 45 day periodic inspection is no longer required due to the use of a more durable contact shoe that will last until the 92 day periodic inspection.

PEG Description and Implementation Plan: Eliminate the M7 45 day periodic inspection as of January 2006.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.000	1.002	1.041	1.084	1.121
<i>Total Reduction in Positions Required</i> (List title of positions)	0	13	13	13	13
Current Vacancies (List title of vacant positions)	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					
<i>List of Other Concerns:</i>					
Eliminating the 45-day inspection provides one less opportunity to identify defective parts or potential problems that could result in service failure or negatively affect on-time performance.					

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)- Worksheet

PEG Category: Safety
Program: DuPont Accident Prevention Services

Background Details: Safety Consulting Services provided to the Long Island Rail Road.

PEG Description and Implementation Plan:

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

Financial Impact (Operating)

Net Savings (in millions)

2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
0.000	0.255	0.260	0.266	0.272

Total Reduction in Positions Required

(List title of positions)

0	0	0	0	0
---	---	---	---	---

Current Vacancies
(List title of vacant positions)

0	0	0	0	0
---	---	---	---	---

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other
 (Identify Appropriate Indicator)

List of Other Concerns:

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)- Worksheet

PEG Category: Revenue Enhancement
Program: Additional Parking Revenue

Background Details: The potential to increase parking revenue may come from the following sources. Renew leases at Hicksville, Bethpage, Massapequa, Farmingdale, Huntington, Massapequa Park, Port Washington and Wantagh. Potential annual gross revenue of \$1.6M. Reserved Premium Space Parking at Baldwin, Merrick, Bellmore, Wantagh and Seaford. Potential annual gross revenue of \$0.568K. Charge for parking (currently no fee) at Broadway, Laurelton, and Merillon Ave. Potential annual gross revenue of \$0.233K.

PEG Description and Implementation Plan: Increase in monthly/daily parking fees at various locations.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.000	0.500	1.000	1.000	1.000
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>	0	0	0	0	0
Current Vacancies <i>(List title of vacant positions)</i>	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					
<i>List of Other Concerns:</i>					

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)- Worksheet

PEG Category: Revenue Enhancement
Program: Babylon Station Parking

Background Details: LIRR currently leases more than 300 spaces to the Village for maintenance and operation; this would place the majority of parking spaces at the station under Village control. Currently the LIRR receives \$236K annually for the leasing of approximately 800 spaces, or \$295.00 per parking space, per year. The new proposal would be \$340K annually, based on 850 parking spaces, at \$400.00 per parking space, per year.

PEG Description and Implementation Plan: Completion of an agreement with the Village of Babylon and a vendor to turn parking spaces now under LIRR control over to the Village, therefore increasing revenue from the Village.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.000	0.104	0.104	0.104	0.104
<i>Total Reduction in Positions Required (List title of positions)</i>	0	0	0	0	0
Current Vacancies (List title of vacant positions)	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					
<i>List of Other Concerns:</i>					

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2006 - 2009
2006 Agency Program to Eliminate the Gap (PEGs)- Worksheet

PEG Category: Revenue Enhancement
Program: Right of Way Leased Line Fees

Background Details:

PEG Description and Implementation Plan: An updated valuation of the right of way indicates that the fees currently charged are understated. This ongoing increment to revenue represents a projection of what may be achieved through current negotiations.

PEG Implementation Date: Jun-05 **When will PEG savings begin?:** Jun-05

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	12.000	12.000	12.000	12.000	12.000
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>	0	0	0	0	0
Current Vacancies <i>(List title of vacant positions)</i>	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					
<i>List of Other Concerns:</i>					

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
PEG Reconciliation (List of Changes) Between Financial Plans
(\$ in millions)

	2005 November Forecast		2006 Final Proposed Budget		2007		2008		2009	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
2005 July Financial Plan - Total PEGs	0	\$12.000	14	\$18.013	14	\$15.580	14	\$15.653	14	\$15.733
List of PEG Changes										
Administration										
FMTAC Credit for Law Claims				0.330		0.337		0.345		0.356
Total Administrative Changes	0	\$.000	0	\$.330	0	\$.337	0	\$.345	0	\$.356
Customer Convenience & Amenities										
Train Crew Staffing Reductions			(14)	(\$2.409)	(14)	(2.476)	(14)	(2.549)	(14)	(2.629)
Train Crew Tour Reductions				0.990		1.020		1.050		1.082
Total Customer Convenience & Amenities Changes	0	\$.000	(14)	(\$1.419)	(14)	(\$1.456)	(14)	(\$1.499)	(14)	(\$1.547)
Service										
Total Service Changes	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance										
M7 45 to 90 day Periodic Inspection			13	1.002	13	1.041	13	1.084	13	1.121
Total Maintenance Changes	0	\$.000	13	\$1.002	13	\$1.041	13	\$1.084	13	\$1.121
Safety										
DuPont Accident Prevention Services				0.255		0.260		0.266		0.272
Total Safety Changes	0	\$0.000	0	\$0.255	0	\$0.260	0	\$0.266	0	\$0.272
Revenue Enhancements										
Total Revenue Enhancement Changes	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Other										
Total Other Changes	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total PEG Changes	0	\$0.000	(1)	\$0.168	(1)	\$0.182	(1)	\$0.196	(1)	\$0.202
2005 November Financial Plan - Total PEGs	0	\$12.000	13	\$18.181	13	\$15.762	13	\$15.849	13	\$15.935

**MTA Long Island Rail Road
November Financial Plan 2006 – 2009
Positions**

POSITION ASSUMPTIONS

NON-REIMBURSABLE POSITIONS:

- Positions are identified as of year-end (December 31) for each year in the financial plan and reflect an estimate of the total number of paid employees required to meet/achieve corporate goals.
- Annual staffing levels include the impact of new needs and re-estimates consistent with the associated cost changes incorporated in the financial plan.
- Non-reimbursable positions were reduced from the July Financial Plan for 2006-2009 by approximately 1% each year. This is attributed to the re-evaluation of some new needs that were included in the July Plan and a net headcount reduction within the Transportation Department due to a hiring plan change.

REIMBURSABLE POSITIONS:

- Positions are identified as of year-end (December 31) for each year in the financial plan and reflect an estimate of the total number of paid employees required for reimbursable activity.
- Annual staffing levels represent the positions required to support the Capital Program, as well as changes in other reimbursable projects.
- Reimbursable positions were reduced from the July Plan for 2006-2009. Reductions in each of the years ranged from 4% to 8%, which is attributed to project management and signal reorganizations and project headcount realignment based on the latest Capital Program schedule and force account requirements.

MTA Long Island Rail Road
November Financial Plan 2006 - 2009
Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Administration</u>						
Executive VP	2	2	2	2	2	2
Labor Relations	10	10	11	11	11	11
Procurement & Logistics (excl. Stores)	72	74	73	73	73	73
Human Resources	94	92	91	91	91	91
Strategic Investments	36	38	39	39	39	39
Diversity Management	2	3	3	3	3	3
President	3	3	3	3	3	3
VP & Chief Financial Officer	100	104	107	107	107	107
Svc. Planning, Technology	177	170	169	169	169	169
Market Development & Public Affairs	58	60	61	61	61	61
Gen. Counsel & Secretary	31	32	34	34	34	34
System Safety	20	19	21	21	21	21
VP Operations/Oper. Support & Analysis	22	24	25	25	25	25
Other	0	0	0	0	0	0
Administration Total	627	631	639	639	639	639
<u>Operations</u>						
Transportation	1,860	1,819	1,844	1,844	1,835	1,835
Passenger Service (Ticket Clerks & Agents)	199	174	175	175	175	175
Other	0	0	0	0	0	0
Operations Total	2,059	1,993	2,019	2,019	2,010	2,010
<u>Maintenance</u>						
Engineering	1,480	1,465	1,614	1,585	1,575	1,575
Equipment	1,778	1,749	1,781	1,805	1,826	1,826
Passenger Service (excl. Ticket Selling)	180	191	203	203	203	203
Procurement (Stores)	96	97	100	100	100	100
Other	0	0	0	0	0	0
Maintenance Total	3,534	3,502	3,698	3,693	3,704	3,704
<u>Engineering/Capital</u>						
Capital Program Management	98	93	93	77	71	71
Baseline Total Positions	6,318	6,219	6,449	6,428	6,424	6,424
<i>Non-Reimbursable</i>	5,589	5,648	5,699	5,657	5,663	5,665
<i>Reimbursable</i>	729	571	750	771	761	759
Grand Total	6,318	6,219	6,449	6,428	6,424	6,424
Total Full-Time	6,318	6,219	6,449	6,428	6,424	6,424
Total Full-Time-Equivalents	0	0	0	0	0	0
Impact of:						
2006 PEG Program	0	0	(13)	(13)	(13)	(13)
Post 2006 PEGs	0	0	0	0	0	0
Total Positions	6,318	6,219	6,436	6,415	6,411	6,411
<i>Non-Reimbursable</i>	5,589	5,648	5,686	5,644	5,650	5,652
<i>Reimbursable</i>	729	571	750	771	761	759
Total Full-Time	6,318	6,219	6,436	6,415	6,411	6,411
Total Full-Time-Equivalents	0	0	0	0	0	0

MTA Long Island Rail Road
November Financial Plan 2006-2009
Total Full-time Positions and Full-time Equivalents by Function and Occupational Group
Non-Reimbursable and Reimbursable

FUNCTION/OCCUPATIONAL GROUP	2006 Final Proposed Budget	2007	2008	2009
Administration				
Managers/Supervisors	276	278	278	278
Professional, Technical, Clerical	363	361	361	361
Operational Hourlies	-	-	-	-
Total Administration	639	639	639	639
Operations				
Managers/Supervisors	249	249	249	249
Professional, Technical, Clerical	166	166	166	166
Operational Hourlies	1,604	1,604	1,595	1,595
Total Operations	2,019	2,019	2,010	2,010
Maintenance				
Managers/Supervisors	709	710	711	711
Professional, Technical, Clerical	286	286	286	286
Operational Hourlies	2,703	2,697	2,707	2,707
Total Maintenance	3,698	3,693	3,704	3,704
Engineering/Capital				
Managers/Supervisors	80	67	62	62
Professional, Technical, Clerical	13	10	9	9
Operational Hourlies	-	-	-	-
Total Engineering/Capital	93	77	71	71
Public Safety				
Managers/Supervisors	-	-	-	-
Professional, Technical, Clerical	-	-	-	-
Operational Hourlies	-	-	-	-
Total Public Safety	-	-	-	-
Total				
Managers/Supervisors	1,314	1,304	1,300	1,300
Professional, Technical, Clerical	828	823	822	822
Operational Hourlies	4,307	4,301	4,302	4,302
Total	6,449	6,428	6,424	6,424
Baseline Total Positions	6,449	6,428	6,424	6,424
Non-Reimbursable	5,699	5,657	5,663	5,665
Reimbursable	750	771	761	759
Total Full-Time	6,449	6,428	6,424	6,424
Total Full-Time Equivalents	-	-	-	-
Impact of:				
2006 Agency PEGs	(13)	(13)	(13)	(13)
Post - 2006 Agency PEGs	0	0	0	0
Total Positions	6,436	6,415	6,411	6,411
Non-Reimbursable	5,686	5,644	5,650	5,652
Reimbursable	750	771	761	759
Total Full-Time	6,436	6,415	6,411	6,411
Total Full-Time Equivalents	-	-	-	-

Metro-North Railroad

**MTA METRO-NORTH RAILROAD
2006 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2006-2009**

MISSION STATEMENT

The mission of MTA Metro-North Railroad is to preserve and enhance the quality of life and economic health of the region we serve through the efficient provision of transportation service of the highest quality.

DESCRIPTION OF SERVICES

MTA Metro-North Railroad provides passenger rail service to five suburban counties in New York State (Westchester, Putnam, Dutchess, Rockland, and Orange), two in Connecticut (Fairfield and New Haven), and two urban counties in New York City (Bronx and Manhattan). East of Hudson train service extends 85 miles from Manhattan, with terminals to the northeast in New Haven, Waterbury, Danbury, and New Canaan on the New Haven Line; to the north in Wassaic on the Harlem Line, and Poughkeepsie on the Hudson Line. The Harlem, Hudson, and New Haven Lines converge and terminate at Grand Central Terminal in Manhattan. West of the Hudson River, the Pascack Valley Line extends to Spring Valley, New York and the Port Jervis Line to Port Jervis, a town 95 miles from Hoboken at the border of New York and Pennsylvania. Both lines terminate in Hoboken, New Jersey. Service on the New Haven line is provided by Metro-North pursuant to a contract between the Connecticut Department of Transportation (ConnDOT) and Metro-North/MTA. Service on the Port Jervis and Pascack Valley Lines is operated by New Jersey Transit under contract to Metro-North. The railroad carried 72.4 million customers in 2004 over 385 route miles, to and from 121 stations, operating 598 trains on an average weekday East of Hudson, and 35 trains on an average weekday West of the Hudson.

FINANCIAL OVERVIEW

Each year within Metro-North's planning process, issues impacting the performance of the railroad are reviewed and initiatives developed to support the achievement of corporate safety, maintenance, customer service, and efficiency objectives. Consequently, operating resource estimates included in each budget are based on the consideration of factors which affect all aspects of the railroad including current operating trends, projected changes in costs, new initiatives/business decisions which affect service quantity, quality or efficiency, and the impacts of capital improvements on operating expenditures. Each of these factors is also carefully reviewed in the context of funding availability from MTA and ConnDOT, the agencies subsidizing Metro-North.

Metro-North's resource requirements in the November Financial Plan 2006-2009 reflect the savings/cost avoidance measures implemented in 2005. They also reflect revised measures for 2006-2009 presented as "Programs to Eliminate the Gap" (PEGs) and other cost reduction measures (net of increases) detailed later in this document. The

reductions were achieved through savings generated by lower than projected cost trends as well as program deferrals and eliminations. In Metro-North's case, these reductions offset a substantial portion of projected cost increases (e. g. lower than projected overhead recoveries, increased subsidy requirements for West of Hudson Service and impact of continually escalating price of diesel fuel as well as increased consumer price index rates). Concurrently, Metro-North is experiencing higher than budgeted ridership increases on the East of Hudson Service, resulting in higher farebox revenue, as well as higher than projected net GCT retail revenue.

2005 NOVEMBER FORECAST

The 2005 Non-Reimbursable November Forecast reflects revenue projections totaling \$469.5 million, and expenses, including depreciation, of \$939.1 million that generate an operating deficit of \$469.6 million. Cash adjustments of \$194.0 million reduce that amount to a cash deficit of \$275.6 million, of which \$223.5 million represents MTA share and \$52.1 million ConnDOT share. The November Forecast Reimbursable revenue and expense projections total \$146.5 million.

The Non-Reimbursable November Forecast revenue projections reflect a \$ 2.2 million revenue increase vs. the July Plan and \$9.5 million vs. the February Plan due to higher than projected East of Hudson ridership increase.

Non-Reimbursable expenses reflect a \$10.5 million reduction vs. the July Plan and \$5.4 million reduction vs. the February Plan. The decrease vs. the July Plan is primarily due to a \$ 14.9 million reduction in pension expenses. The reduction reflects current funding requirements for the Defined Benefits Plan (covering management staff and agreement staff that joined the plan in 2004) and the defined Contribution Plan (for agreement staff that have not yet completed their collective Bargaining agreements for 2003-2006). The July Financial Plan contained higher costs necessary to fund the transfer of the balance of agreement staff to the Defined Benefit Plan. Partially offsetting this decrease are lower overhead recovery credits from capital projects, increases in fuel-based utility prices, and the net impact of schedule-based changes to the equipment strategy programs and accident- damaged equipment write-offs.

Cash adjustments in the November Plan are \$12.7 million favorable vs. the July Plan and \$10.9 million favorable vs. the February Plan. These changes are due primarily to the deferral of retroactive wage settlement payments until 2006 (\$29.9 million), and a deferral in the application of pension plan prepayment until 2006 (\$20.0 million). Operating/Capital expenditures reflect the addition of funds (\$.9 million vs. the July Plan, and \$6.5 million vs. the February Plan) to replace deteriorating concrete ties. The project, the first of two phases, involves the replacement of approximately 21,000 ties on 8 miles of track. The second phase is currently scheduled for 2006. Negotiations with the tie manufacturer for reimbursement of labor costs are continuing.

Overall, net cash requirements in the November Forecast are \$25.4 million lower vs. July Plan and \$25.9 million vs. the February Plan.

2006 FINAL PROPOSED BUDGET-BASELINE

The 2006 Non-Reimbursable Budget reflects revenue projections totaling \$480.9 million, and expenses, including depreciation, of \$985.4 million that generate an operating deficit of \$504.5 million. Cash adjustments of \$175.7 million reduce that amount to a cash deficit of \$328.8 million, of which \$277.1 million represents the MTA share and \$51.7 million the ConnDOT share. The 2006 Reimbursable revenues and expenses total \$154.3 million.

The Non-Reimbursable revenue projections reflect current fares and current trends in both Farebox and Other Operating Revenue. PEGs totaling \$1.4 million have been identified for 2006. Once implemented, the resulting 2006 cash deficit would decrease to \$327.4 million, of which \$276.2 million would represent MTA share and \$51.2 million ConnDOT share. The 2006 Budget reflects a continuation of current train service levels enhanced by late-night service improvements, and maintains MTA's commitment to safety and security. Major assumptions reflected in the November Financial Plan and reconciliation to the Mid Year Forecast are furnished later in this document.

The 2006 November baseline subsidy requirements, \$14.7 million lower vs. the July Plan and \$9.0 million higher vs. the February Plan reflect the deferral of the retroactive wage settlement payments and application of pension plan prepayment, substantial increases in fuel prices and other CPI-based increases, and equipment plan requirement changes.

2007-2009 PROJECTIONS

The Non-Reimbursable revenue projections total \$488.4 million in 2007, \$495.4 million in 2008, and \$501.7 million in 2009. Non-Reimbursable expense projections, including depreciation, total \$1,021.6 million in 2007, \$1,069.5 million in 2008, and \$1,124.9 million in 2009. These revenue and expense projections generate an operating deficit of \$533.2 million in 2007, \$574.1 million in 2008, and \$623.2 million in 2009. Cash adjustments of \$197.9 million in 2007, \$192.7 million in 2008, and \$208.7 million in 2009 reduce the amounts to a cash deficit projection of \$335.3 million in 2007, \$381.4 million in 2008, and \$414.5 million in 2009. The MTA share of the cash deficit totals \$273.0 million in 2007, \$310.0 million in 2008, and \$329.6 million in 2009, while the ConnDOT share totals \$62.3 million, \$71.4 million, and \$84.9 million, respectively. The Reimbursable revenues and expenses total \$162.6 million in 2007, \$172.3 million in 2008, and \$163.6 million in 2009.

The 2007-2009 expenditure projections will allow Metro-North to maintain current service levels as well as implement service improvements, while instituting programs to reduce subsidy requirements. Major assumptions reflected in the 2007-2009 projections and reconciliation to the Mid Year Forecast are furnished later in this document. PEGs identified for 2007 total \$3.0 million, \$4.9 million for 2008 and \$6.5 for 2009.

GAP CLOSING MEASURES

2006 PEG ACTIONS

As mentioned previously, PEGs totaling \$1.4 million have been identified for 2006. Two initiatives are involved. One represents the elimination of a proposed position addition to maintain the track near New Haven Car Washer/Wheel Shop area that is currently scheduled for completion in 2006. The other is the net operating impact of a capital purchase of 36 additional ticket vending machines (TVMs) and their incorporation into Metro-North's expanded ticket selling network. The objective of this project is to improve revenue collection.

2007 PEG ACTIONS AND 2008-2009 PROJECTIONS

The value of PEGs listed for 2007 totals \$3.0 million. This amount, in addition to savings generated by PEGs continued from 2006, includes two new measures. One represents the elimination of a provision to fund the purchase of new and/or experimental equipment for testing and research purposes by the Information Technology Department. The other represents preliminary productivity savings projections Metro-North plans to realize from a new Process Review Program it recently began. A complex, multi-faceted and long-term project, similar to one conducted several years ago, the program will focus on the thorough review of several selected functions across departmental lines. The recently completed change to the PeopleSoft Financial and Human Resources Systems, the ongoing replacement of old, difficult to maintain rolling stock with M7s, and the scheduled addition in 2006 of new shop space in New Haven afford the railroad an opportunity to target efficiencies.

