



Virginia Railway Express

CHIEF EXECUTIVE OFFICER'S REPORT

March 2008

MONTHLY DELAY SUMMARY

| | November 07 | December 07 | January 08 | February 08 |
|--|-------------|-------------|------------|-------------|
| System wide | | | | |
| Total delays | 56 | 75 | 86 | 84 |
| Average length of delay (mins.) | 17.8 | 19.4 | 20 | 16 |
| Number over 30 minutes | 9 | 12 | 13 | 9 |
| Days with Heat Restrictions/Total days | 0/19 | 0/20 | 0/21 | 0/20 |
| On-Time Performance | 89.8% | 86.5% | 85.9% | 85.5% |
| Fredericksburg Line | | | | |
| Total delays | 28 | 36 | 51 | 42 |
| Average length of delay (mins.) | 21.4 | 17.4 | 20 | 16 |
| Number over 30 minutes | 6 | 5 | 8 | 3 |
| On-Time Performance | 88.7% | 85.6% | 81.3% | 83.8% |
| Manassas Line | | | | |
| Total delays | 28 | 39 | 35 | 42 |
| Average length of delay (mins.) | 13.8 | 21.2 | 20 | 16 |
| Number over 30 minutes | 3 | 7 | 5 | 6 |
| On-Time Performance | 90.8% | 87.2% | 89.6% | 86.9% |

SYSTEM RIDERSHIP

Ridership in February 2008 increased 1.7% when compared to February 2007. Although lower than previous months, the comparison is different because the number of service days are different with leap year. However, it still represents the eighth consecutive month of growth. More importantly is that the cumulative ridership for this fiscal year compared to last year has climbed 4.4% to 14,392 average daily trips. There are now 98,259 more passenger trips than there were a year ago.

The systemwide on-time performance is hovering in the 85% range. The primary cause of the delays was train interference. There was a non-VRE related train mishap in Washington Union Station and a CSX train went into emergency on a bridge, both of which affected a number of trains on two separate evenings. Delays during the morning commute have been minimal.

We had 20 delays during February that were related to mechanical issues. Although we are not hitting our goal of 11.3 mechanical delays per month, we are continuing to reduce the average length of mechanical delays from 21 minutes in December 2007 to 15.3 minutes in February 2008. The average length of all delays in February is the lowest that it has been in the last year, with an average delay of 16 minutes.

MEET THE MANAGEMENT VISITS START IN APRIL

Meet the Management is a time honored tradition at VRE. We will once again start visiting stations, beginning Wednesday, April 2. During our Meet the Management "season," VRE management and staff visit each station over the course of four and a half months. Our first five visits in April will focus on our destination stations during the evening commute at Union Station, L'Enfant, Crystal City, Alexandria, and Franconia/Springfield. Then in May, we will turn our attention southward, alternating between the Fredericksburg Line and the Manassas Line, before ending at Lorton in August.

The schedule for April is as follows:

| | | |
|----------|-----------------------|--------------------|
| April 2 | Union Station | 3:30 pm to 7:00 pm |
| April 9 | L'Enfant | 3:30 pm to 7:00 pm |
| April 16 | Crystal City | 3:45 pm to 7:00 pm |
| April 23 | Alexandria | 3:45 pm to 7:15 pm |
| April 30 | Franconia-Springfield | 4:00 pm to 7:15 pm |

While it is meaningful to our riders to see VRE management and staff, we also give them the opportunity to meet some of the other people that help their commute. Representatives from Norfolk Southern will be at the L'Enfant station and representatives from CSX will be at the Crystal City station. Amtrak management will also attend the April Meet the Managements.

CSX DISPATCHERS MOVING

On or about May 1, CSX will begin the process of decentralizing their dispatching operations. Up until this time, all of VRE's trains were dispatched from Jacksonville, Florida. With the decentralization, the Baltimore division, which VRE is a part of, will be dispatched from Halethorpe, Maryland (southwest of Baltimore). While there will be a transition period in May as the dispatchers get settled into their new offices, this is a positive change for VRE. Being closer, the dispatchers will have a better understanding of the physical aspects of the territory they dispatch and will know train crews more intimately.

NEW RAIL CAR UPDATE

The fourth set of five cars from the 50-car Gallery option will be delivered on March 20th. Testing and certification is scheduled to take place on March 22nd. We expect the new rail cars to go into revenue service during the week of March 24th. We will continue to receive 5 new cars per month until September. We have sold 15 of the old Gallery cars and intend to sell 5 more and retain 30 of the best remaining cars.

