

LIRR

MTA LONG ISLAND RAIL ROAD
2005 Final Proposed Budget
November Financial Plan 2005-2008

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 REVIEW

The LIRR's 2005 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. In preparing the budget, every area of LIRR administration and operations was scrutinized to reduce costs, eliminate cost-inefficient functions and make the difficult structural and service decisions necessary to meet demanding budget targets.

The 2005 budget continues service at current levels (with certain exceptions seen in the gap-closing section below), sustains improvements to reliability and on-time performance and maintains the MTA's commitment to safety and security. In looking to sustain service levels, efficiencies were pursued throughout the company to optimize use of available resources. The LIRR is still looking ahead to the anticipated expansion of service into Grand Central Terminal in 2012 and to other expansions of its infrastructure incorporated in its long-range capital plans, recognizing that these changes are also likely to expand its cost structure. Making budget reductions in the years prior to 2012 affords the LIRR the opportunity to streamline our operations, simplify our network and become more cost efficient. All efforts were made to minimize adverse impacts to our customers, with the objective of protecting peak service to the largest extent possible.

Major Assumptions

The primary drivers of the 2005 Budget are, as noted above, keeping service levels as close to what customers experience today while accommodating the impacts of inflation and other cost growth during a period of adapting to new maintenance practices. The commitment to focusing on the customer remains unchanged.

Performance Indicators

The capital investments made in recent years, particularly in the electric fleet, and the ongoing efficiencies in various functions, have resulted in steady improvement in the LIRR customer's experience. On-time performance (OTP) has always been of critical

concern to our customers, and the LIRR has made steady improvements over the years. Results for 2004 are consistent with this commitment to our customers, with OTP through September at 93.0%. Even more noteworthy is the improvement in fleet reliability, which influences the everyday experience our customers have on-board our trains. In 2004, mean distance between failures (MDBF) through August has reached a fleet-wide average of 53,394 miles, up 12% from 2003. Reliability of all fleets except the M-1's (now being retired as the M-7s are brought on line) are up over last year: M-3's are up nearly 16%; the Diesel fleet is up almost 54%; and the M-7 fleet is up 2%. More impressive to note, however, is that the M-7 fleet is operating at an MDBF of more than 240,000 miles, well above the goal of 100,000 miles of operation between failures.

Offering a safe and comfortable ride has always been a priority for the LIRR, as these two measures indicate. Infrastructure maintenance and improvements, such as tie replacements and elimination of rail joints for a smoother ride, continue at or above goal for 2004. These priorities continue with the 2005 budget plan, as part of the focus on sustaining a safe rail operation.

2005 Budget Baseline

The goals and objectives contained in the 2005 Final Proposed Budget are consistent with the LIRR's mission and its aim to continue to improve service attributes. Among the key goals for 2005 are improving on-time performance to 95.3% and achieving an all-time high fleet-wide mean distance between failures (MDBF) of 50,300 miles. The budget plan also reflects a continuing commitment to improve both employee and customer safety, with projected improvements of 10% in both key areas. Other key assumptions incorporated in the baseline are discussed in a later section, along with reconciliations to the July Financial Plan.

The 2005 Revenue budget totals \$578.8 million, and the total expense budget is \$1.364 billion, of which \$1.103 billion is for operating expenses and the balance is associated with such non-cash items as depreciation. The cash budget for 2005 incorporates \$648.3 million in cash receipts and \$1.146 billion in cash disbursements. The baseline net cash requirement is \$(497.9) million, as driven by operating expenses paid for in 2005, revenues received in 2005, 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 2005 Final Proposed Budget than in the 2004 November Forecast. Baseline Ridership in 2005 grows over 2004 November Forecast by 0.9 million rides, or 1.1%. Operating expenses before depreciation of \$1.103 billion reflect growth of \$65.1 million over the 2004 November Forecast, \$58 million of which is in non-reimbursable expenses. Total revenues of \$578.8 million are \$13.6 million higher than in the November

Forecast, with non-reimbursable revenues and reimbursable revenues each \$6.8 million higher in the 2005 budget than in the 2004 November Forecast. While the resulting total operating deficit rises \$83 million to \$(784.8) million in 2005, the projected baseline cash deficit (or subsidy requirement) of \$(497.9) million in 2005 is higher by \$42.8 million. This is primarily a result of partial prepayment of the 2005 cash pension expense in 2003.

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 and significant growth in the cost of traction power related to Agency contracts with LIPA, NYPA and Con Edison.

Full-time positions total 6,515 in the baseline 2005 Final Proposed Budget, with 5,841 non-reimbursable positions and 674 reimbursable positions. Compared to the 2004 November Forecast, this reflects an increase of 139 non-reimbursable positions and a decrease of 37 reimbursable positions, consistent with anticipated levels of capital funding in 2005.

New Needs

The major New Needs identified in the Preliminary 2005 Budget have now been incorporated into the Baseline. No other new needs have been identified in the interim for 2005.

GAP CLOSING ACTIONS

2005 PEG Actions

In order to stay within the financial plan, and cover contractual and inflationary increases, reductions known as "Programs to Eliminate the Gap" (or PEGs) have been made to the baseline 2005 Final Proposed Budget. The PEGs for 2005 total \$58.0 million and encompass a wide range of activities eliminated, downsized or deferred. Of the \$58.0 million in reductions, roughly 33% involve reductions to non-labor accounts (such as materials and contract maintenance services) and the balance incorporate reductions to the workforce along with non-labor reductions. In developing reductions to meet the budget target, priorities were established to ensure that train service would be the last area assessed for savings.

Nearly 350 positions, slightly less than 6% of the originally-planned 2005 workforce, are eliminated as part of the budget balancing process. These reductions are across all departments in the company, and are achieved through reduced functional requirements, reorganizations within departments, reduced levels of station and car cleaning, reduction to lower-priority infrastructure maintenance and realignment of car maintenance activities. A small number of headcount reductions come from train

service changes with minimal impacts on customers and elimination of planned growth in service.

An aggressive sweep was made through management and administrative areas, reducing more than 100 management and administrative positions and cutting back in various non-payroll expense areas, such as information service technology investments throughout the duration of the financial plan, including some server replacements and a crew scheduling system. Reductions to a variety of expenses including communications, advertising, leases, tuition, operating and professional services, and replacement of passenger automobiles are spread throughout the company. Slightly more than a third of the PEG savings come through \$21.0 million in administrative reductions, including 112 of the 350 position eliminations.

Changes to maintenance plans and practices provide \$20.1 million in reductions, including more than \$2 million in overtime and just under 100 positions. The majority of the maintenance reductions in the 2005 PEGs are in Engineering maintenance staff and operations, with elimination of lower-priority maintenance activities. Additional reductions in track, structures, signal, power and communications may affect response times for trouble tickets, fence repairs, and right-of-way debris removal and other maintenance activities. Equipment maintenance reductions focused on ensuring critical activities are covered, although some shifts and special teams are eliminated. Two of 4 special HVAC Freeze Teams are eliminated (as a reduction to Customer Amenities). In addition, inspection work performed in Long Island City Yard will be reassigned to other locations. Other savings are projected from placing five diesel locomotives into long-term storage and extending the interval between Periodic Inspections for all diesel equipment.

The largest impacts in terms of position eliminations are in the areas of customer convenience and amenities, particularly car cleaning and station cleaning. Those reductions total \$10.7 million and 121 positions. Station cleaning reductions will impact both regular station cleanings as well as heavy duty station cleaning. Substantial reductions to car cleaning are included in the 2005 PEGs, including doubling the time between an Extraordinary Interior Cleaning from 60 to 120 days.