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$403.045	\$437.800	\$448.809	\$455.442	\$461.639	\$467.207
Vehicle Toll Revenue						
Other Operating Revenue	33.716	31.677	32.100	33.000	33.755	34.512
Capital and Other Reimbursements						
Total Revenue	\$436.761	\$469.477	\$480.909	\$488.442	\$495.394	\$501.719
<u>Expenses</u>						
Labor:						
Payroll	\$318.182	\$330.537	\$343.226	\$354.394	\$368.540	\$384.657
Overtime	41.282	43.195	43.785	44.706	46.343	47.887
Health and Welfare	59.105	64.649	70.358	78.475	87.613	97.876
Pensions	29.491	29.986	31.277	32.624	33.135	34.402
Other Fringe Benefits	68.779	67.004	68.662	71.429	74.220	77.316
Reimbursable Overhead	(33.773)	(33.380)	(39.933)	(39.000)	(39.250)	(39.500)
Total Labor Expenses	\$483.066	\$501.991	\$517.376	\$542.628	\$570.600	\$602.638
Non-Labor:						
Traction and Propulsion Power	\$35.979	\$46.033	\$51.501	\$53.620	\$55.246	\$60.538
Fuel for Buses and Trains	8.066	11.951	17.002	17.383	17.775	18.120
Insurance	10.369	11.039	12.146	13.631	15.304	17.264
Claims	13.589	14.111	14.900	14.900	14.900	14.900
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	61.229	73.442	83.683	82.772	87.024	91.102
Professional Service Contracts	20.334	21.969	23.568	24.072	25.521	27.586
Materials & Supplies	57.903	59.191	59.782	61.338	62.691	63.218
Other Business Expenses	37.444	14.387	10.448	11.255	13.482	15.492
Total Non-Labor Expenses	\$244.913	\$252.123	\$273.030	\$278.971	\$291.943	\$308.220
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$727.979	\$754.114	\$790.406	\$821.599	\$862.543	\$910.858
Depreciation	158.272	184.999	195.000	200.000	207.000	214.000
Total Expenses	\$886.251	\$939.113	\$985.406	\$1,021.599	\$1,069.543	\$1,124.858
Baseline Net Surplus/(Deficit)	(\$449.490)	(\$469.636)	(\$504.497)	(\$533.157)	(\$574.149)	(\$623.139)
Cash Conversion Adjustments:						
Depreciation	\$158.272	\$184.999	\$195.000	\$200.000	\$207.000	\$214.000
Operating/Capital	(16.258)	(18.065)	(14.809)	(6.065)	(11.000)	(15.000)
Other Cash Adjustments	35.245	27.063	(4.467)	3.889	(3.204)	9.660
Total Cash Conversion Adjustments	\$177.259	\$193.997	\$175.724	\$197.824	\$192.796	\$208.660
Net Baseline NetCash Surplus/(Deficit)	(\$272.231)	(\$275.639)	(\$328.773)	(\$335.333)	(\$381.353)	(\$414.479)
2006 Agency Program to Eliminate the Gap (PEGs)	0.000	0.093	1.370	2.682	4.260	5.375
Post-2006 Agency Program to Eliminate the Gap	0.000	0.000	0.000	0.354	0.607	1.109
Total PEGs	0.000	0.093	1.370	3.036	4.867	6.484
Net Surplus/(Deficit)	(\$272.231)	(\$275.546)	(\$327.403)	(\$332.297)	(\$376.486)	(\$407.995)

REIMBURSABLE

[illegible]

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$403.045	\$437.800	\$448.809	\$455.442	\$461.639	\$467.207
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	33.716	31.677	32.100	33.000	33.755	34.512
Capital and Other Reimbursements	130.031	146.523	154.314	162.606	172.296	163.559
Total Revenue	\$566.792	\$616.000	\$635.223	\$651.048	\$667.690	\$665.278
<u>Expenses</u>						
Labor:						
Payroll	\$350.428	\$362.280	\$379.767	\$395.346	\$413.558	\$423.908
Overtime	51.785	52.349	55.071	55.248	57.191	59.068
Health and Welfare	65.392	71.191	78.464	88.187	99.094	108.576
Pensions	32.719	34.108	35.249	36.889	37.549	38.537
Other Fringe Benefits	76.255	74.031	76.671	80.264	83.873	85.860
Reimbursable Overhead	(0.132)	(2.107)	(2.019)	(0.504)	(0.471)	(0.558)
Total Labor Expenses	\$576.447	\$591.852	\$623.204	\$655.430	\$690.793	\$715.391
Non-Labor:						
Traction and Propulsion Power	\$35.979	\$46.033	\$51.501	\$53.620	\$55.246	\$60.538
Fuel for Buses and Trains	8.067	11.951	17.002	17.383	17.775	18.120
Insurance	13.832	14.437	16.340	18.366	20.462	21.869
Claims	13.589	14.111	14.900	14.900	14.900	14.900
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	72.277	95.534	96.118	88.548	94.574	97.063
Professional Service Contracts	23.358	28.153	26.021	26.415	28.545	29.309
Materials & Supplies	77.244	83.779	89.034	98.138	98.908	101.578
Other Business Expenses	37.217	14.787	10.600	11.406	13.636	15.649
Total Non-Labor Expenses	\$281.563	\$308.785	\$321.516	\$328.776	\$344.046	\$359.026
Other Expenses Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$858.010	\$900.637	\$944.720	\$984.206	\$1,034.839	\$1,074.417
Depreciation	158.272	184.999	195.000	200.000	207.000	214.000
Total Expenses	\$1,016.282	\$1,085.636	\$1,139.720	\$1,184.205	\$1,241.839	\$1,288.417
Baseline Net Surplus/(Deficit)	(\$449.490)	(\$469.636)	(\$504.497)	(\$533.157)	(\$574.149)	(\$623.139)
Cash Conversion Adjustments:						
Depreciation	\$158.272	\$184.999	\$195.000	\$200.000	\$207.000	\$214.000
Operating/Capital	(16.258)	(18.065)	(14.809)	(6.065)	(11.000)	(15.000)
Other Cash Adjustments	35.245	27.063	(4.467)	3.889	(3.204)	9.660
Total Cash Conversion Adjustments	\$177.259	\$193.997	\$175.724	\$197.824	\$192.796	\$208.660
Net Baseline NetCash Surplus/(Deficit)	(\$272.231)	(\$275.639)	(\$328.773)	(\$335.333)	(\$381.353)	(\$414.479)
2006 Agency Program to Eliminate the Gap (PEGs)	0.000	0.093	1.370	2.682	4.260	5.375
Post-2006 Agency Program to Eliminate the Gap	0.000	0.000	0.000	0.354	0.607	1.109
Total PEGs	0.000	0.093	1.370	3.036	4.867	6.484
Net Surplus/(Deficit)	(\$272.231)	(\$275.546)	(\$327.403)	(\$332.297)	(\$376.486)	(\$407.995)

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue	\$410.978	\$445.674	\$456.769	\$463.606	\$469.903	\$475.471
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	53.389	47.467	48.585	47.925	48.680	49.437
Capital and Other Reimbursements	129.644	145.178	152.563	163.052	170.537	165.554
Total Receipts	\$594.011	\$638.319	\$657.917	\$674.583	\$689.120	\$690.462
<u>Expenditures</u>						
Labor:						
Payroll	\$340.805	\$342.647	\$399.397	\$391.617	\$413.036	\$416.415
Overtime	50.814	53.152	55.371	55.382	57.329	59.210
Health and Welfare	68.300	73.713	81.144	90.836	101.811	111.365
Pensions	36.276	36.252	19.820	40.032	40.805	41.956
Other Fringe Benefits	74.649	71.180	81.372	80.639	85.095	85.395
Reimbursable Overhead	0.0	0.0	0.0	0.0	0.0	0.0
Total Labor Expenditures	\$570.844	\$576.944	\$637.104	\$658.506	\$698.076	\$714.341
Non-Labor:						
Traction and Propulsion Power	\$36.249	\$46.033	\$51.501	\$53.620	\$55.246	\$60.538
Fuel for Buses and Trains	7.999	11.951	17.002	17.383	17.775	18.120
Insurance	16.110	15.192	16.436	18.194	21.004	21.706
Claims	13.475	13.071	13.046	13.046	13.046	13.046
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	90.626	112.649	110.692	90.766	105.818	108.304
Professional Service Contracts	25.599	28.442	26.977	27.178	29.322	30.102
Materials & Supplies	89.646	89.427	94.364	101.467	107.137	113.685
Other Business Expenses	20.390	20.249	19.567	29.756	23.050	25.099
Total Non-Labor Expenditures	\$300.094	\$337.014	\$349.585	\$351.410	\$372.398	\$390.600
Other Expenditure Adjustments:						
Cash Timing and Availability Adjustment	(\$4.696)					
Total Other Expenditure Adjustments	(\$4.696)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$866.242	\$913.958	\$986.689	\$1,009.916	\$1,070.474	\$1,104.941
Baseline Net Cash Deficit	(\$272.231)	(\$275.639)	(\$328.772)	(\$335.333)	(\$381.354)	(\$414.479)
<u>Subsidies</u>						
MTA	(\$215.619)	(\$223.533)	(\$277.111)	(\$273.020)	(\$309.963)	(\$329.570)
CDOT	(\$56.612)	(\$52.106)	(\$51.661)	(\$62.313)	(\$71.391)	(\$84.909)
Total Subsidies	(\$272.231)	(\$275.639)	(\$328.772)	(\$335.333)	(\$381.354)	(\$414.479)
2006 Agency Program to Eliminate the Gap (PEGs)	\$0.000	\$0.093	\$1.370	\$2.682	\$4.260	\$5.375
Post-2006 Agency Program to Eliminate the Gap	0.000	0.000	0.000	0.354	0.607	1.109
Total PEGs	\$0.000	\$0.093	\$1.370	\$3.036	\$4.867	\$6.484
Net Cash Deficit	(\$272.231)	(\$275.546)	(\$327.402)	(\$332.297)	(\$376.487)	(\$407.995)
MTA share of PEGS	\$0.000	\$0.093	\$0.959	\$2.177	\$3.518	\$4.700
CDOT share of PEGS	\$0.000	\$0.000	\$0.411	\$0.859	\$1.349	\$1.784
Total PEGS	\$0.000	\$0.093	\$1.370	\$3.036	\$4.867	\$6.484
<u>Subsidies</u>						
MTA	(\$215.619)	(\$223.440)	(\$276.152)	(\$270.843)	(\$306.445)	(\$324.870)
CDOT	(\$56.612)	(\$52.106)	(\$51.250)	(\$61.454)	(\$70.042)	(\$83.125)
Total Subsidies	(\$272.231)	(\$275.546)	(\$327.402)	(\$332.297)	(\$376.487)	(\$407.995)

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue	\$7.933	\$7.874	\$7.960	\$8.164	\$8.264	\$8.264
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	19.673	15.790	16.485	14.925	14.925	14.925
Capital and Other Reimbursements	(0.387)	(1.345)	(1.751)	0.446	(1.759)	1.995
Total Receipt Adjustments	\$27.219	\$22.319	\$22.694	\$23.535	\$21.430	\$25.184
<u>Expenditures</u>						
Labor:						
Payroll	\$9.623	\$19.633	(\$19.630)	\$3.729	\$0.522	\$7.493
Overtime	0.971	(0.803)	(0.300)	(0.134)	(0.138)	(0.142)
Health and Welfare	(2.908)	(2.522)	(2.680)	(2.649)	(2.717)	(2.789)
Pensions	(3.557)	(2.144)	15.429	(3.143)	(3.256)	(3.419)
Other Fringe Benefits	1.606	2.851	(4.701)	(0.375)	(1.222)	0.465
Reimbursable Overhead	(0.132)	(2.107)	(2.019)	(0.504)	(0.471)	(0.558)
Total Labor Expenditures	\$5.603	\$14.908	(\$13.900)	(\$3.076)	(\$7.283)	\$1.050
Non-Labor:						
Traction and Propulsion Power	(\$0.270)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.068	0.000	0.000	0.000	0.000	0.000
Insurance	(2.278)	(0.755)	(0.096)	0.172	(0.542)	0.163
Claims	0.114	1.040	1.854	1.854	1.854	1.854
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(18.349)	(17.115)	(14.574)	(2.218)	(11.244)	(11.241)
Professional Service Contracts	(2.241)	(0.289)	(0.956)	(0.763)	(0.777)	(0.793)
Materials & Supplies	(12.402)	(5.648)	(5.330)	(3.329)	(8.229)	(12.107)
Other Business Expenditures	16.827	(5.462)	(8.967)	(18.350)	(9.414)	(9.450)
Total Non-Labor Expenditures	(\$18.531)	(\$28.229)	(\$28.069)	(\$22.634)	(\$28.352)	(\$31.574)
Other Expenditure Adjustments:						
Other	\$4.696	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expenditure Adjustments	\$4.696	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation	\$18.987	\$8.998	(\$19.275)	(\$2.175)	(\$14.205)	(\$5.340)
Depreciation Adjustment	\$158.272	\$184.999	\$195.000	\$200.000	\$207.000	\$214.000
Baseline Total Cash Conversion Adjustments	\$177.259	\$193.997	\$175.725	\$197.825	\$192.795	\$208.660
2006 Agency Program to Eliminate the Gap (PEGs)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Post-2006 Agency Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total PEGs	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments	\$177.259	\$193.997	\$175.725	\$197.825	\$192.795	\$208.660

**MTA METRO-NORTH RAILROAD
NOVEMBER FINANCIAL PLAN 2006-2009
YEAR-TO-YEAR CHANGES BY CATEGORY BASELINE NARRATIVE**

ACCRUAL (TOTAL)

FARE BOX REVENUE

Non-Reimbursable

- Projected ridership growth of 3.0% in 2005, 1.4% in 2006, 1.4% in 2007, 1.5% in 2008 and 1.0% in 2009 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

OTHER OPERATING REVENUE

Non-Reimbursable

- 2005 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1 2006. These increases are offset by the delayed implementation of higher West of Hudson parking fees
- 2006-2009 primarily incorporates the initiation of higher West of Hudson Parking fees and contractually based increases in GCT tenant fees and advertising revenues.

Reimbursable

- Not applicable

CAPITAL AND OTHER REIMBURSEMENTS

Non-Reimbursable

- Not applicable

Reimbursable

- Capital project cost reimbursements in each year of the financial plan are based on recouping 100% of accrued project expenditures. 2005 accrued expenditures (and receipts) are based upon the latest projection of capital project activity which includes peaking of the Shell-at-Grade and acceleration of the M2 Critical System Replacement project.
- 2006-2009 accrued expenditures (and receipts) are based on a continuation of 2005 forecasted project cost levels adjusted for significant project changes and the impact of inflation:
 - In 2006 and 2007 decreasing levels of maintenance and professional service contracts for the Shell-at-Grade project are offset by increased labor and material requirements for the M2 Critical System Replacement project.

- In 2008 completion of the Shell-at-Grade project reduces project cost and reimbursement levels.
- In 2009 the M2 Critical System Replacement project is completed, further reducing overall reimbursement levels.

PAYROLL

Non-Reimbursable

- Non Agreement salaries in 2005 include a cost of living increase of 3.0% effective May 2005. In 2006-2009 Non Agreement salaries include CPI-based increases of 2.8%, 2.6%, 2.9%, and 3.1% respectively.
- Agreement wages in 2005 - 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2009 Agreement salaries include CPI-based increases of 2.6%, 2.9%, and 3.1% respectively
- 2006 includes additional labor resources primarily for security based initiatives in GCT and upgrading electronic security \$.2 million, maintenance program increases for equipment inspections \$.2 million, and additional GCT-based maintenance forces \$.2 million. 2006 also includes additional labor resources for Service Plan improvements (\$.5 million).
- 2007 - 2009 additional labor costs are added to support security improvements to systems and facilities, increase service levels and coverage on all lines, increase car cleaning staff and provide additional administrative oversight and quality assurance functions in key operating areas.

Reimbursable

- Non Agreement salaries in 2005 include a cost of living increase of 3.0% effective May 2005. In 2006-2009 Non Agreement salaries include CPI-based increases of 2.8%, 2.6%, 2.9%, and 3.1% respectively.
- Agreement wages in 2005 - 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2009 Agreement salaries include CPI-based increases of 2.6%, 2.9%, and 3.1% respectively
- 2006-2007 includes increased staffing for the M2 Critical System Replacement project.

OVERTIME

Non-Reimbursable

- 2005 - 2006 costs include annual wage increases of 3.0% and emergency coverage.
- 2007 - 2009 include CPI-based wage increases of 2.6%, 2.9%, and 3.1% respectively.
- 2006-2009 includes additional on-board coverage requirements due to increases in service levels on all lines and emergency preparedness training and emergency coverage.

Reimbursable

- 2005 - 2006 costs include annual wage increases of 3.0%.
- 2007 - 2009 include CPI-based wage increases of 2.6%, 2.9%, and 3.1% respectively.

HEALTH AND WELFARE

Non-Reimbursable

- Projected inflationary increases of 9.1% in 2005, and 10.0% in 2006 through 2009.
- 2005-2009 include the non-reimbursable share of cost reductions associated with agreement employee premium contributions estimated at \$.374 million in 2005 and inflated thereafter.
- Other Cost adjustments for 2005-2009 are the result of changes in staffing levels associated with the programmatic changes that are incorporated into each year of the financial plan for Maintenance Improvements, Service Plan Enhancements, Customer Service Amenities, Security, and Administration.

Reimbursable

- Projected inflationary increases of 9.1% in 2005, and 10.0% in 2006 through 2009.
- 2005-2009 include the non-reimbursable share of cost reductions associated with agreement employee premium contributions estimated at \$.374 million in 2005 and inflated thereafter.

PENSIONS

Metro North Railroad's Pension costs for 2005 reflect current funding requirements for the Defined Benefit Plan (covering management staff and agreement staff that joined the Plan in 2004) and Defined Contribution Plan (for all other agreement staff). The funding requirements for the Defined Benefit Plan is a calculation prepared by an actuarial consultant retained by the MTA, whose staff also calculates Metro-North's share of required annual costs. The Defined Contribution Plan cost represents a 4% wage- based contribution until an employee reaches 19 years of service, then increasing to 7% of earnings. Metro-North's effective contribution rate for 2005 is 6% of payroll costs.

The 2006-2009 pension costs reflect Metro-North's share of funding requirements projected by the actuarial consultant for the Defined Benefit Plan participants, and an effective contribution rate of 6 % of payroll costs for staff covered by the Defined Contribution Plan.

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2009 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$90,000 in 2005, \$93,300 in 2006, \$96,099 in 2007, \$98,982 in 2008 and \$101,951 in 2009.
- Maximum earnings level for Tier II is estimated at \$66,900 in 2005, \$69,300 in 2006, \$71,379 in 2007, \$73,520 in 2008 and \$75,726 in 2009.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2009 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$90,000 in 2005, \$93,300 in 2006, \$96,099 in 2007, \$98,982 in 2008 and \$101,951 in 2009.
- Maximum earnings level for Tier II is estimated at \$66,900 in 2005, \$69,300 in 2006, \$71,379 in 2007, \$73,520 in 2008 and \$75,726 in 2009.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

REIMBURSABLE OVERHEAD

Non-Reimbursable

- Overhead costs for 2005–2009 are based on a percentage share of direct labor costs charged to reimbursable projects. 2006-2009 overhead costs are based on the continuation of 2005 forecast levels, adjusted for changes in the M2 Critical System Replacement project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2006-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2009 at 2.2%, 1.7%, 1.9%, and 2.0% respectively.

Reimbursable

- Overhead costs for 2005–2009 are based on a percentage share of direct labor costs charged to reimbursable projects. 2006-2009 overhead costs are based on the continuation of 2005 forecast levels, adjusted for changes in the M2 Critical System Replacement project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2006-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2009 at 2.2%, 1.7%, 1.9%, and 2.0% respectively

TRACTION AND PROPULSION POWER

Non-Reimbursable

- 2005 primarily reflects the impact of lower rate increases from CL&P

- 2006 prices reflect a 5% increase based on escalating rates.
- CPI increases in 2007-2009 of 1.7 %, 1.9% and 2.0% respectively.
- 2005-2009 incorporates the net effect of new car procurements and retirements and adds \$2.3 million in 2006 and \$1.1 million in 2007 to Harlem and Hudson Line costs, and \$.3 million in 2008 and \$3.2 million in 2009 to the New Haven Line costs in anticipation of the M8 car procurement.
- Service Plan enhancements increase costs by \$.3 million in 2008 and by \$.5 million in 2009.

Reimbursable

- No Cost.

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- 2005 costs reflect spiraling fuel prices and higher consumption.
- 2006 reflects continuation of price increases that exceed CPI levels and current consumption trends plus new train service initiatives.
- CPI increases in 2007-2009 of, 1.7%, 1.9%, and 2.0% respectively.
- 2007 and 2008 Service Plan enhancements increase costs by \$.1 million annually.

Reimbursable

- No Cost.

INSURANCE

Non-Reimbursable

- Increases in 2005-2009 reflect revised insurance premium estimates.

Reimbursable

- Increases in 2006-2009 reflect revised insurance premium estimates.

CLAIMS

Non-Reimbursable

- 2005 and 2006 include consultant fees for Employee Safety Training.

Reimbursable

- No Cost

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.

- Equipment maintenance programs costs increase in 2006 by \$8.0 million and in 2008 by \$2.8 million for additional overhaul costs for East and West of Hudson locomotives. These costs are reduced in 2007 and 2008 by \$3.4 million and \$1.6 million respectively with the completion of the West of Hudson program.
- 2007 and 2008 reflect a decrease in car disposal costs.
- 2006 – 2009 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2006 includes lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.4 million) and lower DuPont safety training costs.
- 2006 and 2007 also reflects an increase in outlying facility security costs of (\$.8 million and \$1.5 million).
- 2008 includes a provision for office space renovations (\$1.0 million).

Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9%, and 2.0%, respectively. Reduction through 2009 is due to gradual completion of the Shell-at-Grade project.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.
- Restoration of the 2005 reduction of MTA police service charges for the NH Line starting in 2009 (\$1.3 million).
- 2008 includes the restoration of a cost provision for general advertising fees (\$.8 million).

Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.
- Reduction through 2009 is due to gradual completion of the M2 Critical System Replacement project.

MATERIAL AND SUPPLIES

Non-Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.
- 2006 includes reductions for the completion of the Event Recorder Retrofit program (\$.3 million) and software license fees (\$.5 million).
- 2006-2007 includes cost provisions for the expanding maintenance program on the M3 car fleet and cost savings related to M1 car retirements.
- 2009 includes incremental material cost provisions to support the anticipated acquisition of M-8 cars and cost savings associated with the scale down of the M3 maintenance program.

Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.

- Increased material levels in 2006-2009 are due to peaking of the M2 Critical System Replacement project.

OTHER BUSINESS EXPENSES

Non-Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively
- 2008 and 2009 include provisions for maintenance initiatives (\$2.5 million in 2008 and \$2.0 million in 2009).

Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.

DEPRECIATION

Non-Reimbursable

- No significant changes

Reimbursable

- No significant changes

CASH

FARE BOX REVENUE

Non-Reimbursable

- Projected ridership growth of 3.0% in 2005, 1.4% in 2006, 1.4% in 2007, 1.4% in 2008 and 1.0% in 2009 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

Cash

- 2005-2009 cash adjustments include receipts from the sale of MetroCards, Westchester County bus fares, and special event promotions, partially offset by credit card fees associated with the purchase of passenger tickets.

OTHER OPERATING REVENUE

Non-Reimbursable

- 2005 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1

2006. These increases are offset by the delayed implementation of higher West of Hudson parking fees

- 2006-2009 primarily incorporates the initiation of higher West of Hudson Parking fees and contractually based increases in GCT tenant fees and advertising revenues.

Reimbursable

- Not applicable.

Cash

- 2005 cash adjustments include a projected \$2.4 million refund for overpayment of prior period force account insurance. 2005-2009 adjustments include the reclassification of Amtrak and other railroad reimbursements (from the Maintenance and Other Operating Contracts category), reimbursements from CDOT for station facilities and unitickets, the MTA for electricity charges, payments by former employees for health insurance coverage, reimbursements for claims settlements, scrap sale receipts, and other miscellaneous items.

CAPITAL AND OTHER REIMBURSEMENTS

Non-Reimbursable

- Not applicable

Reimbursable

- Capital project cost reimbursements in each year of the financial plan are based on recouping 100% of accrued project expenditures. 2005 accrued expenditures (and receipts) are based upon the latest projection of capital project activity which includes peaking of the Shell-at-Grade and acceleration of the M2 Critical System Replacement project.
- 2006-2009 accrued expenditures (and receipts) are based on a continuation of 2005 forecasted project cost levels adjusted for significant project changes and the impact of inflation:
 - In 2006 and 2007 decreasing levels of maintenance and professional service contracts for the Shell-at-Grade project are offset by increased labor and material requirements for the M2 Critical System Replacement project.
 - In 2008 completion of the Shell-at-Grade project reduces project cost and reimbursement levels.
- In 2009 the M2 Critical System Replacement project is completed, further reducing overall reimbursement levels.

PAYROLL

Non-Reimbursable

- Non Agreement salaries in 2005 include a cost of living increase of 3.0% effective May 2005. In 2006-2009 Non Agreement salaries include CPI-based increases of 2.8%, 2.6%, 2.9%, and 3.1% respectively.
- Agreement wages in 2005 - 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2009 Agreement salaries include CPI-based increases of 2.6%, 2.9%, and 3.1% respectively
- 2006 includes additional labor resources primarily for security based initiatives in GCT and upgrading electronic security \$.2 million, maintenance program increases for equipment inspections \$.2 million, and additional GCT-based maintenance forces \$.2 million. 2006 also includes additional labor resources for Service Plan improvements (\$.5 million).
- 2007 - 2009 additional labor costs are added to support GCT Security initiatives \$2.0 million and improvements to systems and facilities, increase service levels and coverage on all lines, increase car cleaning staff and provide additional administrative oversight and quality assurance functions in key operating areas.

Reimbursable

- Non Agreement salaries in 2005 include a cost of living increase of 3.0% effective May 2005. In 2006-2009 Non Agreement salaries include CPI-based increases of 2.8%, 2.6%, 2.9%, and 3.1% respectively.
- Agreement wages in 2005 - 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2009 Agreement salaries include CPI-based increases of 2.6%, 2.9%, and 3.1% respectively
- 2006-2007 includes increased staffing for the M2 Critical System Replacement project.