UPDATE ON CAPITAL PROJECTS

L'Enfant Storage Track - Siding construction has been completed. VRE performed an inspection in mid-January. We are awaiting final inspection from CSXT.

Gainesville Haymarket MIS – Negotiations have been completed, the grant agreement has been finalized with DRPT, and work will begin in April.

Cherry Hill Station & Track Improvements – The grant match agreement with KSI was signed by all parties in November. A recommendation for award will occur at the March Operations Board meeting. We are nearing finalization of the grant agreement with DRPT in order for the work to begin in April.

Manassas City and Burke Centre Parking Garages – Both parking garages are scheduled to be complete in late May and/or early June. Ribbon-cutting ceremonies are being planned for the Manassas Garage on June 26th and Burke Centre Garage on June 28th. Invitations will be mailed out for both ceremonies in May 2008.

WINTER RADIO CAMPAIGN

We are continuing to see a 25% increase in web hits to the “New Rider” page since the radio campaign began. The radio campaign will end on March 21st. We intend to air our next radio campaign in the fall after Labor Day.

PUBLIC HEARING RESULTS

The series of public hearings to consider a proposed 3% fare increase and possible indexing plan for future fare increases has been completed. The turnout was not large, 21 people attended the hearings in total, and there are to-date a total of 73 emails. Most of the comments received concerned adding more service and improving on-time performance. A report on all comments and suggestions will be made to the Operations Board at the April meeting.

INTERMODAL SECURITY TRAINING

VRE hosted the first Intermodal Security Training and Exercise Mass Transit Workshop (I-STEP) in Crystal City on February 28, 2008. I-STEP was designed after the model used for America’s ports and applied to multi-modal transportation sectors.

The one day program brought together VRE, Amtrak, TSA, CSX and local jurisdictional law enforcement personnel to scrutinize and analyze existing security protocols. The workshop validated many of the security elements currently in place and lead to meaningful discussions with TSA, CSX, Amtrak police and local law enforcement police to incorporate MOU’s that would initiate greater safeguards for VRE in the event an emergency situation were to impact VRE service.

VRE will build off the workshop and bring the partners together again in the coming months to conduct an actual table top drill to further vet the protocols and procedures for responding to a critical emergency that VRE might encounter.

INTRODUCTION TO CONGRESSMAN WITTMAN

On February 27, I met with Congressman Robert Wittman, who has replaced former Congressman Jo Ann Davis. The Congressman was interested to learn more about what VRE was doing for his constituents, about service related issues on the entire corridor, and offered his assistance in helping to enhance commuter rail service in Virginia.

MONTHLY PERFORMANCE MEASURES – FEBRUARY 2008

| MONTHLY ON-TIME PERFORMANCE | ON-TIME PERCENTAGE |
|---|---------------------------|
| February Fredericksburg OTP Average | 83.8% |
| February Manassas OTP Average | 86.9% |
| VRE FEBRUARY OVERALL OTP AVERAGE | 85.5% |

| RIDERSHIP YEAR TO DATE | RIDERSHIP |
|-------------------------------|------------------|
| VRE FY 2008 Passenger Totals | 2,345,892 |
| VRE FY 2007 Passenger Totals | 2,247,633 |
| PERCENTAGE CHANGE | 4.4% |

| RIDERSHIP MONTH TO MONTH COMPARISON | |
|--|--------------------------|
| DESCRIPTION | MONTHLY RIDERSHIP |
| FEBRUARY 2008 | 297,205 |
| FEBRUARY 2007 | 263,128 |
| PERCENTAGE CHANGE | 1.7% (NORMALIZED) |
| SERVICE DAYS (CURRENT/PRIOR) | 20/18 |