Based on current ridership levels and the latest projections of growth, the LIRR can avoid increasing the morning peak car requirement as previously planned. By reducing the AM peak car requirement, some maintenance PEGs can be made without adverse impact on the customers. For 2005, the car requirement has been reduced to 838 cars. The minimal reductions proposed to train service are largely actions that would be taken consistent with good business practices, essentially realigning service levels with demand. Specifically, some trains are canceled and combined with other trains where ridership can be accommodated, and weekday off-peak frequency is changed to hourly from half-hourly.

2006-2008 Projections

While the 2005 budget outlined above generally supports continuation of current service levels, a significant funding gap arises in 2006 for all MTA agencies. The MTA-wide funding gap anticipated for 2006 will require more significant changes to close that gap. The magnitude of resource reductions to close the gap requires serious reductions to service levels, with adverse affects on both the quantity and quality of service. The impacts of the reductions are expected to carry forward through 2008.

2006-2008 Baseline

The baseline projections (prior to recognition of any PEGs) for 2006 through 2008 reflect no notable changes to the LIRR's commitment to its customers. Goals are still in place to continue improving key performance measures of on-time performance and MDBF. During this period the LIRR also moves into a critical time for widespread implementation of Life Cycle Maintenance for its growing M7 fleet, as many components enter key maintenance stages. Fulfillment of LCM requirements will place growing demands on resources, particularly maintenance materials.

The baseline projections for 2006-2008 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. Reimbursable revenues rise sharply in 2006 over 2005, reflecting program activity at full-funding levels. The rates of growth are slower in 2007 (up 2.2%) and 2008 (up 1.2%).

By contrast, the pace of expense growth is much 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 3.6% in 2006, 4.9% in 2007 and 7.5% in 2008. In 2008 particularly, about 55% of the \$81 million increase to operating expenses is for materials. Reimbursable expenses grow by 13.2% (\$17.4 million) in 2006 over 2005, and by another 2.2% in 2007 and 1.2% in 2008.

The baseline positions in these projections increase in each year after 2005, with an overall increase of 268 positions over the 2005 baseline. With the timing of capital program funding and project initiation uncertain for the 2005-2009 program, the number of positions supporting reimbursable activity in 2005 is actually lower than in 2004. By 2006, reimbursable positions rise by 34%, or 227 positions, over 2005. Most of these are in the Engineering department, where total positions increase by nearly 200 over 2005. The other function with position increases is the Maintenance of Equipment department, where the number of positions increases by about 3% by 2008, or a total of 63 positions, consistent with the commitment to Life Cycle Maintenance.

While the Baseline projections outlined here continue supporting key goals and service levels, significant budget gaps exist for 2006 through 2008. Closing those

gaps (\$89.3 million in 2006; \$91.6 million in 2007; and \$93.8 million in 2008) is addressed in the Gap Closing Measure section that appears below. Also appearing in a separate section is a discussion of the major assumptions in the 2006-2008 forecasts and reconciliations to the July plan for the years through 2008.

2006 PEG Actions

As noted in the baseline overview, the MTA is anticipating significant budget gaps in 2006. To meet its target, the LIRR is proposing some severe reductions to service. The 2006 PEGs include closing all car washes and significant reductions to train service. In addition, the 2006 PEG calls for closing virtually all line station ticket-selling windows (except ten key hub and terminal stations). These stations all have ticket vending machines.

Further, the 2006 PEG includes eliminating weekend service on select branches, abandonment of West Hempstead, Oyster Bay, Ronkonkoma to Greenport, and Lower Montauk (West of Jamaica) branches, and canceling and combining 30 trains in peak and off-peak service across the system. This also impacts freight operations.

In 2006, the AM peak car requirement would be reduced to 782 cars. It should be noted that the Railroad had previously identified a need to increase service in the rush hours to accommodate ridership growth and seat loss associated with the M7 rollout. If the service is not increased the level of standees will grow.

All of these actions result in reductions of more than 260 positions and savings of \$24.1 million in 2006. Such changes would affect the commutation market as well as the discretionary travel market that has grown so significantly in the last decade.

2007-2008 Projections

The PEG actions taken in 2005 and 2006 are largely carried forward into 2007 and 2008, escalating in value with inflation. The PEGs total \$76.5 million in 2007 and \$77.7 million in 2008. Because targets have been met, neither year contains any unspecified PEGs.

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Revenue</u>						
Farebox Revenue	\$393.291	\$415.173	\$421.514	\$426.968	\$434.462	\$440.473
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	22.766	24.692	25.106	26.047	26.621	27.140
Capital and Other Reimbursements	0.000	0.000	0.086	(0.000)	0.000	0.000
Total Revenue	\$416.057	\$439.865	\$446.706	\$453.015	\$461.083	\$467.613
<u>Expenses</u>						
Labor:						
Payroll	336.790	342.229	362.328	372.536	383.292	394.096
Overtime	74.387	75.774	64.088	66.900	68.755	70.798
Health and Welfare	77.982	89.366	101.898	113.738	126.976	139.608
Pensions	70.021	100.421	100.885	104.045	105.623	105.400
Other Fringe Benefits	77.249	76.580	84.372	85.979	89.660	93.051
Reimbursable Overhead	(16.942)	(20.002)	(20.782)	(24.097)	(24.639)	(24.438)
Total Labor Expenses	\$619.487	\$664.368	\$692.789	\$719.101	\$749.667	\$778.515
Non-Labor:						
Traction and Propulsion Power	43.240	50.909	59.255	60.433	60.466	60.809
Fuel for Buses and Trains	6.167	7.591	6.844	7.276	7.276	7.297
Insurance	13.952	15.296	18.734	19.260	21.613	24.649
Claims	9.920	11.310	13.215	13.425	13.703	14.007
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	52.244	57.625	66.970	63.694	60.974	62.280
Professional Service Contracts	15.499	18.161	25.878	23.372	24.739	25.154
Materials & Supplies	59.388	64.062	79.292	91.246	109.007	153.610
Other Business Expenses	5.292	6.413	8.448	8.562	8.718	8.851
Total Non-Labor Expenses	\$205.702	\$231.367	\$278.636	\$287.268	\$306.496	\$356.657
Other Expenses Adjustments:						
Other	5.490	17.391	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$5.490	\$17.391	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$830.679	\$913.126	\$971.425	\$1,006.369	\$1,056.163	\$1,135.172
Depreciation	192.649	228.622	260.116	272.293	268.774	253.325
Total Expenses	\$1,023.328	\$1,141.748	\$1,231.541	\$1,278.662	\$1,324.937	\$1,388.497
Baseline Net Surplus/(Deficit)	(\$607.271)	(\$701.883)	(\$784.835)	(\$825.647)	(\$863.854)	(\$920.884)
2005 Program to Eliminate the Gap (PEGs)	0.000	0.000	58.042	52.104	52.107	52.615
2006 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	24.105	24.376	25.107
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$607.271)	(\$701.883)	(\$726.793)	(\$749.438)	(\$787.371)	(\$843.162)

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2003	2004	2005			
	Actuals	November	Final	2006	2007	2008
		Forecast	Proposed			
			Budget			
Revenue						
Farebox Revenue	\$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
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	123.563	125.260	132.066	149.442	152.710	154.559
Total Revenue	\$123.563	\$125.260	\$132.066	\$149.442	\$152.710	\$154.559
Expenses						
Labor:						
Payroll	60.239	64.116	60.299	67.241	68.226	69.830
Overtime	10.055	2.803	7.519	8.345	8.506	8.423
Health and Welfare	7.970	8.332	9.485	10.429	11.197	11.417
Pensions	7.900	7.872	11.679	13.326	13.890	13.776
Other Fringe Benefits	16.551	16.534	14.900	18.332	18.569	18.935
Reimbursable Overhead	16.942	20.002	20.782	24.097	24.639	24.438
Total Labor Expenses	\$119.657	\$119.659	\$124.664	\$141.770	\$145.027	\$146.819
Non-Labor:						
Traction and Propulsion Power	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
Insurance	0.191	0.245	0.342	0.350	0.358	0.283
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	2.602	2.712	3.893	4.066	4.134	4.216
Professional Service Contracts	0.295	0.651	0.387	0.420	0.426	0.434
Materials & Supplies	0.739	1.993	2.577	2.613	2.536	2.574
Other Business Expenses	0.079	0.000	0.203	0.223	0.229	0.233
Total Non-Labor Expenses	\$3.906	\$5.601	\$7.402	\$7.672	\$7.683	\$7.740
Other Expenses Adjustments:						
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	\$123.563	\$125.260	\$132.066	\$149.442	\$152.710	\$154.559
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$123.563	\$125.260	\$132.066	\$149.442	\$152.710	\$154.559
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
2006 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000	0.000