Cash

- Cash includes a reduction in 2005 payments (\$13.3 million excluding fringe) for accrued RWA not settled and payments of \$23.9 million in 2006 (excluding fringe) for prior period accrued RWA for unsettled unions. 2005-2009 cash adjustments also include differences between expense accruals and cash disbursements for the number of days paid, vacation and sick day provisions, employee health club memberships, agreement employee allowance for tools and safety shoes, employee contribution to health care coverage, and agreement employee contributions to the Defined Benefit Pension Plan.

OVERTIME

Non-Reimbursable

- 2005 - 2006 costs include annual wage increases of 3.0%.
- 2007 - 2009 include CPI-based wage increases of 2.6%, 2.9%, and 3.1% respectively.
- 2006-2009 includes additional on-board coverage requirements due to increases in service levels on all lines and emergency preparedness training.

Reimbursable

- 2005 - 2006 costs include annual wage increases of 3.0%.
- 2007 - 2009 include CPI-based wage increases of 2.6%, 2.9%, and 3.1% respectively.

HEALTH AND WELFARE

Non-Reimbursable

- Projected inflationary increases of 9.1% in 2005, and 10.0% in 2006 through 2009.
- 2005-2009 include the non-reimbursable share of cost reductions associated with agreement employee premium contributions estimated at \$.374 million in 2005 and inflated thereafter.
- Other Cost adjustments for 2005-2009 are the result of changes in staffing levels associated with the programmatic changes that are incorporated into each year of the financial plan for Maintenance Improvements, Service Plan Enhancements, Customer Service Amenities, Security, and Administration

Reimbursable

- Projected inflationary increases of 9.1% in 2005, and 10.0% in 2006 through 2009.
- 2005-2009 include the non-reimbursable share of cost reductions associated with agreement employee premium contributions estimated at \$.374 million in 2005 and inflated thereafter.

Cash

- 2005-2009 cash adjustments include current and former employee contributions toward health insurance costs.

PENSIONS

Metro North Railroad's Pension costs for 2005 reflect current funding requirements for the Defined Benefit Plan (covering management staff and agreement staff that joined the Plan in 2004) and Defined Contribution Plan (for all other agreement staff). The funding requirements for the Defined Benefit Plan is a calculation prepared by an actuarial consultant retained by the MTA, whose staff also calculates Metro-North's share of required annual costs. The Defined Contribution Plan cost represents a 4% wage- based contribution until an employee reaches 19 years of service, then increasing to 7% of earnings. Metro-North's effective contribution rate for 2005 is 6% of payroll costs.

The 2006-2009 pension costs reflect Metro-North's share of funding requirements projected by the actuarial consultant for the Defined Benefit Plan participants, and an effective contribution rate of 6 % of payroll costs for staff covered by the Defined Contribution Plan.

Cash

- 2005-2009 adjustments include difference between expense accruals and cash disbursements, and agreement employee contribution to the Defined Benefit Pension Plan. 2006 reflects a \$20 million cash reduction due to the prepayment of pension costs (paid in 2003).

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2009 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$90,000 in 2005, \$93,300 in 2006, \$96,099 in 2007, \$98,982 in 2008 and \$101,951 in 2009.
- Maximum earnings level for Tier II is estimated at \$66,900 in 2005, \$69,300 in 2006, \$71,379 in 2007, \$73,520 in 2008 and \$75,726 in 2009.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2009 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$90,000 in 2005, \$93,300 in 2006, \$96,099 in 2007, \$98,982 in 2008 and \$101,951 in 2009.
- Maximum earnings level for Tier II is estimated at \$66,900 in 2005, \$69,300 in 2006, \$71,379 in 2007, \$73,520 in 2008 and \$75,726 in 2009.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Cash

- 2005-2006 includes adjustments for railroad retirement taxes related to RWA settlements. 2005-2009 also includes adjustments between expense accruals and cash disbursements.

REIMBURSABLE OVERHEAD

Non-Reimbursable

- Overhead costs for 2005–2009 are based on a percentage share of direct labor costs charged to reimbursable projects. 2006-2009 overhead costs are based on the continuation of 2005 forecast levels, adjusted for changes in the M2 Critical System Replacement project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2006-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2009 at 2.2%, 1.7%, 1.9%, and 2.0%, respectively.

Reimbursable

- Overhead costs for 2005–2009 are based on a percentage share of direct labor costs charged to reimbursable projects. 2006-2009 overhead costs are based on the continuation of 2005 forecast levels, adjusted for changes in the M2 Critical System Replacement project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2006-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2009 at 2.2%, 1.7%, 1.9%, and 2.0%, respectively.

TRACTION AND PROPULSION POWER

Non-Reimbursable

- 2005 primarily reflects the impact of lower rate increases from CLP.
- 2006 prices reflect a 5% increase based on escalating rates.
- CPI increases in 2007-2009 of 1.7%, 1.9%, and 2.0% respectively.
- 2005-2009 incorporates the net effect of new car procurements and retirements and adds \$2.3 million in 2006 and \$1.1 million in 2007 to Harlem and Hudson Line costs, and \$.3 million in 2008, and \$3.2 million in 2009 to the New Haven Line costs in anticipation of the M8 car procurement.
- Service Plan enhancements increase costs by \$.3 million in 2008 and by \$.5 million in 2009.

Reimbursable

- No Cost.

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- 2005 costs reflect spiraling fuel prices and higher consumption.
- 2006 reflects continuation of price increases that exceed CPI levels and current consumption trends plus new train service initiatives.
- CPI increases in 2007-2009 of 1.7%, 1.9%, and 2.0% respectively.
- 2007 and 2008 Service Plan enhancements increase costs by \$.1 million annually.

Reimbursable

- No Cost.

INSURANCE

Non-Reimbursable

- Increases in 2005-2009 reflect revised insurance premium estimates.

Reimbursable

- Increases in 2006-2009 reflect revised insurance premium estimates.

Cash

- 2006-2009 reflects increase in force account payments as well as All-Agency insurance costs.

CLAIMS

Non-Reimbursable

- 2005 and 2006 include consultant fees for Employee Safety Training.

Reimbursable

- No Cost

Cash

- 2006-2009 payments reflect no year over year changes.

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.
- Equipment maintenance programs costs increase in 2006 by \$8.0 million and in 2008 by 2.8 million for additional overhaul costs for East and West of Hudson locomotives. These costs are reduced in 2007 and 2008 by \$3.4 million and \$1.6 million respectively with the completion of the West of Hudson program.
- 2006 and 2008 reflect a decrease in car disposal costs.
- 2006 – 2009 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2006 includes lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.4 million) and lower DuPont safety training costs.
- 2006 and 2007 also reflects an increase in outlying facility security costs of (\$.8 million and \$1.5 million).
- 2008 includes a provision for office space renovations (\$1.0 million),

Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9%, and 2.0%, respectively. Reduction through 2009 is due to gradual completion of the Shell-at-Grade project.

Cash

- 2005 cash adjustments include payment of prior period accruals for GCT management fees. 2005-2009 includes the reclassification of Amtrak and other railroad reimbursements to Other Operating Revenue. Also included are payments on behalf of CDOT for station facilities and the MTA for electricity charges.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.
- Restoration of the 2005 reduction of MTA police service charges for the NH Line starting in 2009 (\$1.3 million).
- 2008 includes the restoration of a cost provision for general advertising fees (\$.8 million).

Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.
- Reduction through 2009 is due to gradual completion of the M2 Critical System Replacement project.

MATERIAL AND SUPPLIES

Non-Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively
- 2006 includes reductions for the completion of the Event Recorder Retrofit program (\$.3 million) and software license fees (\$.5 million).
- 2006-2007 includes cost provisions for the expanding maintenance program on the M3 car fleet and cost savings related to M1 car retirements.
- 2009 includes incremental material cost provisions to support the anticipated acquisition of M-8 cars and cost savings associated with the scale down of the M3 maintenance program.

Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.
- Increased material levels in 2006-2009 are due to peaking of the M2 Critical System Replacement project.

OTHER BUSINESS EXPENSES

Non-Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively
- 2008 and 2009 include provisions for maintenance initiatives (\$2.5 million in 2008 and \$2.0 million in 2008).

Reimbursable

- CPI increases in 2006-2009 of 2.2%, 1.7%, 1.9% and 2.0%, respectively.

Cash

- 2005-2009 cash adjustments include payments for receipt of MetroCards, Westchester County bus fares, special promotions, and employee health club memberships, partially offset by the reclassification of credit card fees as an offset to Farebox Revenue and safety shoe and tool allowance to the Payroll category.

- 2005 includes a \$3.5 million reduction to cash for the accrued write-off of 3.5 million of obsolete equipment.

DEPRECIATION

Non-Reimbursable

- No change

Reimbursable

- No Cost

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Revenue									
Farebox Revenue	\$437.800	\$448.809	\$11.009	\$455.442	\$6.633	\$461.639	\$6.197	\$467.207	\$5.568
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	31.677	32.100	0.423	33.000	0.900	33.755	0.755	34.512	0.757
Capital and Other Reimbursements	146.523	154.314	7.791	162.606	8.292	172.296	9.690	163.559	(8.737)
Total Revenue	\$616.000	\$635.223	\$19.223	\$651.048	\$15.825	\$667.690	\$16.642	\$665.278	(\$2.412)
Expenses									
Labor:									
Payroll	\$362.280	\$379.767	(\$17.487)	\$395.346	(\$15.579)	\$413.558	(\$18.212)	\$423.908	(\$10.350)
Overtime	52.349	55.071	(2.722)	55.248	(0.177)	57.191	(1.943)	59.068	(1.877)
Health and Welfare	71.191	78.464	(7.273)	88.187	(9.722)	99.094	(10.907)	108.576	(9.482)
Pensions	34.108	35.249	(1.141)	36.889	(1.640)	37.549	(0.660)	38.537	(0.988)
Other Fringe Benefits	74.031	76.671	(2.640)	80.264	(3.593)	83.873	(3.609)	85.860	(1.987)
Reimbursable Overhead	(2.107)	(2.019)	(0.088)	(0.504)	(1.515)	(0.471)	(0.033)	(0.558)	0.087
Total Labor Expenses	\$591.852	\$623.204	(\$31.352)	\$655.430	(\$32.226)	\$690.793	(\$35.363)	\$715.391	(\$24.598)
Non-Labor:									
Traction and Propulsion Power	\$46.033	\$51.501	(\$5.468)	\$53.620	(\$2.119)	\$55.246	(\$1.626)	\$60.538	(\$5.292)
Fuel for Buses and Trains	11.951	17.002	(5.051)	17.383	(0.381)	17.775	(0.392)	18.120	(0.345)
Insurance	14.437	16.340	(1.903)	18.366	(2.026)	20.462	(2.096)	21.869	(1.407)
Claims	14.111	14.900	(0.789)	14.900	0.000	14.900	0.000	14.900	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other	95.534	96.118	(0.584)	88.548	7.570	94.574	(6.026)	97.063	(2.489)
Professional Service Contracts	28.153	26.021	2.132	26.415	(0.394)	28.545	(2.130)	29.309	(0.764)
Materials & Supplies	83.779	89.034	(5.255)	98.138	(9.104)	98.908	(0.770)	101.578	(2.670)
Other Business Expenses	14.787	10.600	4.187	11.406	(0.806)	13.636	(2.230)	15.649	(2.013)
Total Non-Labor Expenses	\$308.785	\$321.516	(\$12.731)	\$328.776	(\$7.260)	\$344.046	(\$15.270)	\$359.026	(\$14.980)
Other Expenses Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$900.637	\$944.720	(\$44.083)	\$984.206	(\$39.486)	\$1,034.839	(\$50.633)	\$1,074.417	(\$39.578)
Depreciation	184.999	195.000	(\$10.001)	200.000	(5.000)	207.000	(7.000)	214.000	(7.000)
Total Expenses	\$1,085.636	\$1,139.720	(\$54.084)	\$1,184.206	(\$44.486)	\$1,241.839	(\$57.633)	\$1,288.417	(\$46.578)
Baseline Net Surplus/(Deficit)	(\$469.636)	(\$504.497)	(\$34.861)	(\$533.158)	(\$28.661)	(\$574.149)	(\$40.991)	(\$623.139)	(\$48.990)
2006 Agency Program to Eliminate the Gap (PEGs)	0.093	1.370	1.277	2.682	1.312	4.260	1.578	5.375	1.115
Post-2006 Agency Program to Eliminate the Gap	0.000	0.000	0.000	0.354	0.354	0.607	0.253	1.109	0.502
Total PEGS	0.093	1.370	1.277	3.036	1.666	4.867	1.831	6.484	1.617
Net Surplus/(Deficit)	(\$469.543)	(\$503.127)	(\$33.584)	(\$530.122)	(\$26.995)	(\$569.282)	(\$39.160)	(\$616.655)	(\$47.373)

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue	\$445.674	\$456.769	\$11.095	\$463.606	\$6.837	\$469.903	\$6.297	\$475.471	\$5.568
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	47.467	48.585	1.118	47.925	(0.660)	48.680	0.755	49.437	0.757
Capital and Other Reimbursements	145.178	152.563	7.385	163.052	10.489	170.537	7.485	165.554	(4.983)
Total Receipts	\$638.319	\$657.917	\$19.598	\$674.583	\$16.666	\$689.120	\$14.537	\$690.462	\$1.342
<u>Expenditures</u>									
Labor:									
Payroll	\$342.647	\$399.397	(\$56.750)	\$391.617	\$7.780	\$413.036	(\$21.419)	\$416.415	(\$3.379)
Overtime	53.152	55.371	(2.219)	55.382	(0.011)	57.329	(1.947)	59.210	(1.881)
Health and Welfare	73.713	81.144	(7.431)	90.836	(9.692)	101.811	(10.975)	111.365	(9.554)
Pensions	36.252	19.820	16.432	40.032	(20.212)	40.805	(0.773)	41.956	(1.151)
Other Fringe Benefits	71.180	81.372	(10.192)	80.639	0.733	85.095	(4.456)	85.395	(0.300)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$576.944	\$637.104	(\$60.160)	\$658.506	(\$21.402)	\$698.076	(\$39.570)	\$714.341	(\$16.265)
Non-Labor:									
Traction and Propulsion Power	\$46.033	\$51.501	(\$5.468)	\$53.620	(\$2.119)	\$55.246	(\$1.626)	\$60.538	(\$5.292)
Fuel for Buses and Trains	11.951	17.002	(5.051)	17.383	(0.381)	17.775	(0.392)	18.120	(0.345)
Insurance	15.192	16.436	(1.244)	18.194	(1.758)	21.004	(2.810)	21.706	(0.702)
Claims	13.071	13.046	0.025	13.046	0.000	13.046	0.000	13.046	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other									
Operating Contracts	112.649	110.692	1.957	90.766	19.926	105.818	(15.052)	108.304	(2.486)
Professional Service Contracts	28.442	26.977	1.465	27.178	(0.201)	29.322	(2.144)	30.102	(0.780)
Materials & Supplies	89.427	94.364	(4.937)	101.467	(7.103)	107.137	(5.670)	113.685	(6.548)
Other Business Expenses	20.249	19.567	0.682	29.756	(10.189)	23.050	6.706	25.099	(2.049)
Total Non-Labor Expenditures	\$337.014	\$349.585	(\$12.571)	\$351.410	(\$1.825)	\$372.398	(\$20.988)	\$390.600	(\$18.202)
Other Expenditure Adjustments:									
Other	\$0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$913.958	\$986.689	(\$72.731)	\$1,009.916	(\$23.227)	\$1,070.474	(\$60.558)	\$1,104.941	(\$34.467)
Baseline Net Cash Deficit	(\$275.639)	(\$328.772)	(\$53.133)	(\$335.333)	(\$6.561)	(\$381.354)	(\$46.021)	(\$414.479)	(\$33.125)
2006 Agency Program to Eliminate the Gap (PEGs)									
Post-2006 Agency Program to Eliminate the Gap	\$0.093	\$1.370	\$1.277	\$2.682	\$1.312	\$4.260	\$1.578	\$5.375	\$1.115
	0.000	0.000	0.000	0.354	0.354	0.607	0.253	1.109	0.502
Total PEGs	\$0.093	\$1.370	\$1.277	\$3.036	\$1.666	\$4.867	\$1.831	\$6.484	\$1.617
Net Cash Deficit	(\$275.546)	(\$327.402)	(\$51.856)	(\$332.297)	(\$4.895)	(\$376.487)	(\$44.190)	(\$407.995)	(\$31.508)

**MTA METRO-NORTH RAILROAD
NOVEMBER FINANCIAL PLAN 2006-2009
UTILIZATION**

RIDERSHIP/UTILIZATION PROJECTIONS

Ridership projections are developed primarily by the application of line segment ridership forecasting models that incorporate current trends and the impact of economic and demographic factors and government-supported mass transit initiatives. In addition, internal programs that affect service, customer awareness, and access to Metro-North are also incorporated into ridership forecasts.

The November Forecast incorporates higher customer growth rates for East of Hudson Service than the February and the July Financial Plans. This increase reflects current general growth trend, which is incorporated into the 2006-2009 ridership base. The 2005 November Forecast also includes several extraordinary ticket sale events that were not included in the 2006-2009 base. The are related to the pre-purchase of ten-trip tickets prior to the March 2005 fare increase, service enhancements, Central Park art events, and the diversion of Westchester County bus riders to Metro-North during the Bee-Line Bus Strike.

The 2005 November Forecast reflects East of Hudson service ridership that is 2.2% higher than the adopted (February Plan) budget, and 3.0% higher than 2004 actual results. In 2006, 2007, 2008 and 2009, ridership is projected to grow 1.4%, 1.4%, 1.5% and 1.0%, Compared to the July Forecast ridership reflects increases of 0.4% in 2005 and 0.5% each year for the 2006 – 2009 period.

West of Hudson utilization reflects lower customer levels than included in the February Plan. This decrease reflects lower than previously projected ridership growth from new service, the opening of the Secaucus transfer and the re-opening of PATH Service in lower Manhattan.

The 2005 November and July Forecasts reflect West of Hudson ridership that is 15.4% lower than the adopted (February Plan) budget, but 4.2% higher than 2004 actual results. In 2006, 2007, 2008 and 2009, ridership is projected to grow 5.5%, 8.5%, 7.0% and 3.8%, respectively.

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Ridership/Traffic Volume (Utilization)
(in millions)

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Farebox Revenue *</u>						
Harlem Line	\$ 118.063	\$ 127.525	\$ 131.699	\$ 134.088	\$ 135.863	\$ 137.640
Hudson Line	81.757	88.983	92.233	94.488	96.488	97.839
New Haven Line	202.669	220.692	224.077	226.066	228.488	230.928
Total Farebox Revenue	\$ 402.489	\$ 437.200	\$ 448.009	\$ 454.642	\$ 460.839	\$ 466.407
<i>Impact of:</i>						
Program to Eliminate the Gap			1.590	3.180	4.770	5.962
Total Revenue	402.489	437.200	449.599	457.822	465.609	472.369
<u>Ridership</u>						
Harlem Line	24.039	24.720	25.147	25.567	25.927	26.189
Hudson Line	13.616	14.100	14.383	14.693	15.001	15.158
New Haven Line	33.102	34.049	34.391	34.718	35.170	35.481
Baseline Total Ridership	70.757	72.869	73.921	74.978	76.098	76.828
<i>Impact of:</i>						
Program to Eliminate the Gap						
Total Ridership	70.757	72.869	73.921	74.978	76.098	76.828

* Excludes Mail and Ride Fare box Revenue from West of Hudson Service of \$.600 million in 2005
Excludes Mail and Ride Fare box Revenue from West of Hudson Service of \$.800 million 2006-2010.

**MTA METRO-NORTH RAILROAD
NOVEMBER FINANCIAL PLAN 2006-2009
SUMMARY OF MAJOR PLAN-TO-PLAN CHANGES**

Revisions to Metro-North's financial plan for the 2005-2009 period reflect adjustments resulting from evolving economic conditions, changing cost assumptions and resource allocations, as well as the impact of outstanding labor agreements for 2003-2006 period.

2005: NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

The 2005 November Financial Plan subsidy requirements for non-reimbursable operations are \$25.4 million lower than in the July Financial Plan. The reduction reflects the deferred payment of retroactive wage settlements (\$29.9 million) and the deferred application of pension plan prepayment (\$20.0 million) to 2006, passenger revenue improvements of \$2.2 million due to greater than projected ridership growth, and pension plan cost reductions were the primary causes in subsidy reductions. These favorable results were partially offset by expense increases associated with higher overtime due to emergency coverage, rising energy costs, an increase in West of Hudson subsidies, and lower overhead expense recoveries from capital projects.

Reimbursable project costs (and receipts) are \$14.0 million lower than the July Plan. Lower costs reflect scheduling changes to the Shell-at-Grade, M2 Critical System Replacement, Turnouts – Mainline/High Speed and CDOT Track, Interlocking and Drainage projects.

Compared to the February Financial Plan, subsidy requirements are reduced by \$25.9 million in the November Financial Plan. This decrease is primarily driven by the deferred payment of retroactive wage settlements (\$29.9 million) and the application of pension plan prepayment (\$20.0 million) to 2006, lower pension plan costs, and a \$9.5 million improvement in revenues. \$8.3 million of the revenue increase is due to higher ridership, with the remainder due to higher rent and concession proceeds in GCT. These reductions are partially offset by rising energy costs, increases in overtime, and higher material usage requirements.

2006: NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

The 2006 November Financial Plan subsidy requirements for are \$14.7 million lower than in the July Financial Plan. This reduction reflects the lower pension costs, the deferred application of pension plan prepayment (\$20.0 million), the continuation of 2005 revenue growth trends associated with higher ridership and increases in overhead expense recoveries from capital projects. Partially offsetting these reductions are increases comprised of the payment of retroactive wage agreement settlements for 2003-2005 period (\$29.9 million), general escalation of the Consumer Price Index applied to base costs, additional cost increase for West of Hudson operations, and

substantial increase in energy costs. Other expenditure level increases reflect the addition of material costs for the M3 enhancement Program (\$3.4 million), Service Plan enhancements, an increase in emergency overtime coverage, and the rescheduling of equipment disposal costs.

Reimbursable project costs (and receipts) are \$11.9 million lower than the July Plan. Major projects for 2006 include: Shell-at-Grade, M2 Critical System Replacement, Cyclical Track, Mainline/High Speed Turnouts and East Side Access.

Compared to the February Financial Plan, 2006 baseline subsidy requirements increase by \$9.0 million in the November Financial Plan. This increase is primarily driven by the payment of retroactive wage settlements for the 2003-2005 period (\$29.3 million), increased energy costs (\$11.0 million), and cost increases due to the rescheduling of equipment overhauls, the expansion of the M3 maintenance program, and increases in West of Hudson subsidy payments. These increases are partially offset by a \$10.5 million improvement in revenues, \$9.6 million of which is attributable to increasing passenger fares from higher ridership, with the remainder due to increasing rent and concession proceeds from Parking facilities and GCT retail tenants. The reductions also reflect lower pension costs, and the application of the pension prepayment (\$20.0 million).

2007: NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

In the November Financial Plan, 2007 baseline subsidy requirements are \$12.9 million lower than the July Financial Plan. This reduction reflects the continuation of 2005 revenue growth trends associated with higher ridership, an increase in overhead expense recoveries from capital projects, lower pension costs, and a decrease in the general rise in the Consumer Price Index applied to base costs. Partially offsetting these reductions is the continuation of 2005 cost increase trends for West of Hudson operations, energy, the net cost impacts of rolling stock replacement and overhauls and increases in emergency overtime coverage. Other expenditure level increases reflect the addition of material costs for the M3 enhancement program (\$4.7 million). The November Plan also includes the impact of the service plan improvements added in 2006.