Chief Executive Officer's Ridership Report



MARCH 2008

*As Reported to the VRE Operations Board
March 21, 2008*

Monthly Ridership and OTP: February 2008

| Date | Manassas AM | Manassas PM | Total Manassas | Actual OTP TD | Fredburg AM | Fredburg PM | Fredburg Total | Actual OTP TD | Total Trips | Actual OTP TD |
|------------------------|-------------|-------------|----------------|---------------|-------------|------------------------|----------------|------------------------|----------------|------------------------|
| 1 | 3,040 | 2,998 | 6,038 | 81% | 3,642 | 4,077 | 7,719 | 100% | 13,757 | 90% |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | 3,622 | 3,484 | 7,106 | 100% | 3,916 | 3,998 | 7,914 | 85% | 14,920 | 93% |
| 5 | 3,589 | 3,335 | 6,924 | 100% | 4,330 | 4,300 | 8,630 | 85% | 15,554 | 93% |
| 6 | 3,673 | 3,513 | 7,186 | 100% | 4,332 | 4,284 | 8,616 | 77% | 15,802 | 90% |
| 7 | 3,601 | 3,631 | 7,232 | 94% | 3,944 | 4,246 | 8,190 | 77% | 15,422 | 86% |
| 8 | 2,971 | 3,148 | 6,119 | 88% | 3,921 | 4,024 | 7,945 | 92% | 14,064 | 90% |
| 9 | | | | | | | | | | |
| 10 | | | | | | | | | | |
| 11 | 3,545 | 3,511 | 7,056 | 69% | 3,933 | 3,950 | 7,883 | 85% | 14,939 | 76% |
| 12 | 3,586 | 3,914 | 7,500 | 81% | 3,949 | 4,435 | 8,384 | 85% | 15,884 | 83% |
| 13 | 3,413 | 3,030 | 6,443 | 88% | 3,822 | 3,821 | 7,643 | 69% | 14,086 | 79% |
| 14 | 3,677 | 3,582 | 7,259 | 94% | 3,821 | 4,032 | 7,853 | 92% | 15,112 | 93% |
| 15 | 2,914 | 2,870 | 5,784 | 94% | 3,324 | 3,509 | 6,833 | 100% | 12,617 | 97% |
| 16 | | | | | | | | | | |
| 17 | | | | | | | | | | |
| 18 | | | | | | | | | | |
| 19 | 3,527 | 3,375 | 6,902 | 81% | 3,659 | 3,946 | 7,605 | 69% | 14,507 | 76% |
| 20 | 3,774 | 3,766 | 7,540 | 86% | 4,067 | 4,584 | 8,651 | 85% | 16,191 | 86% |
| 21 | 3,581 | 3,637 | 7,198 | 88% | 3,974 | 4,475 | 8,449 | 82% | 15,647 | 76% |
| 22 | 2,257 | 2,302 | 4,559 | 75% | 3,405 | 3,483 | 6,888 | 54% | 11,447 | 66% |
| 23 | | | | | | | | | | |
| 24 | | | | | | | | | | |
| 25 | 3,655 | 3,643 | 7,298 | 88% | 4,026 | 3,920 | 7,946 | 77% | 15,244 | 83% |
| 26 | 3,790 | 3,721 | 7,511 | 100% | 3,959 | 4,284 | 8,243 | 100% | 15,754 | 100% |
| 27 | 3,830 | 3,741 | 7,571 | 100% | 4,185 | 4,244 | 8,429 | 100% | 16,000 | 100% |
| 28 | 3,828 | 3,621 | 7,449 | 50% | 4,101 | 4,323 | 8,424 | 85% | 15,873 | 66% |
| 29 | 3,085 | 3,063 | 6,148 | 81% | 3,605 | 3,622 | 7,227 | 100% | 13,375 | 90% |
| 30 | 65,898 | 64,887 | 136,823 | 87% | 74,173 | 77,480 | 159,372 | 83% | 296,195 | 85% |
| Adjusted total: | | | 136,849 | | | Adjusted Total: | 160,356 | Adjusted Total: | 297,205 | Adjusted Total: |

| | | | | | |
|----------------------------|--------|-------------------------|------------|-----------------|---------|
| # of Service Days: | 20 | Total Trips This Month: | 297,205 | Adjusted Total: | 297,205 |
| Manassas Daily Avg. Trips: | 6,841 | Prior Total FY-2008: | 2,048,687 | | |
| Fredburg Daily Avg. Trips: | 7,969 | Total Trips FY-2008: | 2,345,892 | | |
| Total Avg. Daily Trips: | 14,810 | Total Prior Years: | 36,969,773 | | |
| | | Grand Total: | 39,315,666 | | |

Note: Adjusted Averages & Totals include all VRE trips taken on Amtrak trains, but do not include "S" schedule days. * designates "S" schedule day