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Revenue</u>						
Farebox Revenue	\$393.291	\$415.173	\$421.514	\$426.968	\$434.462	\$440.473
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	22.766	24.692	25.106	26.047	26.621	27.140
Capital and Other Reimbursements	123.563	125.260	132.152	149.442	152.710	154.559
Total Revenue	\$539.620	\$565.125	\$578.772	\$602.457	\$613.793	\$622.172
<u>Expenses</u>						
Labor:						
Payroll	397.029	406.345	422.627	439.777	451.518	463.926
Overtime	84.442	78.577	71.607	75.245	77.261	79.221
Health and Welfare	85.952	97.698	111.383	124.167	138.173	151.025
Pensions	77.921	108.293	112.564	117.371	119.513	119.176
Other Fringe Benefits	93.800	93.114	99.272	104.311	108.229	111.986
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$739.144	\$784.027	\$817.453	\$860.871	\$894.694	\$925.334
Non-Labor:						
Traction and Propulsion Power	43.240	50.909	59.255	60.433	60.466	60.809
Fuel for Buses and Trains	6.167	7.591	6.844	7.276	7.276	7.297
Insurance	14.143	15.541	19.076	19.610	21.971	24.932
Claims	9.920	11.310	13.215	13.425	13.703	14.007
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	54.846	60.337	70.863	67.760	65.108	66.496
Professional Service Contracts	15.794	18.812	26.265	23.792	25.165	25.588
Materials & Supplies	60.127	66.055	81.869	93.859	111.543	156.184
Other Business Expenses	5.371	6.413	8.651	8.785	8.947	9.084
Total Non-Labor Expenses	\$209.608	\$236.968	\$286.038	\$294.940	\$314.179	\$364.397
Other Expenses Adjustments:						
Other	5.490	17.391	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$5.490	\$17.391	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$954.242	\$1,038.386	\$1,103.491	\$1,155.811	\$1,208.873	\$1,289.731
Depreciation	192.649	228.622	260.116	272.293	268.774	253.325
Total Expenses	\$1,146.891	\$1,267.008	\$1,363.607	\$1,428.104	\$1,477.647	\$1,543.056
Baseline Net Surplus/(Deficit)	(\$607.271)	(\$701.883)	(\$784.835)	(\$825.647)	(\$863.854)	(\$920.884)
2005 Program to Eliminate the Gap (PEGs)	0.000	0.000	58.042	52.104	52.107	52.615
2006 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	24.105	24.376	25.107
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$607.271)	(\$701.883)	(\$726.793)	(\$749.438)	(\$787.371)	(\$843.162)

**MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Cash Receipts & Expenditures
(\$ in millions)**

	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Receipts</u>					
Farebox Revenue	\$443.122	\$449.764	\$455.718	\$463.712	\$470.223
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	34.695	27.385	28.372	29.013	29.605
Capital and Other Reimbursements	163.444	171.200	197.284	198.725	201.244
Total Receipts	\$641.261	\$648.349	\$681.374	\$691.450	\$701.072
<u>Expenditures</u>					
Labor:					
Payroll	406.288	422.108	438.272	450.000	462.400
Overtime	78.577	71.607	75.245	77.261	79.221
Health and Welfare	97.698	111.383	124.167	138.173	151.025
Pensions	119.146	89.634	122.777	123.455	122.076
Other Fringe Benefits	93.623	99.358	104.311	108.229	111.986
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$795.332	\$794.090	\$864.772	\$897.118	\$926.708
Non-Labor:					
Traction and Propulsion Power	50.909	59.255	60.433	60.466	60.809
Fuel for Buses and Trains	7.591	6.844	7.276	7.276	7.297
Insurance	18.562	23.639	25.250	28.180	30.292
Claims	10.830	12.470	12.668	12.931	13.218
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	62.976	72.272	69.445	66.824	68.248
Professional Service Contracts	20.217	24.540	19.092	20.665	21.088
Materials & Supplies	96.317	118.837	136.952	154.846	199.988
Other Business Expenses	5.922	6.051	6.175	6.327	6.454
Total Non-Labor Expenditures	\$273.324	\$323.908	\$337.291	\$357.515	\$407.394
Other Expenditure Adjustments:					
Other	27.750	28.250	28.750	29.250	29.750
Total Other Expenditure Adjustments	\$27.750	\$28.250	\$28.750	\$29.250	\$29.750
Total Expenditures	\$1,096.406	\$1,146.248	\$1,230.813	\$1,283.883	\$1,363.852
Baseline Net Cash Deficit	(\$455.145)	(\$497.899)	(\$549.439)	(\$592.433)	(\$662.780)
2005 Program to Eliminate the Gap (PEGs)					
2006 Program to Eliminate the Gap	0.000	58.042	52.104	52.107	52.615
Unspecified PEGs	0.000	0.000	24.105	24.376	25.107
	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	(\$455.145)	(\$439.857)	(\$473.230)	(\$515.950)	(\$585.058)

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Receipts</u>					
Farebox Revenue	\$27.949	\$28.250	\$28.750	\$29.250	\$29.750
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	10.003	2.279	2.325	2.392	2.465
Capital and Other Reimbursements	38.184	39.048	47.842	46.015	46.685
Total Receipt Adjustments	\$76.136	\$69.577	\$78.917	\$77.657	\$78.900
<u>Expenditures</u>					
Labor:					
Payroll	0.057	0.519	1.505	1.518	1.526
Overtime	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.000	0.000	0.000	0.000	0.000
Pensions	(10.853)	22.930	(5.406)	(3.942)	(2.900)
Other Fringe Benefits	(0.509)	(0.086)	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$11.305)	\$23.363	(\$3.901)	(\$2.424)	(\$1.374)
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	(3.021)	(4.563)	(5.640)	(6.209)	(5.360)
Claims	0.480	0.745	0.757	0.772	0.789
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(2.639)	(1.409)	(1.685)	(1.716)	(1.752)
Professional Service Contracts	(1.405)	1.725	4.700	4.500	4.500
Materials & Supplies	(30.262)	(36.968)	(43.093)	(43.303)	(43.804)
Other Business Expenditures	0.491	2.600	2.610	2.620	2.630
Total Non-Labor Expenditures	(\$36.356)	(\$37.870)	(\$42.351)	(\$43.336)	(\$42.997)
Other Expenditure Adjustments:					
Other	(10.359)	(28.250)	(28.750)	(29.250)	(29.750)
Total Other Expenditure Adjustments	(\$10.359)	(\$28.250)	(\$28.750)	(\$29.250)	(\$29.750)
Total Cash Conversion Adjustments before Depreciation	\$18.116	\$26.820	\$3.915	\$2.647	\$4.779
Depreciation Adjustment	228.622	260.116	272.293	268.774	253.325
Baseline Total Cash Conversion Adjustments	\$246.738	\$286.936	\$276.208	\$271.421	\$258.104
2005 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000
2006 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$246.738	\$286.936	\$276.208	\$271.421	\$258.104

**MTA Long Island Rail Road
Year-to-Year Changes by Category 2004-2008
Accrual and Cash**

Revenue

Farebox Revenue

- The regional economy and employment trends are the primary drivers.
- Employment trends in New York City are lower than projected in the 2004 budget that is adversely affecting ridership projections for the balance of 2004.
- 2005 ridership is projected to increase by 1.1% over 2004 level to 81.4 million. This growth is predicated on some recovery in employment levels.
- Passenger revenue forecasts in the outer years 2006-2008 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 Program.