Reimbursable project costs (and receipts) are \$13.8 million lower than the July Plan reflecting a general decrease in expenditures predicated on the continuation of the revised 2006 expenditure level base.

2008 NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

In the November Financial Plan, 2008 baseline subsidy requirements are \$9.0 million lower than the July Financial Plan. This reduction reflects the continuation of 2005 revenue growth trends associated with higher ridership, a decrease in the Consumer Price Index applied to base costs, lower pension costs, and an increase in overhead expense recoveries from capital projects. Partially offsetting these reductions is the

addition of material costs for the M3 enhancement program (\$4.8 million), the continuation of 2005 cost increase trends for West of Hudson operations, energy, the net cost impacts of rolling stock replacement and overhauls costs, Service Plan enhancements, and increases in overtime coverage.

Reimbursable project costs (and receipts) are \$3.7 million below the July Plan reflecting a general decrease in expenditures predicated on the continuation of 2006 project expenditure levels.

2009 NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN

In the November Financial Plan, 2009 baseline subsidy requirements are \$16.3 million lower than the July Financial Plan. This reflects the continuation of 2005 revenue growth trends associated with higher ridership, a decrease in the general rise in the Consumer Price Index applied to base costs, and lower pension costs. Partially offsetting these reductions is the continuation of 2005 cost increase trends for West of Hudson operations and energy, the net cost impacts of changes in rolling stock replacement and overhaul programs, particularly the addition of material costs for the M3 enhanced maintenance program, and increases in overtime coverage.

Reimbursable project costs (and receipts) are \$8.7 million below the July Plan reflecting a general decrease in expenditures predicated on the continuation of the revised 2006 project expenditure level base.

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$300.970)	(\$328.553)	(\$348.226)	(\$390.424)	(\$430.819)
Non-Reimbursable Major Changes					
Revenue					
Fare Box Revenue-general ridership growth	\$1.994	\$2.276	\$2.277	\$2.285	\$2.306
Additional ridership from enhanced service	.200	1.300	1.300	1.300	1.300
Other Operating Revenue	.004	0.211	0.144	0.123	0.089
Sub-Total Non-Reimbursable Revenue Changes	\$2.198	\$3.787	\$3.721	\$3.708	\$3.695
Expenses					
Reimbursable Overhead-additional capital projects	(\$1.759)	\$2.785	\$1.203	\$.698	\$.215
Enhanced service expansion	(.111)	(.765)	(.765)	(.765)	(.765)
Equipment disposal costs	1.074	(1.467)	.000	.000	.000
Equipment Strategy Enhanced Maintenance of M3 Cars	.000	(3.449)	(4.677)	(4.764)	(1.216)
Preventive Maintenance Program	.000	.500	.500	.500	.500
GCT Electronic Security Plan	.000	.358	.000	.000 #	.000
Write-off of Comet 1A cars	(3.600)	.000	.000	.000 #	.000
OTE-OT Emergency Coverage	(2.440)	(1.314)	(1.249)	(1.270)	(1.261)
West of Hudson Locomotives Overhaul Rescheduled	1.325	.000	.000	.000	.000
Material & Supplies for Equipment Maintenance	(1.783)	.000	.000	.000	.000
Revised Pension Provision	14.884	9.417	9.462	10.170	9.669
Revised Health and Welfare Provision	2.790	\$4.476	\$3.873	\$3.070	\$2.709
Depreciation	(1.090)	(1.000)	.000	.000	.000
All Other Changes	1.190	(2.332)	(.371)	1.090	3.008
Sub-Total Non-Reimbursable Expense Changes	\$10.479	\$7.210	\$7.976	\$8.729	\$12.859
Total Non-Reimbursable Major Changes	\$12.677	\$10.997	\$11.697	\$12.437	\$16.554
Reimbursable Major Changes					
Revenue	\$.000				
See expense explanations	(\$14.019)	(\$11.853)	(\$13.771)	(\$3.747)	(\$8.712)
Sub-Total Reimbursable Revenue Changes	(\$14.019)	(\$11.853)	(\$13.771)	(\$3.747)	(\$8.712)
Expenses					
Shell at Grade and M2 Critical Replacement Programs	\$4.310	\$11.853	\$13.771	\$3.747	\$8.712
High Speed Turnouts Mainline	2.001	0.000	0.000	0.000	0.000
Track Interlocking and Drainage	1.591	0.000	0.000	0.000	0.000
Yard Turnouts	1.177	0.000	0.000	0.000	0.000
NH Branch Line Grading	1.060	0.000	0.000	0.000	0.000
Highway Bridge Rehabilitation	1.052	0.000	0.000	0.000	0.000
NYDOT Grade Crossing Improvements	0.955	0.000	0.000	0.000	0.000
Optimize Signal Relay Circuits	0.850	0.000	0.000	0.000	0.000
Cyclical Track Program	0.822	0.000	0.000	0.000	0.000
All Others	0.201	0.000	0.000	0.000	0.000
Sub-Total Reimbursable Expense Changes	\$14.019	\$11.853	\$13.771	\$3.747	\$8.712
Total Reimbursable Major Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Total Accrual Changes	\$12.677	\$10.997	\$11.697	\$12.437	\$16.554
Cash Adjustment Changes					
Write-off of Comet 1 A cars	\$3.600	\$.000	\$.000	\$.000	\$.000
Delay in Force Account Receipts	0.046	(6.116)	0.346	(2.763)	0.378
Pension Prepayment	(20.000)	20.000	0.000	0.000	0.000
Operating Capital	(1.0270)	0.076	0.000	0.000	0.000
RWA Payment	28.670	(26.887)	0.000	0.000	0.000
Depreciation	1.090	1.000	0.000	0.000	0.000
All Other	0.275	0.710	0.850	(0.603)	(0.591)
Total Cash Adjustment Changes	\$12.654	(\$11.217)	\$1.196	(\$3.366)	(\$0.213)
Total Baseline Changes	\$25.331	(\$0.220)	\$12.893	\$9.071	\$16.341
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$275.639)	(\$328.773)	(\$335.334)	(\$381.353)	(\$414.479)

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE					
	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$300.970)	(\$328.553)	(\$348.226)	(\$390.424)	(\$430.819)
Baseline Changes					
Revenue					
Farebox Revenue	\$2.194	\$3.576	\$3.577	\$3.585	\$3.606
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.004	0.211	0.144	0.123	0.089
Capital and Other Reimbursement	(14.019)	(11.853)	(13.771)	(3.747)	(8.712)
Total Revenue Changes	(\$11.821)	(\$8.066)	(\$10.050)	(\$0.39)	(\$5.017)
Expenses					
Labor:					
Payroll	\$2.453	(\$2.509)	(\$4.208)	(\$7.257)	(\$5.540)
Overtime	(2.138)	(3.063)	(1.102)	(1.252)	(1.407)
Health and Welfare	3.315	4.455	3.457	1.626	2.839
Pensions	15.793	10.303	10.372	10.994	10.735
Other Fringe Benefits	1.352	1.085	0.624	0.282	1.923
Reimbursable Overhead	0.091	(0.789)	(0.115)	(0.166)	(0.098)
Total Labor Expense Changes	\$20.865	\$9.483	\$9.028	\$4.227	\$13.452
Non-Labor:					
Traction and Propulsion Power	(\$541)	(\$713)	(\$574)	(\$359)	(\$199)
Fuel for Buses and Trains	0.051	(4.809)	(4.872)	(4.925)	(4.965)
Insurance	0.173	0.931	1.456	1.838	3.243
Claims	0.000	0.026	0.026	0.026	0.026
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	4.858	6.924	16.230	12.967	8.670
Professional Service Contracts	3.286	4.702	5.186	3.803	4.145
Materials & Supplies	0.629	1.885	(6.439)	(6.882)	(4.722)
Other Business Expenses	(3.733)	1.634	1.705	1.781	1.921
Total Non-Labor Expense Changes	\$4.723	\$10.580	\$12.718	\$8.249	\$8.119
Total Expenses before Depreciation					
Depreciation	(1.090)	(1.000)	0.000	0.000	0.000
Total Expense Changes	\$24.498	\$19.063	\$21.746	\$12.476	\$21.571
Cash Conversion Adjustment Changes					
Depreciation	1.090	1.000	0.000	0.000	0.000
Operating/Capital	(1.027)	0.076	0.000	0.000	0.000
Other Cash Adjustments	12.591	(12.293)	1.196	(3.366)	(0.213)
Total Cash Conversion Adjustments	\$12.654	(\$11.217)	\$1.196	(\$3.366)	(\$0.213)
Total Baseline Changes	\$25.331	(\$0.220)	\$12.892	\$9.071	\$16.341
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$275.639)	(\$328.773)	(\$335.334)	(\$381.353)	(\$414.479)

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

REIMBURSABLE					
	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Other Operating Revenue					
Capital and Other Reimbursement	(\$14.019)	(\$11.853)	(\$13.771)	(\$3.747)	(\$8.712)
Total Revenue Changes	(\$14.019)	(\$11.853)	(\$13.771)	(\$3.747)	(\$8.712)
Expenses					
Labor:					
Payroll	\$1.526	(\$1.299)	(\$3.497)	(\$6.640)	(\$3.318)
Overtime	0.306	(1.749)	0.147	0.018	(0.146)
Health and Welfare	0.525	(0.021)	(0.416)	(1.444)	0.130
Pensions	0.909	0.886	0.910	0.824	1.066
Other Fringe Benefits	0.365	(0.250)	(0.476)	(1.087)	0.166
Reimbursable Overhead	1.850	(3.574)	(1.318)	(0.864)	(0.313)
Total Labor Expense Changes	\$5.481	(\$6.007)	(\$4.650)	(\$9.193)	\$5.85
Non-Labor:					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.185	0.685	1.159	1.464	2.777
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	2.958	6.784	13.710	9.960	5.150
Professional Service Contracts	3.183	5.686	6.122	4.695	4.983
Materials & Supplies	2.300	4.665	(2.645)	(3.282)	(4.979)
Other Business Expenses	(0.088)	0.040	0.074	0.103	0.196
Total Non-Labor Expense Changes	\$8.538	\$17.860	\$18.420	\$12.940	\$8.127
Total Expenses before Depreciation					
Depreciation	0.000	0.000	0.000	0.000	0.000
Total Expense Changes	\$14.019	\$11.853	\$13.771	\$3.747	\$8.712
Cash Conversion Adjustment Changes					
Depreciation	0.000	0.000	0.000	0.000	0.000
Operating/Capital	0.000	0.000	0.000	0.000	0.000
Other Cash Adjustments	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	(\$0.000)	\$0.000	\$0.000	(\$0.000)	\$0.000
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$0.000)	\$0.000	\$0.000	(\$0.000)	\$0.000

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE					
	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$300.970)	(\$328.553)	(\$348.226)	(\$390.424)	(\$430.819)
Baseline Changes					
Revenue					
Farebox Revenue	\$2.194	\$3.576	\$3.577	\$3.585	\$3.606
Vehicle Toll Revenue					
Other Operating Revenue	0.004	0.211	0.144	0.123	0.089
Capital and Other Reimbursement					
Total Revenue Changes	\$2.198	\$3.787	\$3.721	\$3.708	\$3.695
Expenses					
<i>Labor:</i>					
Payroll	\$.927	(\$1.210)	(\$.711)	(\$.617)	(\$.222)
Overtime	(2.444)	(1.314)	(1.249)	(1.270)	(1.261)
Health and Welfare	2.790	4.476	3.873	3.070	2.709
Pensions	14.884	9.417	9.462	10.170	9.669
Other Fringe Benefits	0.987	1.335	1.100	1.369	1.757
Reimbursable Overhead	(1.759)	2.785	1.203	0.698	0.215
Total Labor Expense Changes	\$15.384	\$15.490	\$13.678	\$13.420	\$12.867
<i>Non-Labor:</i>					
Traction and Propulsion Power	(\$.541)	(\$.713)	(\$.574)	(\$.359)	(\$.199)
Fuel for Buses and Trains	0.051	(4.809)	(4.872)	(4.925)	(4.965)
Insurance	(0.012)	0.246	0.297	0.374	0.466
Claims	0.000	0.026	0.026	0.026	0.026
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.900	0.140	2.520	3.007	3.520
Professional Service Contracts	0.103	(0.984)	(0.936)	(0.892)	(0.838)
Materials & Supplies	(1.671)	(2.780)	(3.794)	(3.600)	0.257
Other Business Expenses	(3.645)	1.594	1.631	1.678	1.725
Total Non-Labor Expense Changes	(\$3.815)	(\$7.280)	(\$5.702)	(\$4.691)	(\$.008)
Total Expenses before Depreciation					
Depreciation	(1.090)	(1.000)	0.000	0.000	0.000
Total Expense Changes	\$10.479	\$7.210	\$7.976	\$8.729	\$12.859
Cash Conversion Adjustment Changes					
Depreciation	1.090	1.000	0.000	0.000	0.000
Operating/Capital	(1.027)	0.076	0.000	0.000	0.000
Other Cash Adjustments	12.591	(12.293)	1.196	(3.366)	(0.213)
Total Cash Conversion Adjustments	\$12.654	(\$11.217)	\$1.196	(\$3.366)	(\$.213)
Total Baseline Changes	\$25.331	(\$0.220)	\$12.893	\$9.071	\$16.341
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$275.639)	(\$328.773)	(\$335.334)	(\$381.353)	(\$414.479)

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Summary of 2006 PEGs
(\$ in millions)

		Favorable/(Unfavorable)									
		2005 November Forecast		2006 Final Proposed Budget		2007		2008		2009	
		Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
LIST of PROGRAMS											
Administration:											
Sub-Total Administration		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Customer Convenience & Amenities:											
TVMs Purchase Additional 36 Machines		0	\$.093	(3)	\$ 1.253	(3)	\$ 2.562	(3)	\$ 4.138	(3)	\$ 5.250
Sub-Total Customer Convenience & Amenities		0	\$.093	(3)	\$ 1.253	(3)	\$ 2.562	(3)	\$ 4.138	(3)	\$ 5.250
Service:											
Sub-Total Service		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:											
New Haven Shops & Yard - Car Washer /Wheel Shop		0	\$.000	1	\$.117	1	\$.120	1	\$.122	1	\$.125
Sub-Total Maintenance		0	\$.000	1	\$.117	1	\$.120	1	\$.122	1	\$.125
Revenue Enhancements:											
Sub-Total Revenue Enhancements		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Other:											
Sub-Total Other		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total 2006 PEGs		0	\$.093	(2)	\$ 1.370	(2)	\$ 2.682	(2)	\$ 4.260	(2)	\$ 5.375

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Summary of Post-2006 PEGs
(\$ in millions)

	Favorable/(Unfavorable)					
	2007		2008		2009	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
LIST of PROGRAMS						
Administration:						
Process Review for Productivity Savings	0	\$.250	0	\$.500	0	\$1.000
IT - Evaluation Equipment & Technology	0	.104	0	.107	0	.109
Sub-Total Administration	0	\$.354	0	\$.607	0	\$1.109
Customer Convenience & Amenities:						
Sub-Total Customer Convenience & Amenities	0	\$.000	0	\$.000	0	\$.000
Service:						
Sub-Total Service	0	\$.000	0	\$.000	0	\$.000
Maintenance:						
Sub-Total Maintenance	0	\$.000	0	\$.000	0	\$.000
Revenue Enhancements:						
Sub-Total Revenue Enhancements	0	\$.000	0	\$.000	0	\$.000
Other:						
Sub-Total Other	0	\$.000	0	\$.000	0	\$.000
Total Post 2006 PEGs	0	\$.354	0	\$.607	0	\$1.109

**MTA Metro-North Railroad
November Financial Plan 2006-2009
PEG Financial Impact Worksheet**

PEG Program Category:

ADMINISTRATION

Program:

IT - EVALUATION EQUIPMENT & TECHNOLOGY

Background Details:	The Information Technology Department must perform research and evaluation of new technologies and products to ensure that MNR IT services are both secure and efficient while at the same time meeting current and future industry standards. This program was to start in 2005 but due to funding constraints was deferred to 2007.
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PEG Description/Implementation Plan:	The provision is being eliminated for the duration of the plan.
Public Hearings required?	If Yes, when?:
Labor agreement concerns?:	
Layoffs Required?:	If Yes, when?:
PEG Implementation Date:	January 2007 When will PEG savings begin?:

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.104	\$0.107	\$0.109
<i>Total Reduction in Positions Required</i>					
<i>(List Title of Positions)</i>					
 Current Vacancies <i>(List title of vacant positions)</i>	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other <i>(Identify Appropriate Indicator)</i>					

**MTA Metro-North Railroad
November Financial Plan 2006-2009
PEG Financial Impact Worksheet**

PEG Program Category:

ADMINISTRATION

Program:

PROCESS REVIEW FOR PRODUCTIVITY SAVINGS

Background Details:	The recently implemented PeopleSoft Financial and Human Resource Systems, other new and upgraded systems developed in-house, as well as the ongoing replacement of old, difficult to maintain rolling stock with M7s, and the scheduled addition of new shop space in NH, afford the railroad an opportunity for a program of process reviews that is likely to yield productivity savings. MNR recently began just such a Process Review Program that will target several functions across departmental lines.
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PEG Description/Implementation Plan:	In its early stage, the program was started with the preliminary identification of target functions and review focus. The next steps include the establishment of review teams, assignment of priorities, and settlement of schedules and timeframes. A number of these reviews are likely to take a few weeks, some will take months. The current plan is to update the status of this Process Review Program with each Financial Plan update.
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PEG Implementation Date:

When will PEG savings begin?:

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.250	\$0.500	\$1.000
<i>Total Reduction in Positions Required</i>					
<i>(List Title of Positions)</i>					
Current Vacancies	0	0	0	0	0
<i>(List title of vacant positions)</i>					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
<i>(Identify Appropriate Indicator)</i>					

**MTA Metro-North Railroad
November Financial Plan 2006-2009
PEG Financial Impact Worksheet**

PEG Program Category:

CUSTOMER SERVICE

Program:

TVMs PURCHASE ADDITIONAL 36 MACHINES

Background Details:

MNR is in the process of purchasing 36 additional ticket vending machines (TVMs) and replacing the existing Control Support System. The project will expand MNR's automated ticket selling network, thereby improving customer service at many outlying stations and concurrently reducing on-board ticket sales. Reduction in on-board ticket sales translates into improved revenue collection.

PEG Description/Implementation Plan:

The addition of the TVMs will require the addition of 6 TVM Technicians, two IT support positions (Dbase Administrator, Sr. Network Field Support Analyst), and maintenance contracts. These additional costs, however, will be offset by a reduction in Ticket Agents positions (for a net increase of three positions), and the projected increase in revenue collection.

PEG Implementation Date:

September 2005 & April 2006 **When will PEG savings begin?:**
January 2006

Financial Impact (Operating)

Net Savings (in millions)

2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
------------------------------	-------------------------------------	------	------	------

\$0.093	\$1.253	\$2.562	\$4.138	\$5.250
---------	---------	---------	---------	---------

Total Reduction in Positions Required

(3)	(3)	(3)	(3)
-----	-----	-----	-----

(List Title of Positions)

Current Vacancies

(List title of vacant positions)

0	(3)	(3)	(3)	(3)
---	-----	-----	-----	-----

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

**MTA Metro-North Railroad
November Financial Plan 2006-2009
PEG Financial Impact Worksheet**

PEG Program Category: MAINTENANCE
Program: NEW HAVEN SHOPS & YARD - CAR WASHER / WHEEL SHOP

Background Details:	Major improvements are currently being made to the New Haven Yard & Shop complex. They include a new car washer and wheel shop. MNR has few working car wash facilities, and only one on the New Haven Line at Stamford. One M of W-Track position was to have been added to maintain the network of tracks and interlockings in this section of the complex.
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PEG Description/Implementation Plan:	The position will not be added. Required work will be performed with existing/reallocated staff.	
PEG Implementation Date:	January 2006	When will PEG savings begin?:

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.117	\$0.120	\$0.122	\$0.125
<i>Total Reduction in Positions Required</i>	0	1	1	1	1
<i>(List Title of Positions)</i>					
 Current Vacancies <i>(List title of vacant positions)</i>	 0	 1	 1	 1	 1
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
PEG Reconciliation (List of Changes) Between Financial Plans
(\$ in millions)

	2005 November Forecast		2006 Final Proposed Budget		2007		2008		2009	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
2005 July Financial Plan - Total PEGs	0	\$0.093	(2)	\$1.370	(2)	\$3.036	(2)	\$4.867	(2)	\$6.484
List of PEG Changes										
Administration										
IT - EVALUATION EQUIPMENT & TECHNOLOGY	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
PROCESS REVIEW FOR PRODUCTIVITY SAVINGS	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Total Administrative Changes	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Customer Convenience & Amenities										
TVMs PURCHASE ADDITIONAL 36 MACHINES	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Total Customer Convenience & Amenities Changes	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Service										
Total Service Changes	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Maintenance										
NEW HAVEN SHOPS & YARD - CAR WASHER / WHEEL SHOP	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Total Maintenance Changes	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Revenue Enhancements										
Total Revenue Enhancement Changes	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Other										
Total Other Changes	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Total PEG Changes	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
2005 November Financial Plan - Total PEGs	0	\$0.093	(2)	\$1.370	(2)	\$3.036	(2)	\$4.867	(2)	\$6.484

**MTA METRO-NORTH RAILROAD
NOVEMBER FINANCIAL PLAN 2006-2009
POSITIONS**

POSITION ASSUMPTIONS

NON-REIMBURSABLE POSITIONS

Positions are stated as of December 31 of each year and reflect the estimated number of paid employees. Consequently, position totals incorporate existing vacancy and turnover estimates.

Annual staffing levels include the impact of program deferrals, eliminations, or re-estimates, consistent with the associated cost changes incorporated into the financial plan.

REIMBURSABLE POSITIONS

Positions are stated as of December 31 of each year and reflect employees estimated to be paid. Consequently, position totals incorporate existing vacancy and turnover estimates, as well as reflect the seasonally- adjusted staffing requirements for the capital projects.

2005 staffing levels reflect changes in project requirements. The 2007-2009 staffing levels assume a continuation of 2006 project activity levels.