Monthly Ridership Changes: Fiscal Year 2007 vs. 2008

| Current Month | MANASSAS | | | FREDERICKSBURG | | |
|----------------|------------------|------------------|----------|------------------|------------------|----------|
| | Avg Daily FY2007 | Avg Daily FY2008 | % change | Avg Daily FY2007 | Avg Daily FY2008 | % change |
| July | 6310 | 6513 | 3.22% | 7337 | 7393 | 0.76% |
| August | 6319 | 6405 | 1.36% | 7070 | 7379 | 4.37% |
| September | 6451 | 6847 | 6.14% | 7232 | 7652 | 5.81% |
| October | 6820 | 6973 | 2.24% | 7513 | 7754 | 3.21% |
| November | 6695 | 6894 | 2.97% | 7626 | 7707 | 1.06% |
| December | 5823 | 6081 | 4.43% | 6813 | 7235 | 6.19% |
| January | 7158 | 6978 | -2.51% | 7862 | 8148 | 3.64% |
| February | 6921 | 6842 | -1.14% | 7465 | 8018 | 7.41% |
| March | 6842 | | | 7218 | | |
| April | 6467 | | | 7259 | | |
| May | 6600 | | | 7493 | | |
| June | 6647 | | | 7560 | | |
| Average growth | | | 2.09% | | | 4.06% |
| | | | | | | 3.11% |

*Ridership figures are shown in passenger trips. Includes Amtrak cross honor train riders.

** Average daily ridership for January 2007 does not include 1/2/07 due to Federal Government closure.

Chief Executive Officer's Report



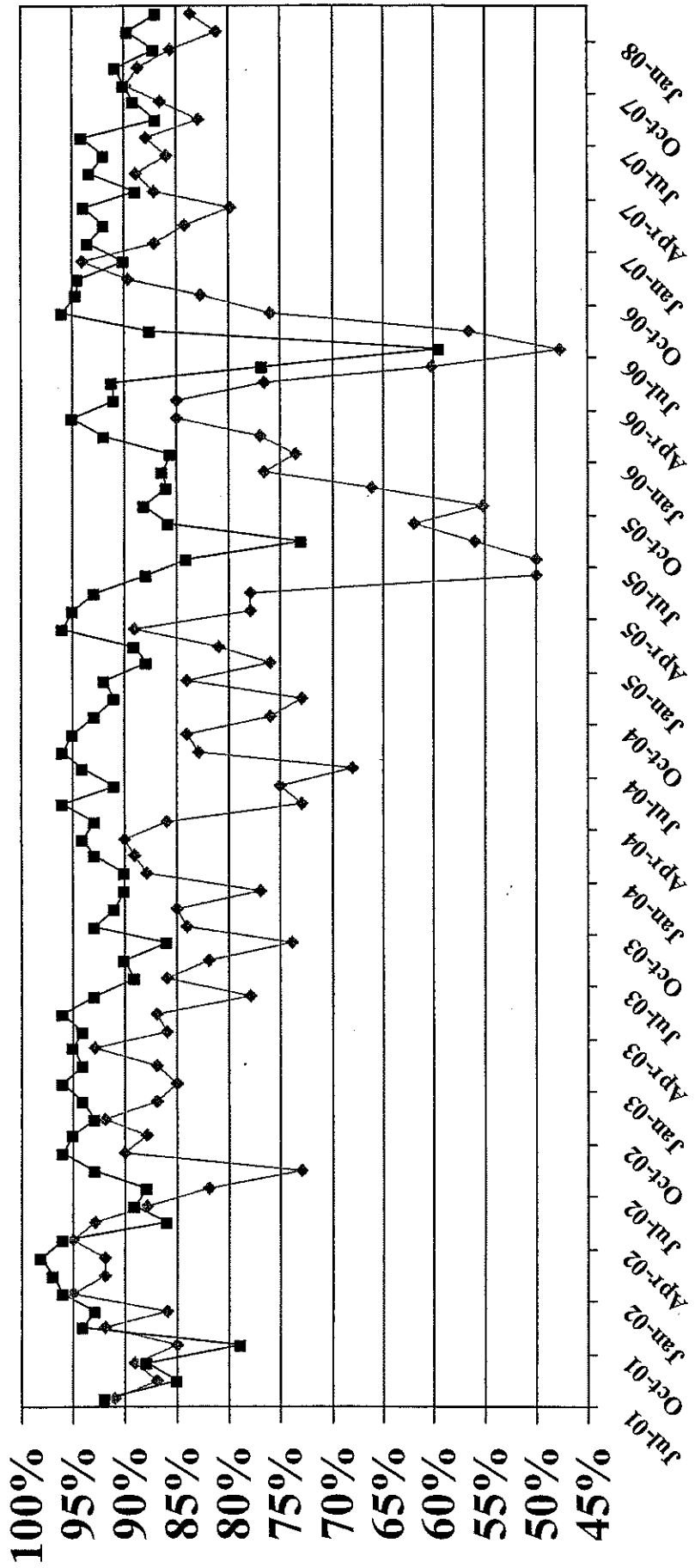
Chief Executive Officer's On-Time Performance