Expenses

Payroll

- 2004-2006 reflect pattern bargaining agreements of 3.0% annually for represented employees and CPI increases for management employees of 1.93% for 2005 and 1.24% for 2006.
- 2007-2008 includes CPI increases for both represented and management employees of 1.94% and 2.09%, respectively.
- Vacancy savings in 2004 account for approximately \$7 million of the increased costs from 2004 to 2005.
- Headcount changes each year are associated with changes in programs (i.e., fleet modifications) and Capital Program activity.
- 2005 reflects the change in allocation of expense adjustments (sick leave buyout) of approximately \$1.5 million. This carries through to each year.

Overtime

- 2004-2005 savings is associated with increased headcount and availability, change in Capital Program activity and decrease in anticipated weather related overtime.
- 2006-2008 increases reflect the pattern bargaining agreements and changes in Capital Program activity.

Health & Welfare

- 2005 reflects 12.9% growth in rates over 2004.
- 2006-2008 includes 9.3% annual increase.

Pensions

- Reflects the latest actuarial valuation for each year.

Other Fringe Benefits

- Railroad Retirement Tax maximum limits are expected to increase each year by between 4.0% and 4.8%; the tax rate for each tier is expected to remain unchanged.
- Railroad Unemployment reflects an annual increase of approximately 3% in the monthly amount per employee.

Traction and Propulsion Power

- 2004 is based on actuals through August.
- 2005-2008 reflects price inflators, historical data and M-7 delivery schedule.

Fuel

- 2004 is based on actuals through August.
- 2005-2008 reflects price inflators and historical performance.

Insurance

- 2005-2008 reflects price inflators.

Claims

- 2004 reflects actual experience through August.
- 2005-2008 reflects anticipated increases in reserves and payments due to claims regarding the Fresh Pond and Amtrak crashes.

Maintenance and Other Operating Contracts

- 2005 reflects contract price increases, M-1 decommissioning and Jamaica Central Control/Air Train Facility costs.
- 2006-2007 reflects elimination of the M-1 fleet (reduction/elimination of M-1 decommissioning)
- 2008 reflects inflationary increases

Professional Service Contracts

- 2004-2008 reflects Information Services system initiative plans with the completion of projects and the start of new initiatives.
- 2005-2008 reflects price inflators.
- 2005 reflects the change in allocation of expense adjustments (expenses incidental to project work) of approximately \$5.8 million. This carries through to each year.

Material and Supplies

- 2005-2008 reflects CPI growth.
- 2005 reflects the change in allocation of expense adjustments (inventory adjustments) of approximately \$6.0 million. This carries through to each year.
- 2005-2008 reflects changes in LCM program and fleet schedule periodic inspections, partially offset by support shop reductions due to M-1 retirements and diesel modifications.
- 2008 includes the operation of the Arch Street Shop.

Other Business Expenses

- 2004-2006 reflects changes in credit/debit card authorization fees and savings in miscellaneous expenses.
- 2005 reflects the change in allocation of expense adjustments (miscellaneous expense adjustments) of approximately \$2.0 million. This carries through to each year.
- 2007-2008 includes CPI increases.

Other Expense Adjustments

- 2005 reflects allocation of expense adjustments to the appropriate account such as materials, professional services contracts, payroll and other business expenses.

Depreciation

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

Cash Adjustments

Revenue

- 2004-2005 – nonrecurring City Ticket reimbursement in 2004; World Trade Center recovery received in 2004; and reimbursement in 2004 for capital material purchased in 2003.
- 2005-2007 – timing of capital reimbursement.
- 2005-2006 – reductions in miscellaneous revenue captured in other revenues, continue with 2006 level in future years.

Expense

- Payroll 2004-2006 – remaining represented 2003 contract settlement and associated 2004 backpay paid out in 2004 and 2005.
- Pension – cash payments versus accrued expenses; 2005 pension contribution prepaid in 2003.
- Other Fringe Benefits 2004-2005 – final installment of 2003 Railroad Unemployment insurance paid in 2004 at the higher 2003 rate.
- Insurance and Claims & Suits – payments versus accrued expenses.
- Professional, Maintenance and Other Contract services – changes in environmental payments.
- 2004-2006 - timing of material purchases versus charge-outs.
- Increase in Operating Funded Capital in 2005 over 2004 resulting from delays in 2004 project activity. Continue with 2005 level in future years.
- Depreciation and other non-cash adjustments for each year 2004-2008.

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2004	2005	Change 2005 - 2004	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007
Revenue									
Farebox Revenue	\$415.173	\$421.514	\$6.341	\$426.968	\$5.454	\$434.462	\$7.494	\$440.473	\$6.011
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	24.692	25.106	0.414	26.047	0.941	26.621	0.574	27.140	0.519
Capital and Other Reimbursements	125.260	132.152	6.892	149.442	17.290	152.710	3.268	154.559	1.849
Total Revenue	\$565.125	\$578.772	\$13.647	\$602.457	\$23.685	\$613.793	\$11.336	\$622.172	\$8.379
Expenses									
Labor:									
Payroll	406.345	422.627	(16.282)	439.777	(17.150)	451.518	(11.741)	463.926	(12.408)
Overtime	78.577	71.607	6.970	75.245	(3.638)	77.261	(2.016)	79.221	(1.960)
Health and Welfare	97.698	111.383	(13.685)	124.167	(12.784)	138.173	(14.006)	151.025	(12.852)
Pensions	108.293	112.564	(4.271)	117.371	(4.807)	119.513	(2.142)	119.176	0.337
Other Fringe Benefits	93.114	99.272	(6.158)	104.311	(5.039)	108.229	(3.918)	111.986	(3.757)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$784.027	\$817.453	(\$33.426)	\$860.871	(\$43.418)	\$894.694	(\$33.823)	\$925.334	(\$30.640)
Non-Labor:									
Traction and Propulsion Power	50.909	59.255	(8.346)	60.433	(1.178)	60.466	(0.033)	60.809	(0.343)
Fuel for Buses and Trains	7.591	6.844	0.747	7.276	(0.432)	7.276	0.000	7.297	(0.021)
Insurance	15.541	19.076	(3.535)	19.610	(0.534)	21.971	(2.361)	24.932	(2.961)
Claims	11.310	13.215	(1.905)	13.425	(0.210)	13.703	(0.278)	14.007	(0.304)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other	60.337	70.863	(10.526)	67.760	3.103	65.108	2.652	66.496	(1.388)
Professional Service Contracts	18.812	26.265	(7.453)	23.792	2.473	25.165	(1.373)	25.588	(0.423)
Materials & Supplies	66.055	81.869	(15.814)	93.859	(11.990)	111.543	(17.684)	156.184	(44.641)
Other Business Expenses	6.413	8.651	(2.238)	8.785	(0.134)	8.947	(0.162)	9.084	(0.137)
Total Non-Labor Expenses	\$236.968	\$286.038	(\$49.070)	\$294.940	(\$8.902)	\$314.179	(\$19.239)	\$364.397	(\$50.218)
Other Expenses Adjustments:									
Other	17.391	0.000	17.391	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$17.391	\$0.000	\$17.391	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$1,038.386	\$1,103.491	(\$65.105)	\$1,155.811	(\$52.320)	\$1,208.873	(\$53.062)	\$1,289.731	(\$80.858)
Depreciation	228.622	260.116	(31.494)	272.293	(12.177)	268.774	3.519	253.325	15.449
Total Expenses	\$1,267.008	\$1,363.607	(\$96.599)	\$1,428.104	(\$64.497)	\$1,477.647	(\$49.543)	\$1,543.056	(\$65.409)
Baseline Net Surplus/(Deficit)	(\$701.883)	(\$784.835)	(\$82.952)	(\$825.647)	(\$40.812)	(\$863.854)	(\$38.207)	(\$920.884)	(\$57.030)
2005 Program to Eliminate Gap (PEGs)	0.000	58.042	58.042	52.104	(5.938)	52.107	0.003	52.615	0.508
2005 Program to Eliminate Gap (PEGs)		0.000	0.000	24.105	24.105	24.376	0.271	25.107	0.731
Unspecified PEGs		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$701.883)	(\$726.793)	(\$24.910)	(\$749.438)	(\$22.645)	(\$787.371)	(\$37.933)	(\$843.162)	(\$55.791)