MTA Metro-North Railroad
November Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents
(\$ in millions)

FUNCTION/DEPARTMENT	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Administration						
President	6	6	6	6	6	6
Labor Relations	11	13	13	13	13	13
Safety	12	13	14	14	14	14
Corporate & Media Relations	15	15	15	15	15	15
Legal	15	15	16	16	16	16
Claims Services	21	21	22	22	22	22
Environmental Compliance & Serv	6	6	6	6	6	6
VP Human Resources	3	3	3	3	3	3
Human Resources	46	46	47	47	47	47
Training	30	31	31	31	31	31
Workforce Diversity	4	4	4	4	4	4
VP Planning & Development	5	5	3	3	3	3
Operations Planning	12	13	13	13	13	13
Capital Planning	14	14	14	14	14	14
Business Development & Facilities	14	14	14	14	14	14
Marketing	10	10	10	10	10	10
Industrial Engineering	9	9	11	11	11	11
Executive Vice President	1	1	1	1	1	1
Controller	126	128	128	128	128	128
Information Technology	114	121	127	127	127	127
Budget	15	16	16	16	16	16
Customer Service	63	65	65	66	67	67
Corporate *	-	(21)	(45)	(45)	(45)	(45)
Total Administration	552	548	534	535	536	536
Operations						
VP Operations	37	37	54	54	67	67
Operations Services	1,953	1,840	1,844	1,847	1,858	1,904
Metro-North West	28	32	24	24	24	24
Total Operations	2,018	1,909	1,922	1,925	1,949	1,995
Maintenance						
GCT	344	344	346	352	371	391
Maintenance of Equipment	1,128	1,247	1,252	1,252	1,252	1,252
Maintenance of Way	1,519	1,443	1,515	1,541	1,550	1,561
Procurement & Material Mgmt	173	170	172	172	172	172
Total Maintenance	3,164	3,204	3,285	3,317	3,345	3,376
Engineering/Capital						
Project Budget	12	13	13	13	13	13
Construction Management	37	39	39	39	39	39
Engineering & Design	60	62	62	62	62	62
Total Engineering/Capital	109	114	114	114	114	114
Baseline Total Positions	5,843	5,775	5,855	5,891	5,944	6,021
<i>Non-Reimbursable</i>	5,481	5,229	5,278	5,314	5,367	5,444
<i>Reimbursable</i>	362	546	577	577	577	577
<i>Total Full-Time</i>	5,837	5,770	5,850	5,886	5,939	6,016
<i>Total Full-Time-Equivalents</i>	6	5	5	5	5	5

Impact of:

2006 Program to Eliminate the Gap	2	2	2	2	2
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Total Positions	5,843	5,777	5,857	5,893	5,946	6,023
<i>Non-Reimbursable</i>	5,481	5,231	5,280	5,316	5,369	5,446
<i>Reimbursable</i>	362	546	577	577	577	577
<i>Total Full-Time</i>	5,837	5,772	5,852	5,888	5,941	6,018
<i>Total Full-Time-Equivalents</i>	6	5	5	5	5	5

* Reflects turnover vacancies in December not included in department totals.

MTA Metro-North Railroad
November Financial Plan 2006-2009
Total Full-time Positions and Full-time Equivalents by Function and Occupational Group
Non-Reimbursable and Reimbursable

FUNCTION/OCCUPATIONAL GROUP	Final Proposed 2006	2007	2008	2009
Administration				
Managers/Supervisors	41	41	41	41
Professional, Technical, Clerical	493	494	495	495
Operational Hourlies	-	-	-	-
Total Administration	534	535	536	536
Operations				
Managers/Supervisors	28	28	28	28
Professional, Technical, Clerical	476	476	489	489
Operational Hourlies	1,418	1,421	1,432	1,478
Total Operations	1,922	1,925	1,949	1,995
Maintenance				
Managers/Supervisors	39	39	39	39
Professional, Technical, Clerical	1,040	1,046	1,074	1,094
Operational Hourlies	2,206	2,232	2,232	2,243
Total Maintenance	3,285	3,317	3,345	3,376
Engineering/Capital				
Managers/Supervisors	27	27	27	27
Professional, Technical, Clerical	87	87	87	87
Operational Hourlies	-	-	-	-
Total Engineering/Capital	114	114	114	114
Public Safety				
Managers/Supervisors	-	-	-	-
Professional, Technical, Clerical	-	-	-	-
Operational Hourlies	-	-	-	-
Total Public Safety	-	-	-	-
MTA Metro-North Consolidated				
Managers/Supervisors	135	135	135	135
Professional, Technical, Clerical	2,096	2,103	2,145	2,165
Operational Hourlies	3,624	3,653	3,664	3,721
Total MTA Metro-North Consolidated	5,855	5,891	5,944	6,021
Baseline Total Positions	5,855	5,891	5,944	6,021
Non-Reimbursable	5,278	5,314	5,367	5,444
Reimbursable	577	577	577	577
Total Full-Time	5,850	5,886	5,939	6,016
Total Full-Time Equivalents	5	5	5	5
Impact of: 2006 Program to Eliminate the Gap	2	2	2	2
Total Positions	5,857	5,893	5,946	6,023
Non-Reimbursable	5,280	5,316	5,369	5,446
Reimbursable	577	577	577	577
Total Full-Time	5,852	5,888	5,941	6,018
Total Full-Time Equivalents	5	5	5	5

Total Full-Time Employee totals on this table have been amended from the November 16, 2005 printed report to accurately reflect position totals.

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MTA Headquarters

**MTA Headquarters
2006 Final Proposed Budget
November Financial Plan 2006 – 2009**

Mission Statement

The mission of Metropolitan Transportation Authority Headquarters is to maximize use of MTA Transportation services and facilities by its customers and to provide support to the operating agencies in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services. In addition, MTA Headquarters' Department of Public Safety provides the highest level of policing and security for MTA's customers, employees and facilities.

Financial Overview

While maintaining a strong commitment to safety and security for its customers, employees, and facilities, MTA Headquarters has embarked on an aggressive program to reduce costs and to achieve expense reductions through 2009 without reducing its commitment to support customer ridership. This has been accomplished through the diligent work of all MTA Headquarters departments in reviewing current programs and cutting those that were superfluous or too expensive, as well as undertaking those projects that promote efficiencies. In reviewing departmental activities, it was determined that primarily through increased employee productivity, immediate PEG headcount savings could be achieved by reducing three positions in 2005, one position in 2006, and three positions in 2007 through 2009 (seven positions total).

Savings from programs to eliminate the gap have already begun and will reduce expenses by \$0.655 million beginning in 2005 and \$2.260 million in 2006. Thereafter, these programs result in expense reductions of \$3.893 million, \$3.990 million, and \$4.126 million in 2007, 2008, and 2009 respectively.

2005 November Forecast

The MTA Headquarters November Forecast reflects some significant changes from the 2005 Mid-Year Forecast, including additional administrative costs related to staffing, audit fees and outside consultants. The largest increase, however, results from the treatment of MTA Security funding. Due to the growth in spending by Agencies on security projects and the need to follow appropriate accounting procedures, MTA Headquarters will reimburse the Agencies for amounts spent on capital ineligible security projects. This, in turn, will affect MRT-1 usage calculations and will also result in substantial increases to MTA Headquarters' budget in every year. This increase in MTA HQ expenses will be offset by reductions in MRT-2 funding. In addition to this reallocation of funding, MTA has continued its commitment to security and has added additional project funding since the July Plan.

The November Forecast also includes the changes from the Adopted Budget that were previously captured in the July Mid-Year Forecast. These changes reflect 2 Broadway Operating and MTA Inspector General expenses, the financial impact of the arbitration agreement settling the contract negotiations with the MTA Police collective bargaining units, legal and real estate costs related to the West Side Yard development, NYPD academy fees, costs related to the move of the MTA Data Center, the establishment of a Federal Employees Liability Act (FELA) reserve to address the settlement of claims, NYS administration fees, increased audit and professional service expenses, and increased staffing requirements.

2006 Final Proposed Budget- Baseline

MTA Headquarters projects a Baseline Net Deficit of \$283.034 million in the 2006 Final Proposed Budget before PEGs. The Net Deficit is \$10.697 million higher than the 2005 Final Forecast of \$272.337 million prior to PEGs. This increase is primarily a result of the establishment of an \$8.000 million dollar MTA wide Insurance Reserve. Partially off-setting this increase, are lower security costs than in 2005, which included a one-time only reimbursement to the City of New York. The baseline also assumes headcount levels of 641 employees at MTA Headquarters and 719 employees in Public Safety, totaling 1,360 employees. Included in this base line deficit are a total of \$4.739 million in new needs to the November plan.

The below-the-line 2006 PEG program is discussed below.

2007-2009 Projections - Baseline

The baseline Net Deficit for 2007 is \$290.887 million which incorporates \$4.661 million in continuing New Needs from the 2005 Final Forecast and the 2006 Final Proposed Budget. The baseline reflects level staffing at MTA Headquarters from the 2006 Baseline of 1,360 employees.

The baseline Net Deficit for 2008 increases from 2007 by \$4.916 million to \$295.803 million, which incorporates \$4.801 million in continuing New Needs from the 2005 Final Forecast and the 2006 Final Proposed Budget. The baseline reflects level staffing at MTA Headquarters from the 2007 Baseline of 1,360 employees.

The baseline Net Deficit for 2009 increases over the 2008 baseline by \$9.517 million to \$305.320 million, which includes \$4.954 million in continuing New Needs from the 2005 Final Forecast and the 2006 Final Proposed Budget. The baseline reflects level staffing at MTA Headquarters from the 2008 Baseline of 1,360 employees

Gap Closing Measures

2006 Programs to Eliminate the Gap

MTA Headquarters has re-examined all non-personnel operating expenses and has identified significant savings. These savings come from reassessing needs across all departments and all expense categories and finding savings. Reductions in

professional services result, in part, from reduced lobbying contracts and reduced temporary service needs. Additionally, a lower level of new security needs is required as the number of security upgrades throughout the MTA system are completed and implemented. Savings in materials and supplies result primarily from reduced equipment requirements throughout Headquarters, along with reductions in office furniture/equipment and supplies requests. Lower maintenance and operating contracts result from lower facility maintenance charges as well as efficiencies in operations. Reduced other expenses are a result of reductions taken in employee expenses. This 2006 PEG begins providing the Authority with savings in 2005 of \$0.404 million and increases to \$1.801 million in savings in 2006. Through the plan period, these savings increase as the full effect of reductions are achieved.

MTA Headquarters has also identified certain positions that can be eliminated through productivity improvements that provide savings throughout the plan period. As Financial Management/Budget personnel become proficient in the use of integrated systems provided by the PeopleSoft initiative, it will be possible to eliminate staff through increased productivity over the next two years. Additionally, headcount and salary savings have been identified in other departments where positions are no longer necessary or the workload can be handled by existing staff. Immediate reductions have been taken for the 2005 Mid-Year Forecast of three positions providing \$0.251 in savings. In 2006 an additional position is reduced providing \$0.320 in savings for 2006.

Public Safety, which includes the MTA Police, will achieve savings while maintaining its enhanced presence throughout the MTA system providing protection for the MTA's customers, employees and infrastructure at critical locations including railroad facilities, bridges and tunnels, and on trains and buses. This category of PEG savings begins in 2006, providing reduced overtime of \$0.139 million and increasing through out the plan period.

2006 Final Proposed Budget

The Net Deficit for the 2006 Final Proposed Budget of \$280.774 million is \$9.092 million higher than the 2005 Final Forecast Net Deficit of \$271.682 million. This decrease from the 2006 baseline is a result of savings from MTA Headquarters' Programs to Eliminate the Gap. These PEGs will result in administrative cost reductions in 2006 of \$2.260 million and will result in the elimination of one additional position above the three eliminated in 2005.

2007-2009 Projections

The 2007 Net Deficit is projected at \$286.994 million. Representing a decrease from the 2007 baseline, cost reductions of \$3.893 million are attributable to the PEGs described above and will result in the elimination of three additional positions above the four eliminated in 2005 and 2006.

The 2008 Net Deficit is projected at \$291.813 million. Inclusion of PEG savings described above, results in the decrease from the 2008 baseline of \$3.990 million.

The 2009 Net Deficit is projected at \$301.194 million. Inclusion of PEG savings described above, results in the decrease from the 2008 baseline of \$4.126 million.

MTA Headquarters
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	7.662	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	2.753	2.801	2.853	1.963
Other	3.273	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements						
Total Revenue	\$14.263	\$51.241	\$52.648	\$54.167	\$55.751	\$56.473
<u>Expenses</u>						
Labor:						
Payroll	108.600	104.438	112.113	114.473	117.773	121.389
Overtime	11.900	11.000	9.947	10.759	11.080	11.411
Health and Welfare	15.900	12.928	15.156	17.041	19.163	21.569
Pensions	16.400	20.896	21.696	22.324	22.602	23.313
Other Fringe Benefits	9.315	9.047	9.789	10.288	10.590	10.927
Reimbursable Overhead	(31.400)	(38.122)	(39.484)	(40.530)	(41.706)	(42.985)
Total Labor Expenses	\$130.715	\$120.187	\$129.217	\$134.355	\$139.502	\$145.624
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	3.380	3.335	11.600	12.690	13.892	15.213
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	20.700	56.737	13.758	14.110	14.521	14.967
Professional Service Contracts	34.400	82.564	70.121	72.502	73.296	75.682
Materials & Supplies	2.600	3.272	1.196	1.227	1.262	1.301
MTA Internal Subsidy	43.400	31.511	32.201	32.747	33.705	34.888
Other Business Expenses	7.121	2.946	52.214	52.761	53.632	54.577
Total Non-Labor Expenses	\$111.601	\$180.365	\$181.090	\$186.037	\$190.307	\$196.627
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$242.316	\$300.552	\$310.307	\$320.392	\$329.809	\$342.251
Depreciation	\$20.600	\$23.026	\$25.375	\$24.662	\$21.745	\$19.542
Total Expenses	\$262.916	\$323.578	\$335.682	\$345.054	\$351.554	\$361.793
Baseline Net Surplus/(Deficit)	(\$248.653)	(\$272.337)	(\$283.034)	(\$290.888)	(\$295.804)	(\$305.320)
2006 Agency Program to Eliminate the Gap (PEGs)	\$0.000	\$0.655	\$2.260	\$3.893	\$3.990	\$4.126
Post 2006 Program to Eliminate the Gap						
Net Surplus/(Deficit)	(\$248.653)	(\$271.682)	(\$280.774)	(\$286.995)	(\$291.814)	(\$301.194)

MTA Headquarters
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income						
Data Center Billings						
Other						
Capital and Other Reimbursements	31.400	41.516	43.080	44.206	45.513	46.936
Total Revenue	\$31.400	41.516	43.080	44.206	45.513	46.936
<u>Expenses</u>						
Labor:						
Payroll		1.427	1.539	1.578	1.624	1.674
Overtime						
Health and Welfare		0.210	0.238	0.243	0.274	0.309
Pensions		0.187	0.202	0.194	0.200	0.206
Other Fringe Benefits		0.120	0.132	0.137	0.141	0.146
Reimbursable Overhead	31.400	38.122	39.484	40.530	41.706	42.985
Total Labor Expenses	\$31.400	40.067	41.594	42.683	43.946	45.320
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance						
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts		0.002	0.002	0.002	0.002	0.002
Professional Service Contracts		1.417	1.443	1.480	1.523	1.570
Materials & Supplies		0.011	0.011	0.011	0.012	0.012
MTA Internal Subsidy						
Other Business Expenses		0.019	0.029	0.030	0.031	0.032
Total Non-Labor Expenses	\$0.000	1.449	1.485	1.523	1.567	1.616
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments						
Total Expenses before Depreciation	\$31.400	41.516	43.079	44.206	45.513	46.936
Depreciation						
Total Expenses	31.400	41.516	43.079	44.206	45.513	46.936
Baseline Net Surplus/(Deficit)	\$0.000	0.000	0.000	0.000	0.000	0.000
2006 Agency Program to Eliminate the Gap (PEGs)						
Post 2006 Program to Eliminate the Gap						
Net Surplus/(Deficit)	\$0.000	0.000	0.000	0.000	0.000	0.000

MTA Headquarters
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	7.662	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	2.753	2.801	2.853	1.963
Other	3.273	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements	31.400	41.516	43.080	44.206	45.513	46.936
Total Revenue	\$45.663	\$92.757	\$95.728	\$98.373	\$101.264	\$103.409
<u>Expenses</u>						
Labor:						
Payroll	108.600	105.865	113.652	116.051	119.397	123.063
Overtime	11.900	11.000	9.947	10.759	11.080	11.411
Health and Welfare	15.900	13.138	15.394	17.284	19.437	21.878
Pensions	16.400	21.083	21.898	22.518	22.802	23.519
Other Fringe Benefits	9.315	9.167	9.921	10.425	10.731	11.073
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	162.115	160.254	170.811	177.038	183.447	190.944
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	3.380	3.335	11.600	12.690	13.892	15.213
Claims	0.000					
Paratransit Service Contracts	0.000					
Maintenance and Other						
Operating Contracts	20.700	56.739	13.760	14.112	14.523	14.969
Professional Service Contracts	34.400	83.981	71.564	73.982	74.819	77.252
Materials & Supplies	2.600	3.283	1.207	1.238	1.274	1.313
MTA Internal Subsidy	43.400	31.511	32.201	32.747	33.705	34.888
Other Business Expenses	7.121	2.965	52.243	52.791	53.663	54.609
Total Non-Labor Expenses	111.601	181.814	182.575	187.561	191.875	198.243
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Expenses before Depreciation	\$273.716	\$342.068	\$353.386	\$364.598	\$375.322	\$389.187
Depreciation	20.600	23.026	25.375	24.662	21.745	19.542
Total Expenses	\$294.316	\$365.094	\$378.761	\$389.260	\$397.067	\$408.729
Baseline Net Surplus/(Deficit)	(\$248.653)	(\$272.337)	(\$283.034)	(\$290.887)	(\$295.803)	(\$305.320)
2006 Agency Program to Eliminate the Gap (PEGs)	\$0.000	\$0.655	\$2.260	\$3.893	\$3.990	\$4.126
Post 2006 Program to Eliminate the Gap						
Net Surplus/(Deficit)	(\$248.653)	(\$271.682)	(\$280.774)	(\$286.994)	(\$291.813)	(\$301.194)

MTA Headquarters
November Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	6.599	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	2.753	2.801	2.853	1.963
Other	3.270	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements	31.400	41.516	43.080	44.206	45.513	46.936
Total Receipts	\$44.597	\$92.757	\$95.728	\$98.373	\$101.264	\$103.409
<u>Expenditures</u>						
Labor:						
Payroll	\$78.932	\$112.597	\$113.214	\$115.614	\$118.960	\$122.625
Overtime	\$11.367	\$11.000	\$9.947	\$10.759	\$11.080	\$11.411
Health and Welfare	\$14.019	\$13.138	\$15.394	\$17.284	\$19.437	\$21.878
Pensions	\$12.250	\$21.499	\$21.728	\$22.329	\$22.598	\$23.291
Other Fringe Benefits	\$8.466	\$9.167	\$9.921	\$10.425	\$10.731	\$11.073
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.000)
Total Labor Expenditures	\$125.034	\$167.402	\$170.204	\$176.411	\$182.806	\$190.278
Non-Labor:						
Traction and Propulsion Power	0.000	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains						
Insurance	2.881	11.473	12.455	13.637	15.029	16.463
Claims	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	20.655	56.739	13.760	14.112	14.523	14.969
Professional Service Contracts	34.523	84.725	71.864	74.282	75.119	77.552
Materials & Supplies	2.446	3.283	1.207	1.238	1.274	1.313
MTA Internal Subsidy	43.200	31.511	32.201	32.747	33.705	34.888
Other Business Expenses	5.145	2.965	52.243	52.791	53.663	54.609
Total Non-Labor Expenditures	\$108.850	\$190.696	\$183.730	\$188.808	\$193.312	\$199.793
Other Expenditure Adjustments:						
Other	20.900	34.274	21.518	21.339	21.339	20.800
Total Other Expenditure Adjustments	\$20.900	\$34.274	\$21.518	\$21.339	\$21.339	\$20.800
Total Expenditures	\$254.784	\$392.372	\$375.451	\$386.558	\$397.457	\$410.871
Baseline Net Cash Deficit	(\$210.187)	(\$299.615)	(\$279.724)	(\$288.185)	(\$296.192)	(\$307.462)
2006 Agency Program to Eliminate the Gap (PEGs)	0.000	0.655	2.260	3.893	3.990	4.126
Post 2006 Program to Eliminate the Gap						
Net Cash Deficit	(\$210.187)	(\$298.960)	(\$277.464)	(\$284.292)	(\$292.202)	(\$303.336)

MTA Headquarters
November Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	(1.063)					
Data Center Billings						
Other	(0.003)					
Capital and Other Reimbursements						
Total Receipt Adjustments	(\$1.066)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Expenditures</u>						
Labor:						
Payroll	29.668	(6.732)	0.438	0.438	0.438	0.438
Overtime	0.533					
Health and Welfare	1.881					
Pensions	4.150	(0.416)	0.170	0.189	0.204	0.228
Other Fringe Benefits	0.849					
Reimbursable Overhead						
Total Labor Expenditures	\$37.081	(\$7.148)	\$0.608	\$0.627	\$0.642	\$0.666
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.499	(8.138)	(0.855)	(0.947)	(1.137)	(1.250)
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	0.045					
Professional Service Contracts	(0.123)	(0.744)	(0.300)	(0.300)	(0.300)	(0.300)
Materials & Supplies	0.154					
MTA Internal Subsidy	0.200					
Other Business Expenditures	1.976					
Total Non-Labor Expenditures	\$2.751	(\$8.882)	(\$1.155)	(\$1.247)	(\$1.437)	(\$1.550)
Other Expenditure Adjustments:						
Other	(20.900)	(34.274)	(21.518)	(21.339)	(21.339)	(20.800)
Total Other Expenditure Adjustments	(\$20.900)	(\$34.274)	(\$21.518)	(\$21.339)	(\$21.339)	(\$20.800)
Total Cash Conversion Adjustments before Depreciation	\$17.866	(\$50.304)	(\$22.065)	(\$21.959)	(\$22.134)	(\$21.684)
Depreciation Adjustment	\$20.600	\$23.026	\$25.375	\$24.662	\$21.745	\$19.542
Baseline Total Cash Conversion Adjustments	\$38.466	(\$27.278)	\$3.310	\$2.703	(\$0.389)	(\$2.142)
2006 Agency Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
Post 2006 Program to Eliminate the Gap						
Total Cash Conversion Adjustments	\$38.466	(\$27.278)	\$3.310	\$2.703	(\$0.389)	(\$2.142)

**MTA Headquarters
November Financial Plan 2006-2009
Year-to-Year Changes by Category
Accrual and Cash**

Baseline Assumptions:

The following explanations refer to the year-to-year variances in MTA Baseline assumptions for the July Financial Plan 2006-2009:

Receipts:

Rental Income, Data Center Billings, and Other

- The 2006 Final Proposed Budget reflects an increase in Data Center revenues from the 2005 Final Forecast, resulting from a one-time adjustment of 2005 charges to the Agencies. Revenues for 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07%, respectively. However, in 2009, Data Center revenues are reduced when MTA financial obligations for occupying the 460 West 34th Street facility are assumed to be concluded.

Expenditures:

Payroll

- Increases in the 2006 Final Proposed Budget from the 2005 Final Forecast reflect the full year impact of the final contractual MTA Police wage increase, while MTA Headquarters Payroll represents full year staffing levels.
- Thereafter 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07%, respectively.

Overtime

- The 2006 Final Proposed Budget primarily reflects a reduction from the 2005 Final Forecast resulting from heightened security overtime that occurred in 2005. Beginning in the latter part of 2005, contractually agreed 12 hour tours for MTAPD were enacted. This results in lower need of overtime usage to cover all identified security related posts.
- Thereafter 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07%, respectively.

Health and Welfare

- Increases in the 2006 Final Proposed Budget are projected at 9.34% over 2005 Final Forecast rate due to projected increases in Empire Plan costs for employers. The same percentage increase is reflected in 2007, 2008 and 2009 as well.

Pensions

- The increase in the 2006 Final Proposed Budget reflects a growth of over the 2005 Final Forecast, as a result of higher MTA salaries combined with the effect from higher police wages.
- Thereafter, MTA Police pension requirements are based on the latest actuarial calculations. MTAHQ pension contributions in 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07%, respectively.

Other Fringe Benefits

- Increases in all years of the plan for 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07, respectively

Insurance

- Increases in the 2006 Preliminary Budget generally reflect increased general liability premiums. Thereafter 2007, 2008, and 2009 are inflated at 10% annually with some off-setting adjustments.
- An MTA wide insurance reserve of \$8.000 million is established in 2006 to plan for increased insurance premium costs throughout Headquarters and the Agencies. Beginning in 2007 and there after, reserve amount is inflated at 10% annually. Cash effect begins in 2005.