MARCH 2008

*As Reported to the VRE Operations Board
March 21, 2008*

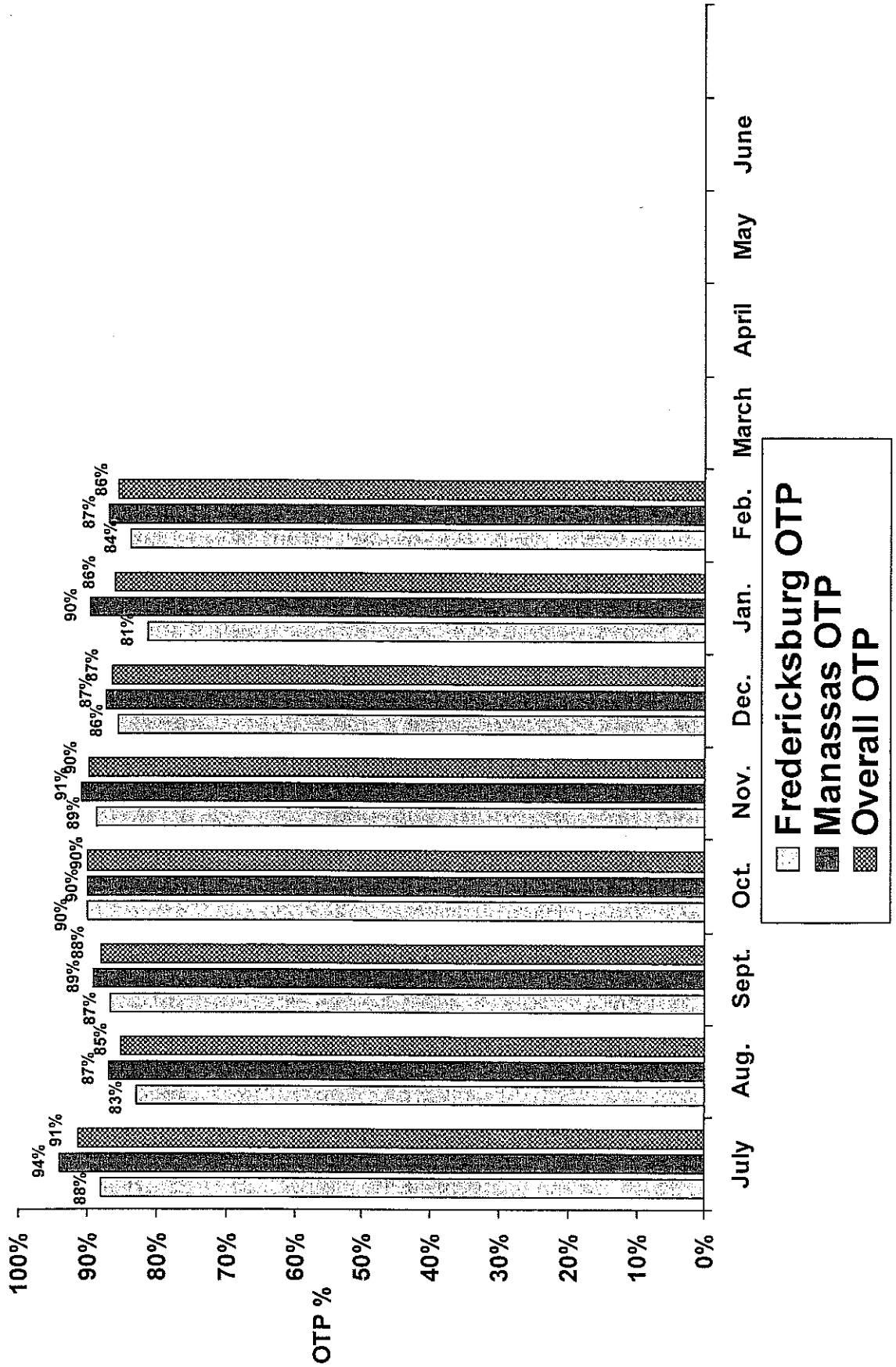
On-Time Performance

July 2001 – February 2008