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2004	2005	Change 2005 - 2004	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue	\$443.122	\$449.764	\$6.642	\$455.718	\$5.954	\$463.712	\$7.994	\$470.223	\$6.511
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	34.695	27.385	(7.310)	28.372	0.987	29.013	0.641	29.605	0.592
Capital and Other Reimbursements	163.444	171.200	7.756	197.284	26.084	198.725	1.441	201.244	2.519
Total Receipts	\$641.261	\$648.349	\$7.088	\$681.374	\$33.025	\$691.450	\$10.076	\$701.072	\$9.622
<u>Expenditures</u>									
Labor:									
Payroll	406.288	422.108	(15.820)	438.272	(16.164)	450.000	(11.728)	462.400	(12.400)
Overtime	78.577	71.607	6.970	75.245	(3.638)	77.261	(2.016)	79.221	(1.960)
Health and Welfare	97.698	111.383	(13.685)	124.167	(12.784)	138.173	(14.006)	151.025	(12.852)
Pensions	119.146	89.634	29.512	122.777	(33.143)	123.455	(0.678)	122.076	1.379
Other Fringe Benefits	93.623	99.358	(5.735)	104.311	(4.953)	108.229	(3.918)	111.986	(3.757)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$795.332	\$794.090	\$1.242	\$864.772	(\$70.682)	\$897.118	(\$32.346)	\$926.708	(\$29.590)
Non-Labor:									
Traction and Propulsion Power	50.909	59.255	(8.346)	60.433	(1.178)	60.466	(0.033)	60.809	(0.343)
Fuel for Buses and Trains	7.591	6.844	0.747	7.276	(0.432)	7.276	0.000	7.297	(0.021)
Insurance	18.562	23.639	(5.077)	25.250	(1.611)	28.180	(2.930)	30.292	(2.112)
Claims	10.830	12.470	(1.640)	12.668	(0.198)	12.931	(0.263)	13.218	(0.287)
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	62.976	72.272	(9.296)	69.445	2.827	66.824	2.621	68.248	(1.424)
Professional Service Contracts	20.217	24.540	(4.323)	19.092	5.448	20.665	(1.573)	21.088	(0.423)
Materials & Supplies	96.317	118.837	(22.520)	136.952	(18.115)	154.846	(17.894)	199.988	(45.142)
Other Business Expenses	5.922	6.051	(0.129)	6.175	(0.124)	6.327	(0.152)	6.454	(0.127)
Total Non-Labor Expenditures	\$273.324	\$323.908	(\$50.584)	\$337.291	(\$13.383)	\$357.515	(\$20.224)	\$407.394	(\$49.879)
Other Expenditure Adjustments:									
Other	27.750	28.250	(0.500)	28.750	(0.500)	29.250	(0.500)	29.750	(0.500)
Total Other Expenditure Adjustments	\$27.750	\$28.250	(\$0.500)	\$28.750	(\$0.500)	\$29.250	(\$0.500)	\$29.750	(\$0.500)
Total Expenditures	\$1,096.406	\$1,146.248	(\$49.842)	\$1,230.813	(\$84.565)	\$1,283.883	(\$53.070)	\$1,363.852	(\$79.969)
Baseline Net Cash Deficit	(\$455.145)	(\$497.899)	(\$42.754)	(\$549.439)	(\$51.540)	(\$592.433)	(\$42.994)	(\$662.780)	(\$70.347)
2005 Program to Eliminate the Gap	0.000	58.042	58.042	52.104	(5.938)	52.107	0.003	52.615	0.508
2006 Program to Eliminate the Gap	0.000	0.000	0.000	24.105	24.105	24.376	0.271	25.107	0.731
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	(\$455.145)	(\$439.857)	\$15.288	(\$473.230)	(\$33.373)	(\$515.950)	(\$42.720)	(\$585.058)	(\$69.108)

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Baseline Total Ridership	80.924	80.504	81.373	82.426	83.873	85.033
<i>Impact of:</i>						
2005 Program to Eliminate the Gap (PEGs)			(0.025)	(0.025)	(0.025)	(0.025)
2006 Program to Eliminate the Gap				(0.654)	(0.654)	(0.654)
Total Ridership	80.924	80.504	81.348	81.747	83.194	84.354

**MTA Long Island Rail Road
Summary of Changes between Financial Plans
2004-2007**

2004: November Financial Plan vs. July Financial Plan

2004 November Financial Plan based on actual performance through August with projections for September through December based on current trends and known activities.

Revenue

- (0.3)% decrease in ridership
- 0.3% increase in average yield per passenger
- Special Services – primarily due to lower yield per assignment
- Higher rental and advertising revenue, partially offset by lower newsstand/concession revenue.
- Capital and other reimbursements are higher primarily resulting from changes in capital project activity (primarily acceleration of Queens Interlocking Project).

Expense

- Payroll and benefits – increased from July Plan primarily due to increases in retiree sick/vacation payments and constructive allowances, higher relief day overtime and higher project overtime associated with acceleration of Queens Interlocking Project.
- 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 timing of service contracts (primarily consultant activity, environmental services, M-1 Decommissioning and M-1 modifications).

2005: November Financial Plan vs. July Financial Plan

Revenue

- (0.2)% decrease in ridership
- 0.2% increase in average yield per passenger
- Capital and other reimbursements are higher primarily resulting from a re-estimate of capital project activity resulting primarily from start of 2005-2009 Capital Program, as well as overhead rate adjustments.

Expense

- Other Fringe benefits are lower due to a change in the Railroad Retirement maximum base limits.
- Traction Power costs are higher primarily resulting from increased rates.
- All other non-payroll expenses have been re-estimated based on the latest planned activities and any changes in service contracts (primarily consultant activity, environmental services, M-1 Decommissioning and fleet modifications).

2006: November Financial Plan vs. July Financial Plan

Revenue

- (1.1)% decrease in ridership
- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity associated with the 2005-2009 Capital Program.

Expense

- Other Fringe benefits are lower due to a change in the Railroad Retirement maximum base limits.
- Traction Power costs are higher primarily resulting from increased rates.
- Materials and all other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

2007: November Financial Plan vs. July Financial Plan**Revenue**

- (0.6)% decrease in ridership
- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity associated with the 2005-2009 Capital Program.

Expense

- Other Fringe benefits are lower due to a change in the Railroad Retirement maximum base limits.
- Traction Power costs are higher primarily resulting from increased rates.
- Materials and 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**

- (0.3)% decrease in ridership
- (0.2)% decrease in average yield per passenger
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity associated with the 2005-2009 Capital Program.