Maintenance and Other Operating Contracts

- Decreases from the 2005 Final Forecast for the 2006 Final Proposed Budget of \$42.979 million primarily reflect a reclassification based on how expenses are now reported on monthly and quarterly statements.
- Without the reclassification, expenses for this category in 2006 would have decreased by \$1.029 million reflecting the change in the Security funding mix being offset by higher communication needs as well as higher MTA Inspector General occupancy costs.
- Thereafter 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07%, respectively.

Professional Service Contracts

- Decreases from the 2005 Final Forecast for the 2006 Final Proposed Budget of \$12.417 reflect a reclassification based on how expenses are now reported on monthly and quarterly statements. Expenses such as temporary services, marketing and printing, and software support are now captured within Other Business Expenses.
- Without the reclassification, expenses for this category in 2006 would have decreased by \$7.517 million primarily reflecting the Security funding mix identified for 2006 offset by increases identified in the New Needs.
- Thereafter 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07%, respectively, with adjustments made to reflect the conclusion of some currently contracted services.

Materials & Supplies

- Decreases from the 2005 Final Forecast for the 2006 Final Proposed Budget of \$2.076 reflect a reclassification based on how expenses are now reported on monthly and quarterly statements.
- Without the reclassification, expenses for this category in 2006 would have shown a slight increase of \$0.302 million primarily reflecting inflation.
- Thereafter 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07%, respectively, with some adjustments representing a lower level of required expenses to support MTA Security work.

MTA Internal Subsidy

- All years reflect MTA support requirements for SIRT OA and Long Island Bus based on projected revenue and support shortfalls from state and local governments.

Other Business Expenses

- Increases from the 2005 Final Forecast for the 2006 Final Proposed Budget of \$49.278 million reflect a reclassification based on how expenses are now reported on monthly and quarterly statements.
- Without the reclassification, expenses for this category in 2006 would have shown a slight increase of \$0.079 million primarily reflecting MTA's New Needs offset by other savings that were taken.
- Expenses for 2007, 2008 and 2009 are inflated by 2.56%, 2.91%, and 3.07%, respectively.

Other Expenditure Adjustments:

Capital Expenditures

- 2006 expenditures reflect a decrease of \$12.756 million primarily as a result of capital support of the MTA PeopleSoft Initiative no longer being required as well as a lower level of MTA Inspector General requirements.
- Thereafter, expenditures for 2007 and 2008 reflect operating capital needs of \$21.339 million and \$20.800 million in 2009.

MTA Headquarters
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)								
	2005 November Forecast	2006 Final Proposed Budget	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Revenue</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	45.474	45.727	0.253	47.081	1.354	48.488	1.407	49.959	1.471
Data Center Billings	1.703	2.753	1.050	2.801	0.048	2.853	0.052	1.963	(0.890)
Other	4.064	4.168	0.104	4.285	0.117	4.410	0.125	4.551	0.141
Capital and Other Reimbursements	41.516	43.080	1.564	44.206	1.127	45.513	1.307	46.936	1.422
Total Revenue	\$92.757	\$95.728	\$2.971	\$98.373	\$2.646	\$101.264	\$2.891	\$103.409	\$2.145
<u>Expenses</u>									
Labor:									
Payroll	105.865	113.652	(\$7.787)	\$116.051	(\$2.399)	119.397	(\$3.346)	123.063	(\$3.666)
Overtime	11.000	9.947	1.053	\$10.759	(0.812)	11.080	(0.321)	11.411	(0.331)
Health and Welfare	13.138	15.394	(2.256)	\$17.284	(1.890)	19.437	(2.153)	21.878	(2.441)
Pensions	21.083	21.898	(0.815)	\$22.518	(0.620)	22.802	(0.284)	23.519	(0.717)
Other Fringe Benefits	9.167	9.921	(0.753)	\$10.425	(0.505)	10.731	(0.306)	11.073	(0.341)
Reimbursable Overhead	0.000	0.000	0.000	\$0.000	0.000	0.000	0.000	(0.000)	0.000
Total Labor Expenses	\$160.254	\$170.811	(\$10.558)	\$177.038	(\$6.226)	\$183.447	(\$6.410)	\$190.944	(\$7.496)
Non-Labor:									
Traction and Propulsion Power	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains									
Insurance	3.335	11.600	(8.265)	12.690	(1.091)	13.892	(1.201)	15.213	(1.321)
Claims									
Paratransit Service Contracts									
Maintenance and Other Operating Contracts	56.739	13.760	42.979	14.112	(0.352)	14.523	(0.411)	14.969	(0.446)
Professional Service Contracts	83.981	71.564	12.417	73.982	(2.418)	74.819	(0.837)	77.252	(2.433)
Materials & Supplies	3.283	1.207	2.076	1.238	(0.031)	1.274	(0.035)	1.313	(0.039)
MTA Internal Subsidy	31.511	32.201	(0.690)	32.747	(0.546)	33.705	(0.958)	34.888	(1.183)
Other Business Expenses	2.965	52.243	(49.278)	52.791	(0.548)	53.663	(0.872)	54.609	(0.946)
Total Non-Labor Expenses	\$181.814	\$182.575	(\$0.760)	\$187.561	(\$4.986)	\$191.875	(\$4.314)	\$198.243	(\$6.368)
Other Expenses Adjustments:									
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000	\$0.000	0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$342.068	\$353.386	(\$11.318)	\$364.598	(\$11.212)	\$375.322	(\$10.724)	\$389.187	(\$13.865)
Depreciation	23.026	25.375	(2.349)	24.662	0.713	21.745	2.917	19.542	2.203
Total Expenses	\$365.094	\$378.761	(\$13.667)	\$389.260	(\$10.499)	\$397.067	(\$7.807)	\$408.729	(\$11.662)
Baseline Net Surplus/(Deficit)	(\$272.337)	(\$283.034)	(\$10.697)	(\$290.887)	(\$7.854)	(\$295.803)	(\$4.916)	(\$305.320)	(\$9.517)
Program to Eliminate the Gap	0.655	2.26	\$1.605	3.893	\$2.288	3.990	\$1.702	4.126	\$2.424
Net Surplus/(Deficit)	(\$271.682)	(\$280.774)	(\$9.092)	(\$286.994)	(\$6.221)	(\$291.813)	(\$4.819)	(\$301.194)	(\$9.381)

MTA Headquarters
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

CASH RECEIPTS & EXPENDITURES

	Favorable/(Unfavorable)								
	2005 November Forecast	2006 Final Proposed Budget	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	45.474	45.727	0.253	47.081	1.354	48.488	1.407	49.959	1.471
Data Center Billings	1.703	2.753	1.050	2.801	0.048	2.853	0.052	1.963	(0.890)
Other	4.064	4.168	0.104	4.285	0.117	4.410	0.125	4.551	0.141
Capital and Other Reimbursements	41.516	43.080	1.564	44.206	1.127	45.513	1.307	46.936	1.422
Total Receipts	\$92.757	\$95.728	\$2.971	\$98.373	\$2.646	\$101.264	\$2.891	\$103.409	\$2.145
<u>Expenditures</u>									
Labor:									
Payroll	\$112.597	\$113.214	(\$0.617)	115.614	(\$2.399)	118.960	(\$3.346)	122.625	(\$3.666)
Overtime	\$11.000	\$9.947	1.053	10.759	(0.812)	11.080	(0.321)	11.411	(0.331)
Health and Welfare	\$13.138	\$15.394	(2.256)	17.284	(1.890)	19.437	(2.153)	21.878	(2.441)
Pensions	\$21.499	\$21.728	(0.229)	22.329	(0.601)	22.598	(0.269)	23.291	(0.693)
Other Fringe Benefits	\$9.167	\$9.921	(0.753)	10.425	(0.505)	10.731	(0.306)	11.073	(0.341)
Reimbursable Overhead	\$0.000	\$0.000	0.000	0.000	0.000	0.000	0.000	(0.000)	0.000
Total Labor Expenditures	\$167.402	\$170.204	(\$2.802)	\$176.411	(\$6.207)	\$182.806	(\$6.395)	\$190.278	(\$7.472)
Non-Labor:									
Traction and Propulsion Power									\$0.000
Fuel for Buses and Trains									0.000
Insurance	11.473	12.455	(0.982)	13.637	(1.183)	15.029	(1.391)	16.463	(1.434)
Claims									0.000
Paratransit Service Contracts									0.000
Maintenance and Other Operating Contracts	56.739	13.760	42.979	14.112	(0.352)	14.523	(0.411)	14.969	(0.446)
Professional Service Contracts	84.725	71.864	12.861	74.282	(2.418)	75.119	(0.837)	77.552	(2.433)
Materials & Supplies	3.283	1.207	2.076	1.238	(0.031)	1.274	(0.035)	1.313	(0.039)
MTA Internal Subsidy	31.511	32.201	(0.690)	32.747	(0.546)	33.705	(0.958)	34.888	(1.183)
Other Business Expenses	2.965	52.243	(49.278)	52.791	(0.548)	53.663	(0.872)	54.609	(0.946)
Total Non-Labor Expenditures	\$190.696	\$183.730	\$6.967	\$188.808	(\$5.078)	\$193.312	(\$4.504)	\$199.793	(\$6.481)
Other Expenditure Adjustments:									
Other	34.274	21.518	\$12.756	21.339	\$0.179	21.339	\$0.000	20.800	\$0.539
Total Other Expenditure Adjustments	\$34.274	\$21.518	\$12.756	\$21.339	\$0.179	\$21.339	\$0.000	\$20.800	\$0.539
Total Expenditures	\$392.372	\$375.451	\$16.921	\$386.558	(\$11.106)	\$397.457	(\$10.899)	\$410.871	(\$13.415)
Baseline Net Cash Deficit	(\$299.615)	(\$279.724)	\$19.891	(\$288.185)	(\$8.461)	(\$296.192)	(\$8.008)	(\$307.462)	(\$11.270)
2006 Agency Program to Eliminate the Gap (PEGs)	0.655	2.260	\$1.605	3.893	\$1.633	3.990	\$0.097	4.126	\$0.136
Post 2006 Program to Eliminate the Gap									
Net Cash Deficit	(\$298.960)	(\$277.464)	\$21.496	(\$284.292)	(\$6.828)	(\$292.202)	(\$7.911)	(\$303.336)	(\$11.134)

MTA Headquarters
November Financial Plan 2006 - 2009
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$263.382)	(\$245.073)	(\$252.606)	(\$259.535)	(\$268.672)
<i>Non-Reimbursable Major Changes</i>					
Revenue					
Reduced Data Center Revenue	0.000	(0.340)	(0.349)	(0.360)	0.000
Sub-Total Non-Reimbursable Revenue Changes	\$.000	(\$.340)	(\$.349)	(\$.360)	\$.000
Expenses					
Police Overtime Restimates (Salary and related fringe)	(1.977)	0.302	0.307	0.312	0.316
Reallocation of MTA Security Funding	(21.421)	(13.007)	(15.040)	(15.054)	(16.588)
Additional MTA Security Funding	0.000	(6.104)	(6.104)	(6.104)	(6.104)
MTA Administrative Needs	(3.068)	(4.739)	(4.661)	(4.801)	(4.954)
Higher Data Center Relocation Costs	(0.850)				
Change in Pension Assumptions	(0.717)	(0.051)	0.494	0.887	0.922
MTA Insurance Reserve	0.000	(8.000)	(8.800)	(9.680)	(10.648)
MTA Internal Subsidy	0.130	(0.080)	0.179	0.283	0.458
All Other Changes	0.966	(0.989)	0.043	(0.391)	(0.839)
Sub-Total Non-Reimbursable Expense Changes	(\$26.937)	(\$32.668)	(\$33.582)	(\$34.548)	(\$37.437)
Total Non-Reimbursable Major Changes	(\$26.937)	(\$33.008)	(\$33.931)	(\$34.908)	(\$37.437)
<i>Reimbursable Major Changes</i>					
Revenue					
Reduced Expense Recovery (Transit Museum)	(\$.238)	(\$.125)	(\$.230)	(\$.242)	(\$.288)
Sub-Total Reimbursable Revenue Changes	(\$.238)	(\$.125)	(\$.230)	(\$.242)	(\$.288)
Expenses					
Sub-Total Reimbursable Expense Changes					
Total Reimbursable Major Changes	(\$.238)	(\$.125)	(\$.230)	(\$.242)	(\$.288)
Total Accrual Changes	(\$27.175)	(\$33.133)	(\$34.160)	(\$35.150)	(\$37.725)
<i>Cash Adjustment Changes</i>					
Increased Operating Capital Project Funding	(\$1.058)	(\$0.718)	(\$0.539)	(\$0.539)	\$0.000
MTA Insurance Reserve	(\$8.000)	(\$0.800)	(\$0.880)	(\$0.968)	(\$1.065)
Total Cash Adjustment Changes	(\$9.058)	(\$1.518)	(\$1.419)	(\$1.507)	(\$1.065)
Total Baseline Changes	(\$36.234)	(\$34.651)	(\$35.579)	(\$36.658)	(\$38.790)
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$299.615)	(\$279.724)	(\$288.185)	(\$296.192)	(\$307.462)

**MTA Headquarters
November Financial Plan 2006-2009
Summary of Changes Between Financial Plans by Category**

The following explanations summarize the total differences between the July Financial Plan and the February Financial Plan:

2005: November Financial Plan vs. July Financial Plan

The Net Cash Deficit in the 2005 November Financial Plan of \$298.960 million is higher than the July Plan of \$262.727 million, an increase of \$36.234 million. The unfavorable impact results primarily from the reallocation of MTA Security funding. Due to the growth in spending by Agencies on security projects and the need to follow appropriate accounting procedures, MTA Headquarters will reimburse the Agencies for amounts spent on capital ineligible security projects. This, in turn, will affect MRT-1 usage calculations and will also result in substantial increases to MTA Headquarters' budget in every year. This will be offset MTA-wide by reductions in MRT-2 funding. The timing of payments resulting from the establishment of an MTA wide insurance reserve, beginning in 2006, negatively impact the cash deficit by \$8.000 million. Additionally, increased payroll and benefit expenses resulting primarily from higher police overtime due to heightened security and re-estimates of pension plan contributions add to the unfavorable variance. MTA Headquarters has identified \$3.918 million of additional financial requirements that add to the increase in expenses. Higher operating capital expenditures for MTA Headquarters as well as the MTA Inspector General contribute \$1.058 million in increased expenditures. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$0.655 million in savings that begins in 2005, which remains unchanged from the July Plan.

2006: November Financial Plan vs. July Financial Plan

The Operating Cash Deficit in the 2005 November Financial Plan for 2006 is \$277.464 million. This is \$34.651 million higher than the July Financial Plan of \$242.813. The predominant cause of this increase is the MTA Security funding reallocation, which results in \$13.007 million in higher costs as well as new security initiatives of \$6.104 million. The remainder of the increase comes primarily from the MTA wide insurance reserve as well as additional financial requirements of \$4.739 million. Increased operating capital funding for MTA Headquarters and MTA Inspector General of \$0.718 also contribute to the unfavorable variance. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$2.260 million, which remains unchanged from the July Plan.

Beginning in 2006, the November Plan reclassifies MTA Headquarters expenses to reflect how they are reported on monthly and quarterly reports. While this reclassification has no impact on total expenses, it creates variances in expense categories from the July Financial Plan. In 2006, \$4.900 million in expenses previously

considered as Professional Services, \$41.941 million in expenses previously considered Maintenance and Other Operating Contracts and \$2.378 million of expenses previously considered Supplies, are now reclassified as Other Business Expenses.

2007: November Financial Plan vs. July Financial Plan

The Operating Cash Deficit in the 2005 November Financial Plan for 2007 is \$284.292 million. This is \$35.579 million is higher than the July Financial Plan of \$248.713. The predominant causes of this increase are the MTA Security funding reallocation and additional spending, which results in \$21.144 million in higher costs and the \$9.680 million effect of the MTA wide insurance reserve. The remainder of the increase comes primarily from additional financial requirements of \$4.661 million as well as increased operating capital funding for MTA Headquarters of \$0.539 million. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$3.893 million, which remains unchanged from the July Plan.

The reclassification of expenses in 2007 reflects, \$4.820 million in expenses previously considered as Professional Services, \$42.430 million in expenses previously considered Maintenance and Other Operating Contracts and \$2.439 million of expenses previously considered Supplies, now reported as Other Business Expenses.

2008: November Financial Plan vs. July Financial Plan

The Operating Cash Deficit in the 2005 November Financial Plan for 2008 is \$292.202 million. This is \$36.658 million is higher than the July Financial Plan of \$255.545. The predominant causes of this increase are the MTA Security funding reallocation and additional spending, which results in \$21.158 million in higher costs and the \$10.648 million effect of the MTA wide insurance reserve. The remainder of the increase comes primarily from additional financial requirements of \$4.801 million as well as increased operating capital funding for MTA Headquarters of \$0.539 million. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$3.990 million, which remains unchanged from the July Plan.

The reclassification of expenses in 2008 reflects, \$4.961 million in expenses previously considered as Professional Services, \$43.000 million in expenses previously considered Maintenance and Other Operating Contracts and \$2.510 million of expenses previously considered Supplies, now reported as Other Business Expenses.

2009: November Financial Plan vs. July Financial Plan

The Operating Cash Deficit in the 2005 November Financial Plan for 2009 is \$303.336 million. This is \$38.790 million is higher than the July Financial Plan of \$264.546. The predominant causes of this increase are the MTA Security funding reallocation and additional spending, which results in \$22.692 million in higher costs and the \$11.713

million effect of the MTA wide insurance reserve. The remainder of the increase comes primarily from additional financial requirements of \$4.954 million. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$4.126 million, which remains unchanged from the July Plan.

The reclassification of expenses in 2009 reflects, \$5.113 million in expenses previously considered as Professional Services, \$43.619 million in expenses previously considered Maintenance and Other Operating Contracts and \$2.587 million of expenses previously considered Supplies, now reported as Other Business Expenses.

MTA Headquarters
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$263.382)	(\$245.073)	(\$252.606)	(\$259.535)	(\$268.672)
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income					
Data Center Billings		(\$.340)	(\$.349)	(\$.360)	\$.000
Other					
Capital and Other Reimbursement					
Total Revenue Changes	\$.000	(\$.340)	(\$.349)	(\$.360)	\$.000
Expenses					
Labor:					
Payroll	\$.758	(\$.914)	(\$.713)	(\$.669)	(\$.560)
Overtime	(\$1.500)	\$.228	\$.230	\$.232	\$.234
Health and Welfare	\$.098	(\$.457)	(\$.424)	(\$1.001)	(\$1.718)
Pensions	(\$.980)	(\$.132)	\$.453	\$.845	\$.880
Other Fringe Benefits	(\$.056)	(\$.060)	(\$.041)	(\$.042)	(\$.044)
Reimbursable Overhead	(\$.250)	(\$.201)	(\$.299)	(\$.321)	(\$.376)
Total Labor Expense Changes	(\$1.930)	(\$1.536)	(\$.794)	(\$.955)	(\$1.584)
Non-Labor:					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance	\$.000	(\$8.000)	(\$8.800)	(\$9.680)	(\$10.648)
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts	\$6.859	\$49.684	\$50.222	\$50.775	\$51.403
Professional Service Contracts	(\$36.328)	(\$29.604)	(\$30.966)	(\$30.852)	(\$32.226)
Materials & Supplies	\$4.065	\$5.880	\$5.944	\$6.012	\$6.088
MTA Internal Subsidy	\$.130	(\$.080)	\$.179	\$.283	\$.458
Other Business Expenses	\$.029	(\$49.137)	(\$49.598)	(\$50.376)	(\$51.217)
Total Non-Labor Expense Changes	(\$25.245)	(\$31.257)	(\$33.019)	(\$33.836)	(\$36.142)
Total Expense Changes	(\$27.175)	(\$32.793)	(\$33.811)	(\$34.791)	(\$37.726)
Cash Adjustment Changes					
Other Expense Adjustments	(1.058)	(.718)	(.539)	(.539)	.000
MTA Insurance Reserve	(8.000)	(.800)	(.880)	(.968)	(1.065)
Total Cash Adjustment Changes	(\$9.058)	(\$1.518)	(\$1.419)	(\$1.507)	(\$1.065)
Total Baseline Changes	(\$36.233)	(\$34.651)	(\$35.579)	(\$36.658)	(\$38.791)
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$299.615)	(\$279.724)	(\$288.185)	(\$296.192)	(\$307.462)

MTA Headquarters
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income					
Data Center Billings					
Other					
Capital and Other Reimbursement	(\$.238)	(\$.125)	(\$.230)	(\$.242)	(\$.288)
Total Revenue Changes	(\$.238)	(\$.125)	(\$.230)	(\$.242)	(\$.288)
Expenses					
Labor:					
Payroll	(\$.009)	(\$.055)	(\$.053)	(\$.054)	(\$.054)
Overtime					
Health and Welfare	(\$.001)	(\$.009)	(\$.008)	(\$.017)	(\$.028)
Pensions	(\$.001)	(\$.007)	(\$.006)	(\$.007)	(\$.007)
Other Fringe Benefits	(\$.000)	(\$.005)	(\$.004)	(\$.004)	(\$.005)
Reimbursable Overhead	\$.250	\$.201	\$.299	\$.321	\$.377
Total Labor Expense Changes	\$.238	\$.126	\$.227	\$.238	\$.283
Non-Labor:					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts					
Professional Services	\$.000	\$.010	\$.014	\$.014	\$.016
Materials & Supplies	\$.000	\$.000	\$.000	\$.000	\$.000
MTA Internal Subsidy					
Other Business Expenses	\$.000	(\$.010)	(\$.011)	(\$.011)	(\$.011)
Total Non-Labor Expense Changes	\$.000	\$.000	\$.003	\$.003	\$.005
Total Expense Changes	\$.238	\$.126	\$.230	\$.242	\$.288
Cash Adjustment Changes					
Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Headquarters
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$263.382)	(\$245.073)	(\$252.606)	(\$259.535)	(\$268.672)
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income	.000	.000	.000	.000	.000
Data Center Billings	.000	(.340)	(.349)	(.360)	.000
Other	.000	.000	.000	.000	.000
Capital and Other Reimbursement	(.238)	(.125)	(.230)	(.242)	(.288)
Total Revenue Changes	(\$.238)	(\$.465)	(\$.579)	(\$.602)	(\$.288)
Expenses					
Labor:					
Payroll	\$.749	(\$.969)	(\$.766)	(\$.723)	(\$.614)
Overtime	(\$1.500)	\$.228	\$.230	\$.232	\$.234
Health and Welfare	\$.097	(\$.466)	(\$.432)	(\$1.018)	(\$1.746)
Pensions	(\$.981)	(\$.139)	\$.447	\$.838	\$.873
Other Fringe Benefits	(\$.056)	(\$.065)	(\$.045)	(\$.046)	(\$.049)
Reimbursable Overhead	(\$.000)	\$.000	\$.000	\$.000	\$.001
Total Labor Expense Changes	(\$1.692)	(\$1.410)	(\$.567)	(\$.716)	(\$1.301)
Non-Labor:					
Traction and Propulsion Power	\$.000	\$.000	\$.000	\$.000	\$.000
Fuel for Buses and Trains	\$.000	\$.000	\$.000	\$.000	\$.000
Insurance	\$.000	(\$8.000)	(\$8.800)	(\$9.680)	(\$10.648)
Claims	\$.000	\$.000	\$.000	\$.000	\$.000
Paratransit Service Contracts	\$.000	\$.000	\$.000	\$.000	\$.000
Maintenance and Other Operating Contracts	\$6.859	\$49.684	\$50.222	\$50.775	\$51.403
Professional Services	(\$36.328)	(\$29.594)	(\$30.952)	(\$30.838)	(\$32.210)
Materials & Supplies	\$4.065	\$5.880	\$5.944	\$6.012	\$6.088
MTA Internal Subsidy	\$.130	(\$.080)	\$.179	\$.283	\$.458
Other Business Expenses	\$.029	(\$49.147)	(\$49.609)	(\$50.387)	(\$51.228)
Total Non-Labor Expense Changes	(\$25.245)	(\$31.257)	(\$33.016)	(\$33.832)	(\$36.137)
Total Expense Changes	(\$26.937)	(\$32.667)	(\$33.582)	(\$34.549)	(\$37.437)
Cash Adjustment Changes					
Operating Capital	(1.058)	(.718)	(.539)	(.539)	.000
Other Business Expenses	(8.000)	(.800)	(.880)	(.968)	(1.065)
	.000	.000	.000	.000	.000
Total Cash Adjustment Changes	(\$9.058)	(\$1.518)	(\$1.419)	(\$1.507)	(\$1.065)
Total Baseline Changes	(\$36.234)	(\$34.651)	(\$35.579)	(\$36.658)	(\$38.791)
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$299.615)	(\$279.724)	(\$288.185)	(\$296.192)	(\$307.462)