◆— Frederickburg Line ■— Manassas Line

Average On-Time Performance FY-2008



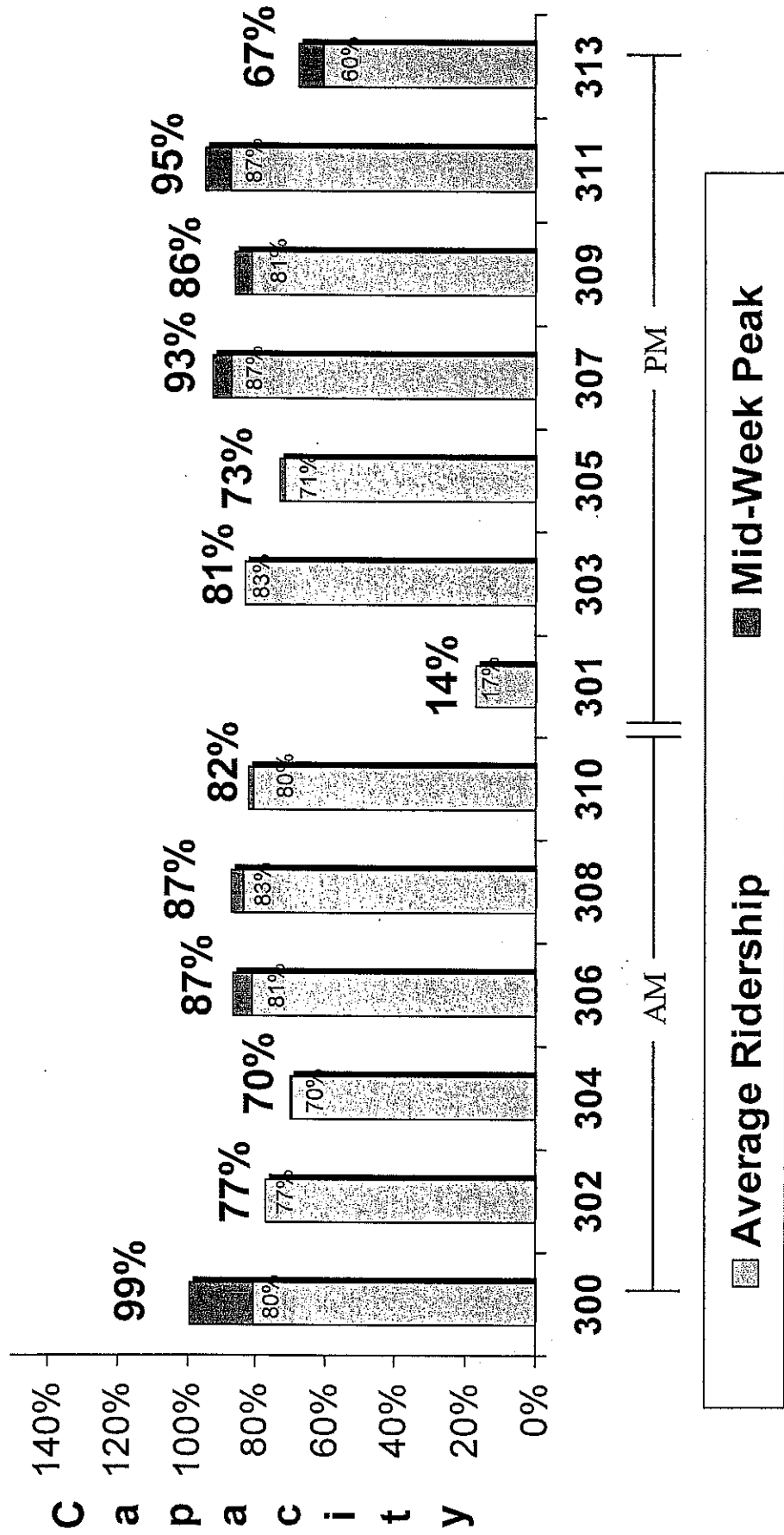
Chief Executive Officer's Train Utilization