Expense

- Other Fringe benefits are lower due to a change in the Railroad Retirement maximum base limits.
- Traction Power costs are higher primarily resulting from increased rates.
- Materials and 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 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	(\$442.524)	(\$488.592)	(\$550.700)	(\$597.362)	(\$667.556)
Baseline Changes (List):					
Revenue					
Fare Revenue	\$0.000	(\$0.184)	(\$4.790)	(\$2.615)	(\$1.989)
Other Revenue	\$0.073	\$0.000	\$0.000	\$0.000	\$0.000
Capital and Other Reimbursements -change in Capital Program activity					
Sub-Total Revenue Changes	\$.073	(\$.184)	(\$4.790)	(\$2.615)	(\$1.989)
Expenses					
Traction Power rate increases	(3.750)	(8.415)	(8.415)	(8.415)	(8.415)
Inflation and other re-estimates	(0.679)	9.598	17.963	19.840	18.141
Sub-Total Expense Changes	(\$4.429)	\$1.183	\$9.548	\$11.425	\$9.726
Cash Adjustments:					
Revenue					
City Ticket Revenue loss reimbursement	(\$0.100)				
World Trade Center loss reimbursement	(0.040)				
Miscellaneous Revenue		(2.100)	(1.600)	(1.600)	(1.600)
Miscellaneous adjustment		0.135	0.052		
Expense					
Labor Contract Settlement	2.059	(1.216)			
Pension - re-estimate of cash payments	(9.500)	(5.300)	(3.400)	(1.800)	(2.900)
Other Fringe Benefits - RUI adjustment	(0.500)				
Insurance - timing of payments	0.958	1.330	0.092	(0.398)	1.637
Claims reserve adjustments		(0.064)	(0.074)	(0.086)	(0.100)
Environmental Professional Services	0.380				
Timing of Material purchases	(3.319)	(1.000)	(0.400)		
Non-cash expense adjustments (Misc Charges & Credits)	(0.003)		(0.258)	0.002	0.003
Sub-Total Cash Adjustment Changes	(\$10.065)	(\$8.215)	(\$5.588)	(\$3.882)	(\$2.960)
Total Baseline Changes	(\$14.421)	(\$7.216)	(\$0.830)	\$4.928	\$4.777
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	(\$456.945)	(\$495.808)	(\$551.530)	(\$592.434)	(\$662.779)
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$61.150	\$89.285	\$91.627	\$93.813
Changes:					
2005 PEG Changes		(\$3.108)	(\$9.364)	(\$11.106)	(\$11.986)
2006 PEG Changes			(\$3.712)	(\$4.038)	(\$4.105)
Unspecified PEG Changes					
Sub-Total PEG Changes	\$0.000	(\$3.108)	(\$13.076)	(\$15.144)	(\$16.091)
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$58.042	\$76.209	\$76.483	\$77.722
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$456.945)	(\$437.766)	(\$475.321)	(\$515.951)	(\$585.057)

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$1.800	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes (List):					
Revenue					
Capital and Other Reimbursements					
Sub-Total Revenue Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Expenses					
Sub-Total Expense Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Cash Adjustments:					
Revenue					
Capital and Other Reimbursements	(1.420)	(3.536)	3.516	(0.471)	0.160
Expense					
Material and Other non-payroll adjustments	1.420	1.445	(1.425)	0.471	(0.160)
Sub-Total Cash Adjustment Changes	\$0.000	(\$2.091)	\$2.091	\$0.000	\$0.000
Total Baseline Changes	\$0.000	(\$2.091)	\$2.091	\$0.000	\$0.000
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	\$1.800	(\$2.091)	\$2.091	\$0.000	\$0.000
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Changes:					
2005 PEG Changes					
2006 PEG Changes					
Unspecified PEG Changes					
Sub-Total PEG Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$1.800	(\$2.091)	\$2.091	\$0.000	\$0.000

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE/
REIMBURSABLE**

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	(\$440.724)	(\$488.592)	(\$550.700)	(\$597.362)	(\$667.556)
Baseline Changes:					
Revenue					
Fare Revenue	\$0.000	(\$0.184)	(\$4.790)	(\$2.615)	(\$1.989)
Other Revenue	\$0.073	\$0.000	\$0.000	\$0.000	\$0.000
Capital and Other Reimbursements					
Sub-Total Revenue Changes	\$0.073	(\$0.184)	(\$4.790)	(\$2.615)	(\$1.989)
Expenses					
Traction Power rate increases	(3.750)	(8.415)	(8.415)	(8.415)	(8.415)
Inflation and other re-estimates	(0.679)	9.598	17.963	19.840	18.141
Sub-Total Expense Changes	(\$4.429)	\$1.183	\$9.548	\$11.425	\$9.726
Cash Adjustments:					
Revenue					
City Ticket Revenue loss reimbursement	(\$0.100)				
World Trade Center loss reimbursement	(0.040)				
Miscellaneous Revenue		(2.100)	(1.600)	(1.600)	(1.600)
Miscellaneous adjustment		0.135	0.052		
Capital and Other Reimbursements		(2.091)	2.091		
Expense					
Labor Contract Settlement	2.059	(1.216)			
Pension - re-estimate of cash payments	(9.500)	(5.300)	(3.400)	(1.800)	(2.900)
Other Fringe Benefits - RUI adjustment	(0.500)				
Insurance - timing of payments	0.958	1.330	0.092	(0.397)	1.636
Claims reserve adjustments		(0.064)	(0.074)	(0.086)	(0.100)
Environmental Professional Services	0.380				
Timing of Material purchases	(3.319)	(1.000)	(0.400)		
Non-cash expense adjustments (Misc Charges & Credits)	(0.003)		(0.258)	0.002	0.003
Sub-Total Cash Adjustment Changes	(\$10.065)	(\$10.306)	(\$3.497)	(\$3.881)	(\$2.961)
Total Baseline Changes	(\$14.421)	(\$9.307)	\$1.261	\$4.929	\$4.776
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	(\$455.145)	(\$497.899)	(\$549.439)	(\$592.433)	(\$662.780)
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$61.150	\$89.285	\$91.627	\$93.813
Changes:					
2005 PEG Changes		(\$3.108)	(\$9.364)	(\$11.106)	(\$11.986)
2006 PEG Changes			(\$3.712)	(\$4.038)	(\$4.105)
Unspecified PEG Changes					
Sub-Total PEG Changes	\$0.000	(\$3.108)	(\$13.076)	(\$15.144)	(\$16.091)
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$58.042	\$76.209	\$76.483	\$77.722
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$455.145)	(\$439.857)	(\$473.230)	(\$515.950)	(\$585.058)

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Summary of 2005 Program to Eliminate the Gap
(\$ in millions)