MTA Headquarters
November Financial Plan 2006 - 2009
PEG Reconciliation (List of Changes) Between Financial Plans
(\$ in millions)

	2005 November Forecast		2006 Final Proposed Budget		2007		2008		2009	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
2005 July Financial Plan - Total PEGs	3	\$0.655	4	\$2.260	7	\$3.893	7	\$3.990	7	\$4.126
List of PEG Changes										
Administration (List changes by PEG)										
Total Administrative Changes	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Customer Convenience & Amenities (List changes by PEG)										
Total Customer Convenience & Amenities Changes	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Service (List changes by PEG)										
Total Service Changes	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Maintenance (List changes by PEG)										
Total Maintenance Changes	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Revenue Enhancements (List changes by PEG)										
Total Revenue Enhancement Changes	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Other (List changes by PEG)										
Total Other Changes	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Total PEG Changes	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
2005 November Financial Plan - Total PEGs	3	\$0.655	4	\$2.260	7	\$3.893	7	\$3.990	7	\$4.126

MTA Headquarters
November Financial Plan 2006 - 2009
Summary of PEGs
(\$ in millions)

Favorable/(Unfavorable)											
2005 November Forecast			2006 Final Proposed Budget		2007		2008		2009		
Positions	Dollars		Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	
LIST of PROGRAMS											
Administration:											
MTA Headquarters Headcount Reduction Program		3	\$.251	4	\$.320	7	\$.758	7	\$.788	7	\$.827
MTA Police Reduction of Overtime PEG			\$.000		\$.139		\$.971		\$ 1.009		\$ 1.050
MTA Headquarters Non-Personnel Expense Reduction Program			\$.404		\$ 1.801		\$ 2.164		\$ 2.193		\$ 2.249
Sub-Total Administration		3	\$.655	4	\$ 2.260	7	\$ 3.893	7	\$ 3.990	7	\$ 4.126
Customer Convenience & Amenities:											
Sub-Total Customer Convenience & Amenities		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Service:											
Sub-Total Service		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:											
Sub-Total Maintenance		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Revenue Enhancements:											
Sub-Total Revenue Enhancements		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Other:											
Sub-Total Other		0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total PEGs		3	\$.655	4	\$ 2.260	7	\$ 3.893	7	\$ 3.990	7	\$ 4.126

MTA HEADQUARTERS
November Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category: Administration
Program: Headcount Reduction Program

Background Details:	MTA Headquarters has identified certain positions which can be eliminated through productivity improvements which provide savings throughout the plan period. As Financial Management/Budget personnel become proficient in the use of integrated systems provided by the PeopleSoft initiative, it will be possible to eliminate staff through increased productivity over the next two years. Additionally, headcount and salary savings have been identified in other departments where positions are no longer necessary or the workload can be handled by existing staff.
----------------------------	--

PEG Description and Implementation Plan:	Savings for this PEG begin in 2005 and continue through the plan period. Five (5) positions have been identified for reduction within the CFO/Financial Management/Budget area. Additionally, the Office of the General Counsel has identified one (1) position that can be eliminated by distributing workload among existing staff, along with eliminating two paid intern positions. The Policy and Safety Division has identified that one (1) position is no longer required due to productivity gains by existing staff. The Office of the Inspector General has also identified two (2) positions which can be eliminated beginning in 2007. While the reduction of two (2) IG positions and the two (2) unpaid interns will not effect MTA Headquarters headcount levels, the resulting salary and fringe savings are reflected in the PEG.
PEG Implementation Date:	2006
	When will PEG savings begin?: 2005

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.251	\$0.320	\$0.758	\$0.788	\$0.827
<i>Total Reduction in Positions Required</i>						
Supervisor Information Services (Policy)		0	0	1	1	1
Senior Project Manager (Financial Management)		1	1	1	1	1
Accountant (Financial Management)		0	1	1	1	1
Payroll Clerk (Financial Management)		0	0	2	2	2
Administrator I (Budget)		1	1	1	1	1
Senior Executive Secretary (General Counsel)		1	1	1	1	1
Total		3	4	7	7	7
Current Vacancies		0	0	0	0	0
Supervisor Information Services (Policy)		0	0	1	1	1
Senior Project Manager (Financial Management)		1	1	1	1	1
Accountant (Financial Management)		0	1	1	1	1
Payroll Clerk (Financial Management)		0	0	2	2	2
Administrator I (Budget)		1	1	1	1	1
Senior Executive Secretary (General Counsel)		1	1	1	1	1
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other (Identify Appropriate Indicator)						

MTA HEADQUARTERS
November Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category:

Administration

Program:

MTA Headquarters Non-Personnel Expense Reduction Program

Background Details:	MTA Headquarters has re-examined all non-personnel operating expenses and has identified significant savings for the plan period. These savings come from reassessing needs across all departments and all expense categories and finding savings. Reductions in professional services result, in part, from reduced lobbying contracts and reduced temporary service needs. Additionally, a lower level of new security needs are required as the number of security upgrades throughout the MTA system are completed and implemented. Savings in materials and supplies result primarily from reduced equipment requirements throughout Headquarters, along with reductions in office furniture/equipment and supplies requests. Lower maintenance and operating contracts result from lower facility maintenance charges as well as efficiencies in operations. Reduced other expenses are a result of reductions taken in employee expenses.
----------------------------	--

PEG Description and Implementation Plan:	Despite this PEG beginning in 2006, some savings for this PEG are realized in 2005 as certain non-personnel expenses have been eliminated or reduced. Significant savings begin in 2006 and 2007 as the full effect of the reductions are realized.	
PEG Implementation Date:	2006	When will PEG savings begin?: 2005

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.404	\$1.801	\$2.164	\$2.193	\$2.249
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>						
Current Vacancies <i>(List title of vacant positions)</i>		0	0	0	0	0
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other (Identify Appropriate Indicator)						
<i>List of Other Concerns:</i>						

MTA HEADQUARTERS
November Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category: Administration
Program: MTA Police Reduction of Overtime PEG

Background Details:	MTAPD has instituted increased senior management controls and placed more stringent requirements on District Commanding Officers in their assignment of overtime tours. In addition, since the implementation of PeopleSoft, detailed overtime usage reports have been developed by MTA staff to assist the MTAPD command in analyzing overtime usage.
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PEG Description and Implementation Plan:	Savings for this PEG begin in 2006 with modest savings of overtime pay. Beginning in 2007, more significant savings are expected and continue throughout the Plan period. In addition to the payroll savings, savings will also be experienced in fringe benefits.
---	--

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.000	\$0.139	\$0.971	\$1.009	\$1.050
<i>Total Reduction in Positions Required</i>						
<i>(List title of positions)</i>						
Current Vacancies		0	0	0	0	0
<i>(List title of vacant positions)</i>						
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other						
<i>(Identify Appropriate Indicator)</i>						
<i>List of Other Concerns:</i>						

**MTA Headquarters
November Financial Plan 2006-2009
Positions**

Other Assumptions

A baseline headcount of 1,356 positions is forecasted for 2005, with this level of employees increasing by four additional positions in 2006, for a total of 1,360 positions. This then remains constant throughout the remainder of the plan. Offsetting the additional personnel are PEG Savings reductions. Beginning in 2005 PEG reductions lower the total headcount by three positions to 1,353. For the 2006 Preliminary Budget PEG Savings provide one additional headcount reduction for a headcount of 1,356. In 2007 three additional position savings are achieved as the full effect of the Programs to Eliminate the Gap impact MTA Headquarters. This final reduction results in a total headcount of 1,353 heads and remains constant throughout the plan period.

MTA Headquarters
November Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Final Proposed Budget	2007	2008	2009
Administration						
Executive Office	6	6	6	6	6	6
Administration	187	209	212	212	212	212
Audit	97	98	98	98	98	98
Budget and Financial Management	101	125	124	124	124	124
DED Corp. Affairs & Communications	45	51	51	51	51	51
Dir Communications/Press Secretary	4	4	4	4	4	4
DED General Counsel	70	77	77	77	77	77
Chief of Staff/Senior Policy Advisor	7	6	6	6	6	6
Special Proj Development/Planning	8	9	9	9	9	9
Labor Relations	30	31	33	33	33	33
PCAC	1	1	1	1	1	1
Safety Programs	0	0	0	0	0	0
Vending Fare Media	5	7	7	7	7	7
Corporate Account	27	13	13	13	13	13
Total Administration Positions	588	637	641	641	641	641
<u>Public Safety</u>	<u>691</u>	<u>719</u>	<u>719</u>	<u>719</u>	<u>719</u>	<u>719</u>
Total MTA	1,279	1,356	1,360	1,360	1,360	1,360
Non-Reimbursable	1,232	1,322	1,326	1,326	1,326	1,326
Reimbursable	47	34	34	34	34	34
Total Full-Time	1,279	1,356	1,360	1,360	1,360	1,360
Total Full-Time-Equivalents						
Impact of:						
PEG Program		(3)	(4)	(7)	(7)	(7)
Total Positions	1,279	1,353	1,356	1,353	1,353	1,353
Non-Reimbursable	1,232	1,319	1,322	1,319	1,319	1,319

MTA Headquarters
November Financial Plan 2006-2009
Total Full-time Positions and Full-time Equivalents by Function and Occupational Group
Non-Reimbursable and Reimbursable

FUNCTION/OCCUPATIONAL GROUP	2006 Final Proposed	2007	2008	2009
Administration				
Managers/Supervisors	387	387	387	387
Professional, Technical, Clerical	254	254	254	254
Operational Hourlies	-	-	-	-
Total Administration	641	641	641	641
Operations				
Managers/Supervisors	-	-	-	-
Professional, Technical, Clerical	-	-	-	-
Operational Hourlies	-	-	-	-
Total Operations	-	-	-	-
Maintenance				
Managers/Supervisors	-	-	-	-
Professional, Technical, Clerical	-	-	-	-
Operational Hourlies	-	-	-	-
Total Maintenance	-	-	-	-
Engineering/Capital				
Managers/Supervisors	-	-	-	-
Professional, Technical, Clerical	-	-	-	-
Operational Hourlies	-	-	-	-
Total Engineering/Capital	-	-	-	-
Public Safety				
Managers/Supervisors	29	29	29	29
Professional, Technical, Clerical	51	51	51	51
Operational Hourlies (Uniformed)	639	639	639	639
Total Public Safety	719	719	719	719
Total MTA				
Managers/Supervisors	416	416	416	416
Professional, Technical, Clerical	305	305	305	305
Operational Hourlies	639	639	639	639
Total	1,360	1,360	1,360	1,360
Baseline Total Positions	1,360	1,360	1,360	1,360
Non-Reimbursable	1,326	1,326	1,326	1,326
Reimbursable	34	34	34	34
Total Full-Time	-	-	-	-
Total Full-Time Equivalents	-	-	-	-
Impact of: 2006 Program to Eliminate the Gap	(4)	(7)	(7)	(7)
Total Positions	1,356	1,353	1,353	1,353
Non-Reimbursable	1,322	1,319	1,319	1,319
Reimbursable	34	34	34	34
Total Full-Time	1,356	1,353	1,353	1,353
Total Full-Time Equivalents	-	-	-	-

**Inspector General
2006 Final Proposed Budget
July Financial Plan 2006 – 2009**

Mission Statement

The mission of the Metropolitan Transportation Authority Office of the Inspector General is to reduce fraud, waste, abuse and corruption throughout the MTA. Through its investigations and audits, the OIG seeks to enhance the efficiency, effectiveness, safety, and quality of MTA operations.

Financial Overview

Mindful of its obligations to enhance the efficiency, effectiveness, safety and quality of MTA agencies operations, MTA OIG has identified savings that will assist in reducing MTA expenses over the Financial Plan Period. This has been accomplished by reassessing needs across all units of the OIG and all expense categories and finding savings. Beginning in 2006, reductions in maintenance and other operating contracts will result from reduced need for automobile rentals, repair of computer equipment and telephone expenditures, offsetting the need for higher occupancy costs. Savings in professional service contracts will result from lower anticipated recruitment and printing expenses. Reductions in materials and supplies are due to reduced needs of office supplies/furniture, data processing and other equipment requests. Other reduced expenses are the result of reductions in employee expenses. Beginning in 2007, savings in labor expenses will be the result of the elimination of two vacant positions.

MTA Inspector General
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements	\$9.143	\$9.643	\$11.726	\$12.027	\$12.386	\$12.795
Total Revenue	\$9.143	\$9.643	\$11.726	\$12.027	\$12.386	\$12.795
<u>Expenses</u>						
Labor:						
Payroll	5.789	5.639	6.813	7.017	7.191	7.412
Overtime	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.403	0.568	0.786	0.899	0.983	1.074
Pensions	0.366	0.515	0.674	0.715	0.736	0.760
Other Fringe Benefits	0.260	0.366	0.477	0.506	0.521	0.537
Reimbursable Overhead						
Total Labor Expenses	\$6.818	\$7.088	\$8.750	\$9.138	\$9.431	\$9.783
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.007	0.035	0.036	0.037	0.038	0.039
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	1.491	1.683	0.109	0.112	0.115	0.119
Professional Service Contracts	0.081	0.061	0.015	0.015	0.016	0.016
Materials & Supplies	0.073	0.103	0.042	0.043	0.044	0.046
MTA Internal Subsidy	0.000	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	0.113	0.144	2.271	2.329	2.397	2.471
Total Non-Labor Expenses	\$1.765	\$2.026	\$2.473	\$2.536	\$2.610	\$2.690
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$8.583	\$9.114	\$11.223	\$11.674	\$12.041	\$12.473
Depreciation	\$0.560	\$0.609	\$0.609	\$0.609	\$0.609	\$0.609
Total Expenses	\$9.143	\$9.723	\$11.832	\$12.283	\$12.650	\$13.082
Baseline Net Surplus/(Deficit)	\$0.000	(\$0.080)	(\$0.106)	(\$0.256)	(\$0.264)	(\$0.287)
PEG Program	\$0.000	\$0.000	\$0.106	\$0.256	\$0.264	\$0.287
Net Surplus/(Deficit)	\$0.000	(\$0.080)	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)

**MTA Inspector General
November Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)**

	2004 Actuals	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements	\$8.011	\$7.862	\$10.365	\$10.846	\$11.205	\$11.614
Total Receipts	\$8.011	\$7.862	\$10.365	\$10.846	\$11.205	\$11.614
<u>Expenditures</u>						
Labor:						
Payroll	5.789	5.639	6.813	7.017	7.191	7.412
Overtime						
Health and Welfare	0.403	0.568	0.786	0.899	0.983	1.074
Pensions	0.366	0.515	0.674	0.715	0.736	0.760
Other Fringe Benefits	0.260	0.366	0.477	0.506	0.521	0.537
Reimbursable Overhead						
Total Labor Expenditures	\$6.818	\$7.088	\$8.750	\$9.138	\$9.431	\$9.783
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.007	0.035	0.036	0.037	0.038	0.039
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	1.491	1.683	0.109	0.112	0.115	0.119
Professional Service Contracts	0.081	0.061	0.015	0.015	0.016	0.016
Materials & Supplies	0.073	0.103	0.042	0.043	0.044	0.046
MTA Internal Subsidy						
Other Business Expenses	0.113	0.144	2.271	2.329	2.397	2.471
Total Non-Labor Expenditures	\$1.765	\$2.026	\$2.473	\$2.536	\$2.610	\$2.690
Other Expenditure Adjustments:						
Other	\$ (0.572)	\$ (1.172)	\$ (0.752)	\$ (0.572)	\$ (0.572)	\$ (0.572)
Total Other Expenditure Adjustments	\$(0.572)	\$(1.172)	\$(0.752)	\$(0.572)	\$(0.572)	\$(0.572)
Total Expenditures	\$8.011	\$7.942	\$10.471	\$11.102	\$11.469	\$11.901
Baseline Net Cash Deficit	\$0.000	\$(0.080)	\$(0.106)	\$(0.256)	\$(0.264)	\$(0.287)
PEG Program	0.000	0.000	0.106	0.256	0.264	0.287
Net Cash Deficit	\$0.000	\$(0.080)	\$0.000	\$(0.000)	\$0.000	\$(0.000)

MTA Inspector General
November Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

[illegible]

MTA Inspector General
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Revenue</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$9.643	\$11.726	\$2.083	\$12.027	\$0.301	\$12.386	\$0.358	\$12.795	\$0.409
Total Revenue	\$9.643	\$11.726	\$2.083	\$12.027	\$0.301	\$12.386	\$0.358	\$12.795	\$0.409
<u>Expenses</u>									
Labor:									
Payroll	5.639	6.813	(1.174)	7.017	(0.204)	7.191	(0.173)	7.412	(0.221)
Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.568	0.786	(0.218)	0.899	(0.113)	0.983	(0.084)	1.074	(0.091)
Pensions	0.515	0.674	(0.159)	0.715	(0.042)	0.736	(0.021)	0.760	(0.023)
Other Fringe Benefits	0.366	0.477	(0.111)	0.506	(0.029)	0.521	(0.015)	0.537	(0.017)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$7.088	\$8.750	(\$1.662)	\$9.138	(\$0.387)	\$9.431	(\$0.293)	\$9.783	(\$0.352)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	0.035	0.036	(0.001)	0.037	(0.001)	0.038	(0.001)	0.039	(0.001)
Claims									
Paratransit Service Contracts									
Maintenance and Other	1.683	0.109	1.574	0.112	(0.003)	0.115	(0.003)	0.119	(0.004)
Professional Service Contracts	0.061	0.015	0.046	0.015	(0.000)	0.016	(0.000)	0.016	(0.000)
Materials & Supplies	0.103	0.042	0.061	0.043	(0.001)	0.044	(0.001)	0.046	(0.001)
MTA Internal Subsidy									
Other Business Expenses	0.144	2.271	(2.127)	2.329	(0.058)	2.397	(0.068)	2.471	(0.074)
Total Non-Labor Expenses	\$2.026	\$2.473	(\$0.447)	\$2.536	(\$0.063)	\$2.610	(\$0.074)	\$2.690	(\$0.080)
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$9.114	\$11.223	(\$2.109)	\$11.674	(\$0.451)	\$12.041	(\$0.367)	\$12.473	(\$0.432)
Depreciation	\$0.609	\$0.609	0.000	\$0.609	0.000	\$0.609	0.000	\$0.609	0.000
Total Expenses	\$9.723	\$11.832	(\$2.109)	\$12.283	(\$0.451)	\$12.650	(\$0.367)	\$13.082	(\$0.432)
Baseline Net Surplus/(Deficit)	(\$0.080)	(\$0.106)	(\$0.026)	(\$0.256)	(0.150)	(\$0.264)	(\$0.008)	(\$0.287)	(\$0.022)
PEG Program	\$0.000	\$0.106	0.106	\$0.256	0.150	\$0.264	0.008	\$0.287	0.022
Net Surplus/(Deficit)	(\$0.080)	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.000)	\$0.000	(\$0.000)	\$0.000

MTA Inspector General
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$7.862	\$10.365	\$2.503	\$10.846	\$0.481	\$11.205	\$0.358	\$11.614	\$0.409
Total Receipts	\$7.862	\$10.365	\$2.503	\$10.846	\$0.481	\$11.205	\$0.358	\$11.614	\$0.409
<u>Expenditures</u>									
Labor:									
Payroll	5.639	6.813	(1.174)	7.017	(0.204)	7.191	(0.173)	7.412	(0.221)
Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.568	0.786	(0.218)	0.899	(0.113)	0.983	(0.084)	1.074	(0.091)
Pensions	0.515	0.674	(0.159)	0.715	(0.042)	0.736	(0.021)	0.760	(0.023)
Other Fringe Benefits	0.366	0.477	(0.111)	0.506	(0.029)	0.521	(0.015)	0.537	(0.017)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$7.088	\$8.750	(\$1.662)	\$9.138	(\$0.387)	\$9.431	(\$0.293)	\$9.783	(\$0.352)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	0.035	0.036	(0.001)	0.037	(0.001)	0.038	(0.001)	0.039	(0.001)
Claims									
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts	1.683	0.109	1.574	0.112	(0.003)	0.115	(0.003)	0.119	(0.004)
Professional Service Contracts	0.061	0.015	0.046	0.015	(0.000)	0.016	(0.000)	0.016	(0.000)
Materials & Supplies	0.103	0.042	0.061	0.043	(0.001)	0.044	(0.001)	0.046	(0.001)
MTA Internal Subsidy									
Other Business Expenses	0.144	2.271	(2.127)	2.329	(0.058)	2.397	(0.068)	2.471	(0.074)
Total Non-Labor Expenditures	\$2.026	\$2.473	(\$0.447)	\$2.536	(\$0.063)	\$2.610	(\$0.074)	\$2.690	(\$0.080)
Other Expenditure Adjustments:									
Other	(1.172)	(0.752)	(0.420)	(0.572)	(0.180)	(0.572)	0.000	(0.572)	0.000
Total Other Expenditure Adjustments	(\$1.172)	(\$0.752)	\$0.000	(\$0.572)	\$0.000	(\$0.572)	\$0.000	(\$0.572)	\$0.000
Total Expenditures	\$7.942	\$10.471	(\$2.109)	\$11.102	(\$0.451)	\$11.469	(\$0.367)	\$11.901	(\$0.432)
Baseline Net Cash Deficit	(\$0.080)	(\$0.106)	(0.026)	(\$0.256)	(0.150)	(\$0.264)	(0.008)	(\$0.287)	(0.023)
PEG Program	\$0.000	\$0.106	0.106	\$0.256	0.150	\$0.264	0.008	\$0.287	0.022
Net Cash Deficit	(\$0.080)	\$0.000	\$0.080	(\$0.000)	(\$0.000)	\$0.000	\$0.000	(\$0.000)	(\$0.001)

MTA INSPECTOR GENERAL
November Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: July Plan Unspecified PEG's					
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)					
Baseline:					
Changes					
Revenue					
Capital and Other Reimbursements	(.750)	0.648	0.675	0.664	0.677
Sub-Total Revenue Changes	(\$.750)	\$.648	\$.675	\$.664	\$.677
Expenses					
Payroll	0.504	(0.291)	(0.313)	(0.290)	(0.291)
Overtime					
Health and Welfare	0.065	(0.040)	(0.044)	(0.048)	(0.052)
Pensions	0.059	(0.035)	(0.034)	(0.035)	(0.037)
Other Fringe Benefits	0.041	(0.024)	(0.025)	(0.026)	(0.026)
Reimbursable Overhead					
Insurance	-	-	-	-	-
Claims					
Paratransit Service Contracts					
Maintenance and Other					
Operating Contracts	(0.014)	1.742	1.791	1.844	1.902
Professional Service Contracts	0.012	0.060	0.062	0.063	0.066
Materials & Supplies	(0.005)	0.057	0.059	0.061	0.062
Other Business Expenses	0.007	(2.116)	(2.170)	(2.233)	(2.302)
Depreciation	-	-			
Sub-Total Expense Changes	\$.669	(\$.647)	(\$.675)	(\$.664)	(\$.677)
Cash Adjustments:					
Revenue	(\$.600)	(\$.180)	\$0.000	\$0.000	\$0.000
Expense	\$0.000	0.000			
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	(\$0.080)	\$0.000	\$0.000	(\$0.000)	\$0.000
PEG Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	(\$0.080)	\$0.000	\$0.000	(\$0.000)	\$0.000

MTA OFFICE OF THE INSPECTOR GENERAL
November Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Administration					
<i>Office of Inspector General</i>	93	93	93	93	93
<i>Baseline Total Positions</i>	93	93	93	93	93
<i>Non-Reimbursable</i>	93	93	93	93	93
<i>Reimbursable</i>					
<i>Total Full-Time</i>	93	93	93	93	93
<i>Total Full-Time-Equivalents</i>					
Impact of:					
PEG Program			(2)	(2)	(2)
<i>Total Positions</i>	93	93	91	91	91
<i>Non-Reimbursable</i>					
<i>Reimbursable</i>	93	93	91	91	91
<i>Total Full-Time</i>	93	93	91	91	91
<i>Total Full-Time-Equivalents</i>					

**First Mutual Transportation Assurance Company
2006 Final Proposed Budget
November Financial Plan 2006-2009**

Mission Statement

The mission of the First Mutual Transportation Assurance Company (FMTAC) is to engage in the business of acting as a pure captive insurance company under Section 7005, Article 70 of the Insurance Law and Section 1266 subdivision 5 of the Public Authorities Law of the State of New York. FMTAC's mission is to continue, develop, and improve the insurance and risk management needs as required by the MTA. FMTAC was established to maximize the flexibility and effectiveness of the MTA's insurance program.