	2005		2006		2007		2008	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS								
Administration:								
Transportation Admin- Reduce Staffing Level	6.0	\$0.975	6.0	\$1.004	6.0	\$1.030	6.0	\$1.059
Reduction to Administrative Non payroll funding	0.0	1.991	0.0	2.019	0.0	2.058	0.0	2.095
Reduction to Training Staff and Programs	4.0	0.406	4.0	0.412	4.0	0.421	4.0	0.430
OFC Funding Reduced	0.0	0.800	0.0	0.800	0.0	0.800	0.0	0.800
M/E Operational Admin-Reduce Staffing Levels	18.0	1.816	18.0	1.876	18.0	1.941	18.0	2.014
Lease Line Savings	0.0	0.100	0.0	0.000	0.0	0.000	0.0	0.000
IS System Initiatives	0.0	1.912	0.0	1.010	0.0	1.412	0.0	1.412
IS Department Misc. Initiatives	0.0	0.600	0.0	0.000	0.0	0.000	0.0	0.000
IS Department Headcount Reductions	11.0	1.184	11.0	1.522	11.0	1.606	11.0	0.922
Engineering Admin- Reduce Staffing Levels	8.0	0.696	8.0	0.718	8.0	0.736	8.0	0.757
Decreased Passenger Vehicle Replacement	0.0	0.656	0.0	0.664	0.0	0.678	0.0	0.693
Cut Budget for Uniforms	0.0	0.257	0.0	0.260	0.0	0.265	0.0	0.271
Admin Headcount & Payroll Reductions	46.4	4.010	46.4	4.205	46.4	4.301	46.4	4.402
Reduction to Administrative Non-Payroll exp	0.0	0.751	0.0	0.758	0.0	0.767	0.0	0.776
Reduction to Training Staff and Programs	0.0	0.503	0.0	0.515	0.0	0.528	0.0	0.543
Reduced Funding for Advertising	0.0	0.443	0.0	0.450	0.0	0.459	0.0	0.470
IS System Initiatives	0.0	2.270	0.0	0.400	0.0	1.100	0.0	1.100
Engineering Admin- Reduce Staffing Levels	3.0	0.233	3.0	0.241	3.0	0.247	3.0	0.254
Cut Additional Passenger Vehicle Replacement	0.0	0.247	0.0	0.250	0.0	0.255	0.0	0.261
Additional Reductions to Training Staff & Programs	1.0	0.093	1.0	0.095	1.0	0.097	1.0	0.099
Reduction to Administrative Non-Payroll funding	0.0	0.187	0.0	0.187	0.0	0.187	0.0	0.187
Reduction to Training Staff and Programs	15.0	1.100	15.0	1.137	15.0	1.179	15.0	1.224
Sub-Total Administration	112.4	\$21.230	112.4	\$18.523	112.4	\$20.067	112.4	\$19.769
Customer Convenience & Amenities:								
Train Crew Staffing Reductions	14.0	\$2.410	14.0	\$2.497	14.0	\$2.561	14.0	\$2.633
Ticket Selling- Reduce Windows at Selected Stations	6.0	0.411	6.0	0.427	6.0	0.443	6.0	0.463
Station Cleaning Reductions	1.0	0.058	1.0	0.061	1.0	0.063	1.0	0.066
Reduce Car Cleaning Operations	12.0	0.751	12.0	0.778	12.0	0.808	12.0	0.841
Eliminate Funding for Replacement Penn Station Signs	0.0	1.000	0.0	0.000	0.0	0.000	0.0	0.000
Ticket Selling- Further Reductions at Selected Stations	11.0	0.815	11.0	0.847	11.0	0.879	11.0	0.915
Eliminate 1 of 4 HVAC Freeze Teams	3.0	0.300	3.0	0.309	3.0	0.320	3.0	0.331
Cuts to Station Cleaners	14.0	0.818	14.0	0.852	14.0	0.887	14.0	0.926
Customer Communication-Transportation Department	2.0	0.160	2.0	0.165	2.0	0.169	2.0	0.174
Substantial Reductions to Car Cleaners	51.0	3.356	51.0	3.475	51.0	3.606	51.0	3.749
Eliminate all additional HVAC Freeze Teams	3.0	0.302	3.0	0.311	3.0	0.322	3.0	0.334
Eliminate M7 Sinks	4.0	0.317	4.0	0.328	4.0	0.339	4.0	0.352
Sub-Total Customer Convenience & Amenities	121.0	\$10.698	121.0	\$10.050	121.0	\$10.397	121.0	\$10.784

Service:								
Service Reductions with Minimal Impact	10.0	\$1.692	10.0	\$1.756	10.0	\$1.786	10.0	\$1.819
Eliminate Planned Growth MU AM Peak Service (Support shops)	0.0	0.992	0.0	0.000	0.0	0.000	0.0	0.000
Eliminate Planned Growth MU AM Peak Service (Field Operation	6.0	0.957	6.0	0.976	6.0	0.995	6.0	1.015
Transportation Overtime Reductions	0.0	0.566	0.0	0.576	0.0	0.591	0.0	0.608
Reduce Emergency Busing Service	0.0	0.250	0.0	0.254	0.0	0.259	0.0	0.265
Transportation Operational Administration-Reduce Staffing Levels	2.0	0.189	2.0	0.194	2.0	0.199	2.0	0.205
Reduction in Co-mingling Penalty Payments	0.0	0.125	0.0	0.129	0.0	0.132	0.0	0.136
Reduction of Supervisor-Schedule's Position in Service Planning	0.3	0.020	0.0	0.020	0.0	0.021	0.0	0.021
Customer Service Office-Penn Station	1.0	0.090	1.0	0.093	1.0	0.095	1.0	0.098
Sub-Total Service	19.3	\$4.881	19.0	\$3.998	19.0	\$4.078	19.0	\$4.167
Maintenance:								
Rubbish Removal on the ROW	2.0	\$0.401	2.0	\$0.407	2.0	\$0.411	2.0	\$0.416
Low Priority Maintenance-Engineering Track	0.0	0.088	0.0	0.088	0.0	0.088	0.0	0.088
Low Priority Maintenance-Engineering Structures	0.0	1.258	0.0	1.258	0.0	1.258	0.0	1.258
Low Priority Maintenance-Engineering Signals	1.0	0.669	1.0	0.673	1.0	0.676	1.0	0.679
Low Priority Maintenance-Engineering Power	3.0	1.201	3.0	1.211	3.0	1.219	3.0	1.227
Low Priority Maintenance-Engineering MofW	0.0	0.500	0.0	0.500	0.0	0.500	0.0	0.500
Low Priority Maintenance-Engineering Communications	2.0	1.107	2.0	1.109	2.0	1.113	2.0	1.117
Eliminate the Stores Department Second Shift @ Hillside	5.0	0.346	5.0	0.352	5.0	0.359	5.0	0.367
Re-estimate M/E Life Cycle Maintenance Program	0.0	0.954	0.0	0.000	0.0	0.000	0.0	0.000
Reduce Cleaning of Employee Facility	4.0	0.234	4.0	0.243	4.0	0.253	4.0	0.265
Further Reduction to Engineering Maintenance- Track	14.0	1.357	14.0	1.379	14.0	1.413	14.0	1.450
Further Reduction to Engineering Maintenance- Structures	8.0	0.916	8.0	0.941	8.0	0.958	8.0	0.978
Further Reduction to Engineering Maintenance- Signal	3.0	0.305	3.0	0.307	3.0	0.315	3.0	0.324
Further Reduction to Engineering Maintenance- Power	8.0	0.742	8.0	0.795	8.0	0.814	8.0	0.835
Further Reduction to Engineering Maintenance- Communications	3.0	0.310	3.0	0.314	3.0	0.321	3.0	0.329
Curtail Long Island City Yard Operation	6.0	0.544	6.0	0.562	6.0	0.582	6.0	0.604
Arch Street PEMD Support	2.0	0.209	2.0	0.216	2.0	0.223	2.0	0.231
Re-estimate M/E Life Cycle Maintenance Program	2.0	0.959	2.0	0.171	2.0	0.177	2.0	0.184
Reduce Staffing in Engineering Signal Gangs	10.0	0.948	10.0	0.897	10.0	0.918	10.0	0.942
Reduce M/E Field Operations and Staffing	5.0	0.506	5.0	0.523	5.0	0.540	5.0	0.560
Long Term Storage for Diesel Locomotives	5.0	1.663	5.0	1.678	5.0	1.696	5.0	1.715
Further Reduce Plant Equipment Maintenance Staffing in M/E As	7.0	0.674	7.0	0.696	7.0	0.720	7.0	0.747
Continue Reductions to Bridge Painting Program		0.153	0.0	0.153	0.0	0.153	0.0	0.153
Agency Wide Reduction in Overtime		2.403	0.0	2.157	0.0	0.263	0.0	0.271
Extend Periodic Inspection for Diesel Equipment	7.0	0.905	7.0	0.927	7.0	0.953	7.0	0.980
Reduction to Engineering Maintenance Material		0.765	0	0.773	0	0.795	0	0.811
Sub-Total Maintenance	97.0	\$20.117	97.0	\$18.330	97.0	\$16.718	97.0	\$17.031
Revenue Enhancements:								
Revenue- Additional Parking Fees	0.0	\$0.500	0.0	\$0.508	0.0	\$0.519	0.0	\$0.530
Revenue- Additional Parking Fees	0.0	0.300	0.0	0.375	0.0	0.000	0.0	0.000
Leasing of Arch Street Shop								
Sub-Total Revenue Enhancements	0.0	\$0.800	0.0	\$0.883	0.0	\$0.519	0.0	\$0.530
Other:								
Reduce CARE funding	0.0	\$0.182	0.0	\$0.185	0.0	\$0.188	0.0	\$0.193
Environmental Program Reductions	0.0	0.134	0.0	0.136	0.0	0.139	0.0	0.142
Sub-Total Other	0.0	\$0.316	0.0	\$0.321	0.0	\$0.327	0.0	\$0.335
Total PEGS	349.7	\$58.042	349.4	\$52.105	349.4	\$52.106	349.4	\$52.616

¹ Reflects the impact of amendments on year-end positions.

MTA Long Island Railroad
November Financial Plan 2005 - 2008
Summary of 2006 Program to Eliminate the Gap
(\$ in millions)

	2005		2006		2007		2008	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS								
Administration:								
Sub-Total Administration	-	-	0.0	\$0.000	0.0	\$0.000	0.0	\$0.000
Customer Convenience & Amenities:								
Close all Car Washes- Eliminate Exterior Car Cleaning			4.0	\$0.431	4.0	\$0.445	4.0	\$0.461
Eliminate Ticket Selling Positions at all Remaining Line Stations			14.0	0.967	14.0	1.005	14.0	1.047
Eliminate Ticket Selling Positions at 16 Stations			14.0	0.967	14.0	1.005	14.0	1.047
Sub-Total Customer Convenience & Amenities	-	-	32.0	\$2.365	32.0	\$2.455	32.0	\$2.555
Service:								
Service Reductions Below Current Service Levels			83.0	\$9.134	83.0	\$8.967	83.0	\$9.210
Eliminate Weekend Service on Oyster Bay, Far Rockaway, Port Jeff and West Hempstead			33.0	2.152	33.0	2.229	33.0	2.315
Eliminate Service to Belmont Race Track			0.0	(0.151)	0.0	(0.148)	0.0	(0.145)
Abandon West Hempstead Branch			20.9	1.860	20.9	1.908	20.9	1.961
Abandon Oyster Bay Branch			65.3	5.575	65.3	5.732	65.3	5.906
Abandon Montauk Branch west of Jamaica			7.9	1.167	7.9	1.189	7.9	1.212
Abandon Greenport to Ronkonkoma			13.5	1.636	13.5	1.666	13.5	1.699
Sub-Total Service	-	-	223.5	\$21.373	223.5	\$21.543	223.5	\$22.158
Maintenance:								
Close West Side Shop(1 shift)			4.0	0.366	4.0	0.379	4.0	0.393
Sub-Total Maintenance	-	-	4.0	\$0.366	4.0	\$0.379	4.0	\$0.393
Revenue Enhancements:								
Sub-Total Revenue Enhancements	-	-	0.0	\$0.000	0.0	\$0.000	0.0	\$0.000
Other:								
Sub-Total Other	-	-	0.0	\$0.000	0.0	\$0.000	0.0	\$0.000
Total 2006 PEGS			259.5	\$24.104	259.5	\$24.377	259.5	\$25.106
Unspecified PEGs								
Total PEGS	-	-	608.9	\$76.209	608.9	\$76.483	608.9	\$77.722

¹ Reflects the impact of amendments on year-end positions.

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents
(\$ in millions)

Departments	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Engineering	1,495	1,494	1,692	1,692	1,692
Equipment	1,809	1,857	1,870	1,899	1,920
Transportation	1,867	1,886	1,888	1,888	1,888
Passenger Services	373	385	388	391	391
All Other	24	25	25	25	25
Total Operating & Maint.	5,568	5,647	5,863	5,895	5,916
Executive VP	2	2	2	2	2
Labor Relations	10	12	12	12	12
Procurement & Logistics	178	187	187	187	187
Human Resources	95	99	99	99	99
Strategic Investments	40	41	41	41	41
Diversity Management	3	3	3	3	3
Total Exec Vice Pres	328	344	344	344	344
President	3	3	3	3	3
VP & Chief Financial Officer	105	109	109	109	109
Svc. Planning, Tech. & CPM	294	292	292	292	292
Market Dev & Public Affairs	63	66	66	66	66
Gen Counsel & Secretary	32	32	32	32	32
System Safety	20	21	21	21	21
Total General & Admin	517	524	523	523	523
Baseline Total Positions	6,413	6,515	6,730	6,762	6,783
<i>Non-Reimbursable</i>	5,702	5,491	5,480	5,518	5,539
<i>Reimbursable</i>	711	674	901	895	895
<i>Total Full-Time</i>	6,413	6,165	6,381	6,413	6,434
<i>Total Full-Time-Equivalents</i>					
<hr/>					
Impact of:					
2005 Program to Eliminate the Gap (F	0	350	609	609	609
2006 Program to Eliminate the Gap		350	349	349	349
Total Positions	6,413	6,165	6,121	6,153	6,174
<i>Non-Reimbursable</i>	5,702	5,141	4,871	4,909	4,930
<i>Reimbursable</i>	711	674	901	895	895
<i>Total Full-Time</i>	6,413	5,815	5,772	5,804	5,825
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0

MTA Long Island Rail Road
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents
(\$ in millions)

Variance to July Plan Data:

Departments	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Engineering	0	0	35	(14)	(14)	(14)
Equipment	0	36	11	3	3	3
Transportation	0	0	35	(14)	(14)	(14)
Passenger Services	0	36	11	3	3	3
All Other	0	26	1	(1)	(1)	(1)
Total Operating & Maint.	0	98	93	(23)	(23)	(23)
Executive VP	0	0	0	0	0	0
Labor Relations	0	0	0	0	0	0
Procurement & Logistics	0	0	0	0	0	0
Human Resources	0	0	0	0	0	0
Strategic Investments	0	4	(2)	(2)	(2)	(2)
Diversity Management	0	4	0	0	0	0
Total Exec Vice Pres	0	8	(2)	(2)	(2)	(2)
President	0	0	0	0	0	0
VP & Chief Financial Officer	0	2	1	1	1	1
Svc. Planning, Tech. & CPM	0	0	0	0	0	0
Market Dev & Public Affairs	0	2	1	1	1	1
Gen Counsel & Secretary	0	1	1	2	2	2
System Safety	0	0	0	0	0	0
Total General & Admin	0	5	2	4	4	4
Baseline Total Positions	0	111	93	(21)	(21)	(21)
<i>Non-Reimbursable</i>	0	87	43	(16)	(16)	(16)
<i>Reimbursable</i>	0	(4)	(2)	(1)	(1)	(1)
<i>Total Full-Time</i>	0	83	41	(17)	(17)	(17)
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0
Impact of:						
Program to Eliminate the Gap	0	0	(12)	(7)	(7)	(7)
New Needs	0	0	0	0	0	0
Total Positions	0	111	81	(28)	(28)	(28)
<i>Non-Reimbursable</i>	0	87	31	(23)	(23)	(23)
<i>Reimbursable</i>	0	(4)	(2)	(1)	(1)	(1)
<i>Total Full-Time</i>	0	83	29	(24)	(24)	(24)
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0

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