Financial Overview

FMTAC continues to utilize dedicated resources to efficiently address the challenges related to insurance and risk management for the MTA. It is the goal of FMTAC to maximize the efficiency and flexibility of the insurance programs while minimizing costs to the MTA and its subsidiaries. FMTAC continues to draw from the expertise and support services available in other MTA agencies and outside service providers to support risk management. This is reflected in the current budget proposal.

For all years, on a cash basis, FMTAC generates a net cash deficit of zero, which is the true cash impact of FMTAC on MTA cash balances. FMTAC cash reserves are separate and distinct from MTA and are necessary to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

2005 November Forecast

FMTAC's 2005 November Plan anticipates a Net Surplus of \$4.143 that is \$8.796 lower than the Mid-Year Forecast. This decrease is being driven by increases in accrued Claims Expenses and Other Business Expenses associated with the safety and loss control programs currently in place.

2006 Final Proposed Budget - Baseline

In 2006, FMTAC's main objective will be to continue insuring the programs currently insured through FMTAC. To accomplish this objective, FMTAC projects 2006 costs at \$6.825 and revenue at \$7.320. Costs for FMTAC are comprised of insurance premiums (credit to insurance expenses), Claims Expenses and Other Business Expenses.

Insurance premiums are projected at \$47.478. This reflects a 10% increase over 2005 and is representative of the increase in the market. The increases in insurance are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

Claims expenses are projected at \$45.250. This reflects the actuarial projections for actual loss and loss adjustment expense payments related to the existing claims for the 2006 year end.

Other Business Expenses (General and Administrative and Safety and Loss Control) are projected at \$9.053. Funds have been budgeted for captive management, audit, actuarial and legal services as well as reimbursement of MTA risk management services.

2006 – 2009 Projections

Other Operating Revenue (investment income) is projected for 2006 through 2009 based on the All Urban Consumer CPI inflation rates as provided in the Economic & Demographic Forecasts, April 2005.

Insurance (premiums paid for insurance programs) is projected to increase 10% for 2006 – 2009 and are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

Claims expense is determined by actuarial projection and fluctuations are a result of payout and reserve adjustments for known and unknown claims.

Other Business Expenses (General and Administrative and Safety and Loss Control), increase in 2006 through 2009 based on inflation trends and increasing costs.

First Mutual Transportation Assurance Company
November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue	6.861	7.137	7.294	7.418	7.556	7.714
Capital and Other Reimbursements						
Total Revenue	\$6.861	\$7.137	\$7.294	\$7.418	\$7.556	\$7.714
<u>Expenses</u>						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	(47.425)	(43.162)	(47.478)	(52.226)	(57.448)	(63.193)
Claims	40.551	37.534	45.250	47.478	49.855	52.391
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses	4.929	8.622	9.053	9.506	9.981	10.480
Total Non-Labor Expenses	(\$1.945)	\$2.994	\$6.825	\$4.758	\$2.387	(\$0.322)
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	(\$1.945)	\$2.994	\$6.825	\$4.758	\$2.387	(\$0.322)
Depreciation						
Total Expenses	(\$1.945)	\$2.994	\$6.825	\$4.758	\$2.387	(\$0.322)
Baseline Net Surplus/(Deficit)	\$8.806	\$4.143	\$0.469	\$2.660	\$5.169	\$8.036
2006 Agency Program to Eliminate the Gap (PEGs)						
Post - 2006 Agency Program to Eliminate the Gap (PEGs)						
Total PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	\$8.806	\$4.143	\$0.469	\$2.660	\$5.169	\$8.036

REIMBURSABLE

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
Total Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Expenses</u>						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance						
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses						
Total Non-Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Depreciation						
Total Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2006 Agency Program to Eliminate the Gap (PEGs)						
Post - 2006 Agency Program to Eliminate the Gap (PEGs)						
Total PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

November Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue	6.861	7.137	7.294	7.418	7.556	7.714
Capital and Other Reimbursements						
Total Revenue	\$6.861	\$7.137	\$7.294	\$7.418	\$7.556	\$7.714
<u>Expenses</u>						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	(47.425)	(43.162)	(47.478)	(52.226)	(57.448)	(63.193)
Claims	40.551	37.534	45.250	47.478	49.855	52.391
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses	4.929	8.622	9.053	9.506	9.981	10.480
Total Non-Labor Expenses	(\$1.945)	\$2.994	\$6.825	\$4.758	\$2.387	(\$0.322)
Other Expenses Adjustments:						
Other - Restricted Cash Adjustments						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	(\$1.945)	\$2.994	\$6.825	\$4.758	\$2.387	(\$0.322)
Depreciation						
Total Expenses	(\$1.945)	\$2.994	\$6.825	\$4.758	\$2.387	(\$0.322)
Baseline Net Surplus/(Deficit)	\$8.806	\$4.143	\$0.469	\$2.660	\$5.169	\$8.036
2006 Agency Program to Eliminate the Gap (PEGs)						
Post - 2006 Agency Program to Eliminate the Gap (PEGs)						
Total PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	\$8.806	\$4.143	\$0.469	\$2.660	\$5.169	\$8.036

First Mutual Transportation Assurance Company
November Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue	6.861	7.137	7.294	7.418	7.556	7.714
Capital and Other Reimbursements						
Total Receipts	\$6.861	\$7.137	\$7.294	\$7.418	\$7.556	\$7.714
<u>Expenditures</u>						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	(47.425)	(43.162)	(47.478)	(52.226)	(57.448)	(63.193)
Claims	15.800	15.937	21.949	24.262	25.332	27.433
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses	4.929	8.622	9.053	9.506	9.981	10.480
Total Non-Labor Expenditures	(\$26.696)	(\$18.603)	(\$16.476)	(\$18.458)	(\$22.135)	(\$25.280)
Other Expenditure Adjustments:	0					
Other - Restricted Cash Adjustment	33.557	25.740	23.770	25.876	29.691	32.994
Total Other Expenditure Adjustments	33.557	\$25.740	\$23.770	\$25.876	\$29.691	\$32.994
Total Expenditures	6.861	\$7.137	\$7.294	\$7.418	\$7.556	\$7.714
Baseline Net Cash Deficit	0.000	\$0.000	\$0.000	(\$0.000)	(\$0.000)	\$0.000
2006 Agency Program to Eliminate the Gap (PEGs)						
Post -2006 Agency to Eliminate the Gap (PEGs)						
Total PEGs:	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	0.000	0.000	0.000	(0.000)	(0.000)	0.000

First Mutual Transportation Assurance Company
November Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004	Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Receipts</u>							
Farebox Revenue							
Vehicle Toll Revenue							
Other Operating Revenue		0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements							
Total Receipt Adjustments		\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Expenditures</u>							
Labor:							
Payroll							
Overtime							
Health and Welfare							
Pensions							
Other Fringe Benefits							
Reimbursable Overhead							
Total Labor Expenditures		\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:							
Traction and Propulsion Power							
Fuel for Buses and Trains							
Insurance		0.000	0.000	0.000	0.000	0.000	0.000
Claims		24.751	21.597	23.301	23.216	24.522	24.958
Paratransit Service Contracts							
Maintenance and Other Operating Contracts							
Professional Service Contracts							
Materials & Supplies							
Other Business Expenditures		0.000	0.000	0.000	0.000	0.000	0.000
Total Non-Labor Expenditures		\$24.751	\$21.597	\$23.301	\$23.216	\$24.522	\$24.958
Other Expenditure Adjustments:							
Other - Restricted Cash Adjustment		(33.557)	(25.740)	(23.770)	(25.876)	(29.691)	(32.994)
Total Other Expenditure Adjustments		(\$33.557)	(\$25.740)	(\$23.770)	(\$25.876)	(\$29.691)	(\$32.994)
Total Cash Conversion Adjustments before Depreciation		(\$8.806)	(\$4.143)	(\$0.469)	(\$2.660)	(\$5.169)	(\$8.036)
Depreciation Adjustment							
Baseline Total Cash Conversion Adjustments		(\$8.806)	(\$4.143)	(\$0.469)	(\$2.660)	(\$5.169)	(\$8.036)
2006 Agency Program to Eliminate the Gap (PEGs)							
Post -2006 Agency to Eliminate the Gap (PEGs)							
Total PEGs:		0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments		(\$8.806)	(\$4.143)	(\$0.469)	(\$2.660)	(\$5.169)	(\$8.036)

**First Mutual Transportation Assurance Company
November Financial Plan 2006-2009
Year-to-Year Changes by Category 2005-2009
Non-Reimbursable**

Revenue

Other Operating Revenue

- Investment income is derived through FMTAC based on the investments held with Brown Brothers Harriman.
- Investment income is projected based on the All Urban Consumer CPI inflation rates as provided in the September, 2005 Economic & Demographic Forecasts.

Expenses

Insurance

- Insurance (premiums) is based on increases in the market as well as increases in the claims expenses and reserve adjustments.
- Insurance Premiums are estimated to increase 10% each year for 2006 - 2009

Claims

- Claims expense is determined by actuarial projection for 2006 – 2009 of the actual claims expense paid and any adjustments either favorable or unfavorable to reserves.

Other Business Expenses

- 2005 assumes the current MTA Risk Management Forecast.
- Costs increase for 2006 through 2009 and are representative of general increases for the services provided and expenses not directly related to claims.

First Mutual Transportation Assurance Company
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	Favorable/(Unfavorable)								
	2005 November Forecast	2006 Final Proposed Budget	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Revenue									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Other Operating Revenue	\$7.137	\$7.294	\$0.157	\$7.418	\$0.124	\$7.556	\$0.138	\$7.714	0.158
Capital and Other Reimbursements	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Total Revenue	\$7.137	\$7.294	\$0.157	\$7.418	\$0.124	\$7.556	\$0.138	\$7.714	\$0.158
Expenses									
Labor:									
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Health and Welfare	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Pensions	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Other Fringe Benefits	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Insurance	(\$43.162)	(\$47.478)	(\$4.316)	(\$52.226)	(\$4.748)	(\$57.448)	(\$5.223)	(\$63.193)	\$5.745
Claims	\$37.534	\$45.250	\$7.716	\$47.478	\$2.228	\$49.855	\$2.377	\$52.391	(\$2.537)
Paratransit Service Contracts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Maintenance and Other Operating Contracts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Professional Service Contracts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Materials & Supplies	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Business Expenses	\$8.622	\$9.053	\$0.431	\$9.506	\$0.453	\$9.981	\$0.475	\$10.480	(\$0.499)
Total Non-Labor Expenses	\$2.994	\$6.825	\$3.831	\$4.758	(\$2.067)	\$2.387	(\$2.371)	(\$0.322)	\$2.709
Other Expenses Adjustments:									
Other			\$0.000		\$0.000		\$0.000		\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$2.994	\$6.825	\$3.831	\$4.758	(\$2.067)	\$2.387	(\$2.371)	(\$0.322)	\$2.709
Depreciation			0.000		0.000		0.000		0.000
Total Expenses	\$2.994	\$6.825	\$3.831	\$4.758	(\$2.067)	\$2.387	(\$2.371)	(\$0.322)	\$2.709
Baseline Net Surplus/(Deficit)	\$4.143	\$0.469	(\$3.674)	\$2.660	\$2.191	\$5.169	\$2.509	\$8.036	\$2.867
2006 Agency Program to Eliminate the Gap (PEGs)									
Post - 2006 Agency Program to Eliminate the Gap (PEGs)									
Total PEGs	0	0	0	0	0	0	0	0	0
Net Surplus/(Deficit)	\$4.143	\$0.469	(\$3.674)	\$2.660	\$2.191	\$5.169	\$2.509	\$8.036	\$2.867

First Mutual Transportation Assurance Company
November Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

CASH RECEIPTS & EXPENDITURES

	Favorable/(Unfavorable)								
	2005 November Forecast	2006 Final Proposed Budget	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Receipts</u>									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Other Operating Revenue	\$7.137	\$7.294	\$0.157	\$7.418	\$0.124	\$7.556	\$0.138	\$7.714	0.158
Capital and Other Reimbursements	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Total Receipts	\$7.137	\$7.294	\$0.157	\$7.418	\$0.124	\$7.556	\$0.138	\$7.714	\$0.158
<u>Expenditures</u>									
Labor:									
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Overtime	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Health and Welfare	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Pensions	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Other Fringe Benefits	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Total Labor Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Fuel for Buses and Trains	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Insurance	(\$43.162)	(\$47.478)	(\$4.316)	(\$52.226)	(\$4.748)	(\$57.448)	(\$5.223)	(\$63.193)	(5.745)
Claims	\$15.937	\$21.949	\$6.012	\$24.262	\$2.314	\$25.332	\$1.070	\$27.433	2.101
Paratransit Service Contracts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Maintenance and Other Operating Contracts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Professional Service Contracts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Materials & Supplies	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Other Business Expenses	\$8.622	\$9.053	\$0.431	\$9.506	\$0.453	\$9.981	\$0.475	\$10.480	0.499
Total Non-Labor Expenditures	(\$18.603)	(\$16.476)	\$2.127	(\$18.458)	(\$1.982)	(\$22.135)	(\$3.677)	(\$25.280)	(\$3.145)
Other Expenditure Adjustments:									
Other - Restricted Cash Adjustment	\$25.740	\$23.770	(\$1.970)	\$25.876	\$2.106	\$29.691	\$3.815	\$32.994	3.303
Total Other Expenditure Adjustments	\$25.740	\$23.770	(\$1.970)	\$25.876	\$2.106	\$29.691	\$3.815	\$32.994	\$3.303
Total Expenditures	\$7.137	\$7.294	\$0.157	\$7.418	\$0.124	\$7.556	\$0.138	\$7.714	\$0.158
Baseline Net Cash Deficit	\$0.000	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000	\$0.000
2006 Agency Program to Eliminate the Gap (PEGs)									
Post - 2006 Agency Program to Eliminate the Gap (PEGs)									
Total PEGs	0	0	0	0	0	0	0	0	0
Net Cash Deficit	\$0.000	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000	\$0.000

First Mutual Transportation Assurance Company
November Financial Plan 2006-2009
Summary of Changes Between Financial Plans 2005-2009

2005: November Financial Plan vs. July Financial Plan

The November Financial Plan is \$8.796 million lower than the July Adopted Budget. This decrease in net surplus/deficit is due to increases in claims expenses and other business expenses.

2006: November Financial Plan vs. July Financial Plan

Projections for 2006 are decreased by \$16.734 from the July Adopted Budget. This decrease in projections is primarily due to increases in Claims Expenses and Other Business Expenses of \$11.000 and \$4.762.

2007: November Financial Plan vs. July Financial Plan

Projections for 2007 are decreased by \$18.429 from the July Adopted Budget. This decrease in projections is primarily due to increases in Claims Expenses and Other Business Expenses of \$12.100 and \$5.172.

2008: November Financial Plan vs. July Financial Plan

Projections for 2006 are decreased by \$20.269 from the July Adopted Budget. This decrease in projections is primarily due to increases in Claims Expenses and Other Business Expenses of \$13.310 and \$5.604.

2009: November Financial Plan vs. July Financial Plan

Projections for 2006 are decreased by \$22.271 from the July Adopted Budget. This decrease in projections is primarily due to increases in Claims Expenses and Other Business Expenses of \$14.641 and \$6.059.

First Mutual Transportation Assurance Company
November Financial Plan 2006 - 2009
Summary of Major Programmatic Changes Between Financial Plans
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Non-Reimbursable Major Changes</i>					
Revenue	\$.139	\$.116	\$.040	(\$.039)	(\$.123)
Sub-Total Non-Reimbursable Revenue Changes	\$.139	\$.116	\$.040	(\$.039)	(\$.123)
Expenses	(\$8.935)	(\$16.850)	(\$18.469)	(\$20.231)	(\$22.148)
Sub-Total Non-Reimbursable Expense Changes	(\$8.935)	(\$16.850)	(\$18.469)	(\$20.231)	(\$22.148)
<i>Total Non-Reimbursable Major Changes</i>	(\$8.796)	(\$16.734)	(\$18.429)	(\$20.270)	(\$22.271)
<i>Reimbursable Major Changes</i>					
Revenue					
Sub-Total Reimbursable Revenue Changes					
Expenses					
Sub-Total Reimbursable Expense Changes					
<i>Total Reimbursable Major Changes</i>	\$.000	\$.000	\$.000	\$.000	\$.000
<i>Total Accrual Changes</i>	(\$8.796)	(\$16.734)	(\$18.429)	(\$20.270)	(\$22.271)
<i>Cash Adjustment Changes</i>					
Total Cash Adjustments	\$8.796	\$16.734	\$18.429	\$20.270	\$22.271
<i>Total Cash Adjustment Changes</i>	\$8.796	\$16.734	\$18.429	\$20.270	\$22.271
<i>Total Baseline Changes</i>	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000

First Mutual Transportation Assurance Company
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

NON-REIMBURSABLE

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue					
Vehicle Toll Revenue					
Other Operating Revenue	\$.139	0.116	0.040	(0.039)	(0.123)
Capital and Other Reimbursement					
Total Revenue Changes	\$.139	\$.116	\$.040	(\$.039)	(\$.123)
Expenses					
Labor:					
Payroll					
Health and Welfare					
Pensions					
Other Fringe Benefits					
Reimbursable Overhead					
Total Labor Expense Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Non-Labor:					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance	(\$.989)	(\$1.088)	(\$1.197)	(\$1.317)	(\$1.448)
Claims	(\$3.665)	(11.000)	(12.100)	(13.310)	(14.641)
Paratransit Service Contracts					
Maintenance and Other Operating Contracts					
Materials & Supplies					
Other Business Expenses	(4.281)	(4.762)	(5.172)	(5.604)	(6.059)
Total Non-Labor Expense Changes	(\$8.935)	(\$16.850)	(\$18.469)	(\$20.231)	(\$22.148)
Total Expense Changes	(\$8.935)	(\$16.850)	(\$18.469)	(\$20.231)	(\$22.148)
Cash Adjustment Changes					
Revenue:					
Other Operating Revenue	.000	0	0	0	0
Expenses:					
Claims	12.465	15.918	16.316	15.439	16.291
Other Business Expenses	(\$1.085)	(\$1.073)	(\$1.083)	(\$1.094)	(\$1.105)
Total Expense Changes	\$11.380	\$14.845	\$15.233	\$14.345	\$15.186
Restricted Cash Adjustment	(2.58)	1.889	3.197	5.925	7.085
Total Cash Adjustment Changes	\$8.796	\$16.734	\$18.430	\$20.270	\$22.271
Total Baseline Changes	(\$0.000)	\$0.000	\$0.001	\$0.000	\$0.000
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$0.000)	\$0.000	\$0.001	\$0.000	\$0.000

First Mutual Transportation Assurance Company
November Financial Plan 2006 - 2009
Changes Between Financial Plans by Generic Categories
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes					
Revenue					
Farebox Revenue	\$.000	\$.000	\$.000	\$.000	\$.000
Vehicle Toll Revenue	.000	.000	.000	.000	.000
Other Operating Revenue	.139	.116	.040	(.039)	(.123)
Total Revenue Changes	\$.139	\$.116	\$.040	(\$.039)	(\$.123)
Expenses					
Labor:					
Payroll	\$.000	\$.000	\$.000	\$.000	\$.000
Health and Welfare	.000	.000	.000	.000	.000
Pensions	.000	.000	.000	.000	.000
Other Fringe Benefits	.000	.000	.000	.000	.000
Reimbursable Overhead	.000	.000	.000	.000	.000
Total Labor Expense Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Non-Labor:					
Traction and Propulsion Power	\$.000	\$.000	\$.000	\$.000	\$.000
Fuel for Buses and Trains	.000	.000	.000	.000	.000
Insurance	(.989)	(1.088)	(1.197)	(1.317)	(1.448)
Claims	(3.665)	(11.000)	(12.100)	(13.310)	(14.641)
Paratransit Service Contracts	.000	.000	.000	.000	.000
Maintenance and Other Operating Contracts	.000	.000	.000	.000	.000
Materials & Supplies	.000	.000	.000	.000	.000
Other Business Expenses	(4.281)	(4.762)	(5.172)	(5.604)	(6.059)
Total Non-Labor Expense Changes	(\$8.935)	(\$16.850)	(\$18.469)	(\$20.231)	(\$22.148)
Total Expense Changes	(\$8.935)	(\$16.850)	(\$18.469)	(\$20.231)	(\$22.148)
Cash Adjustment Changes					
Revenue:					
Other Operating Revenue	.000	.000	.000	.000	.000
Expenses:					
Claims	12.465	15.918	16.316	15.439	16.291
Other Business Expenses	(1.085)	(1.073)	(1.083)	(1.094)	(1.105)
Total Expense Changes	11.380	14.845	15.233	14.345	15.186
Restricted Cash Adjustment	(2.584)	1.889	3.197	5.925	7.085
Total Cash Adjustment Changes	\$8.796	\$16.734	\$18.430	\$20.270	\$22.271
Total Baseline Changes	(\$0.000)	\$0.000	\$0.001	\$0.000	\$0.000
Baseline 2005 November Financial Plan - Operating Cash Income/(Deficit)	(\$0.000)	\$0.000	\$0.001	\$0.000	\$0.000

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