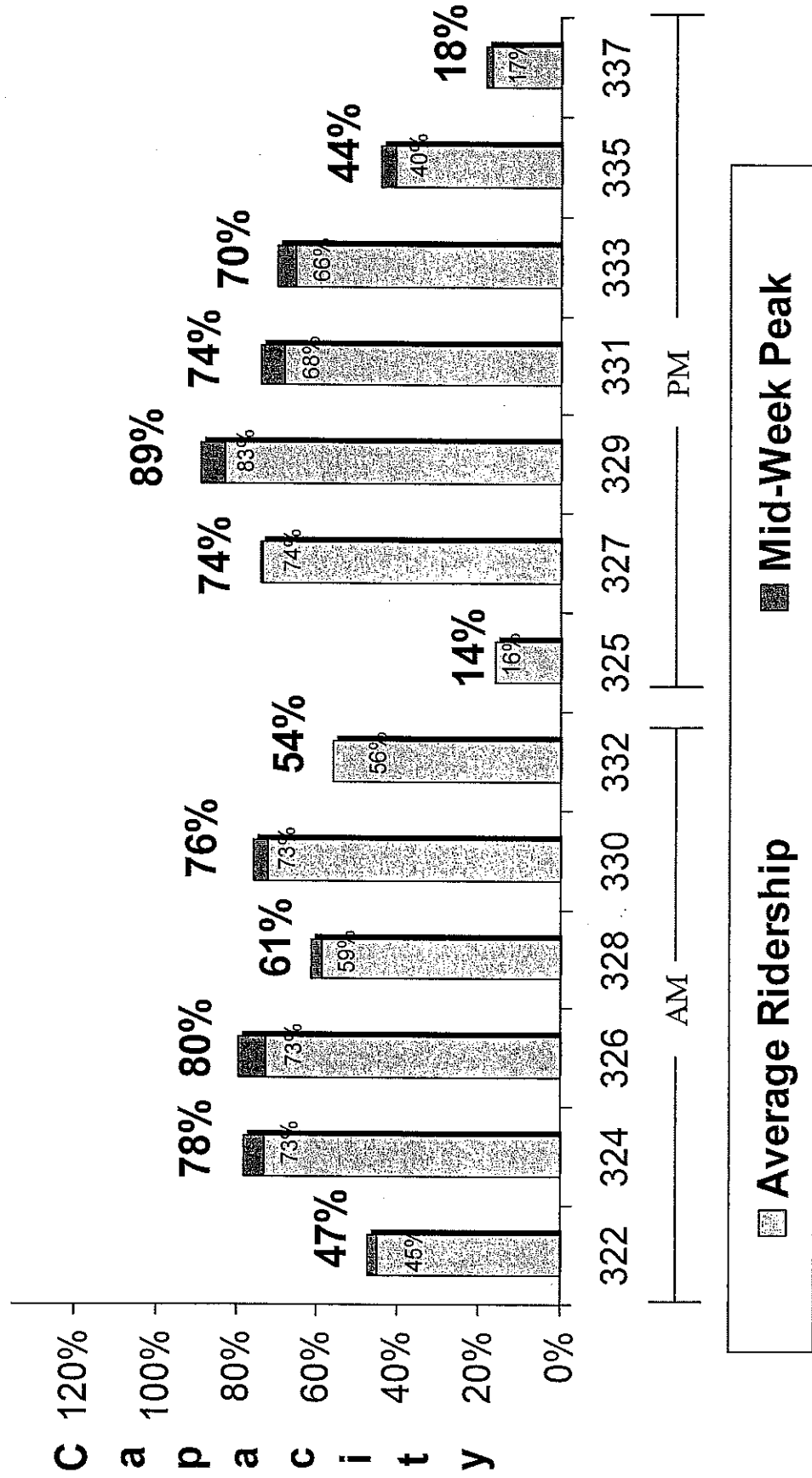
MARCH 2008

*As Reported to the VRE Operations Board
March 21, 2008*

Train Utilization: Fredericksburg Line – February 2008



Train Utilization: Manassas Line – February 2008



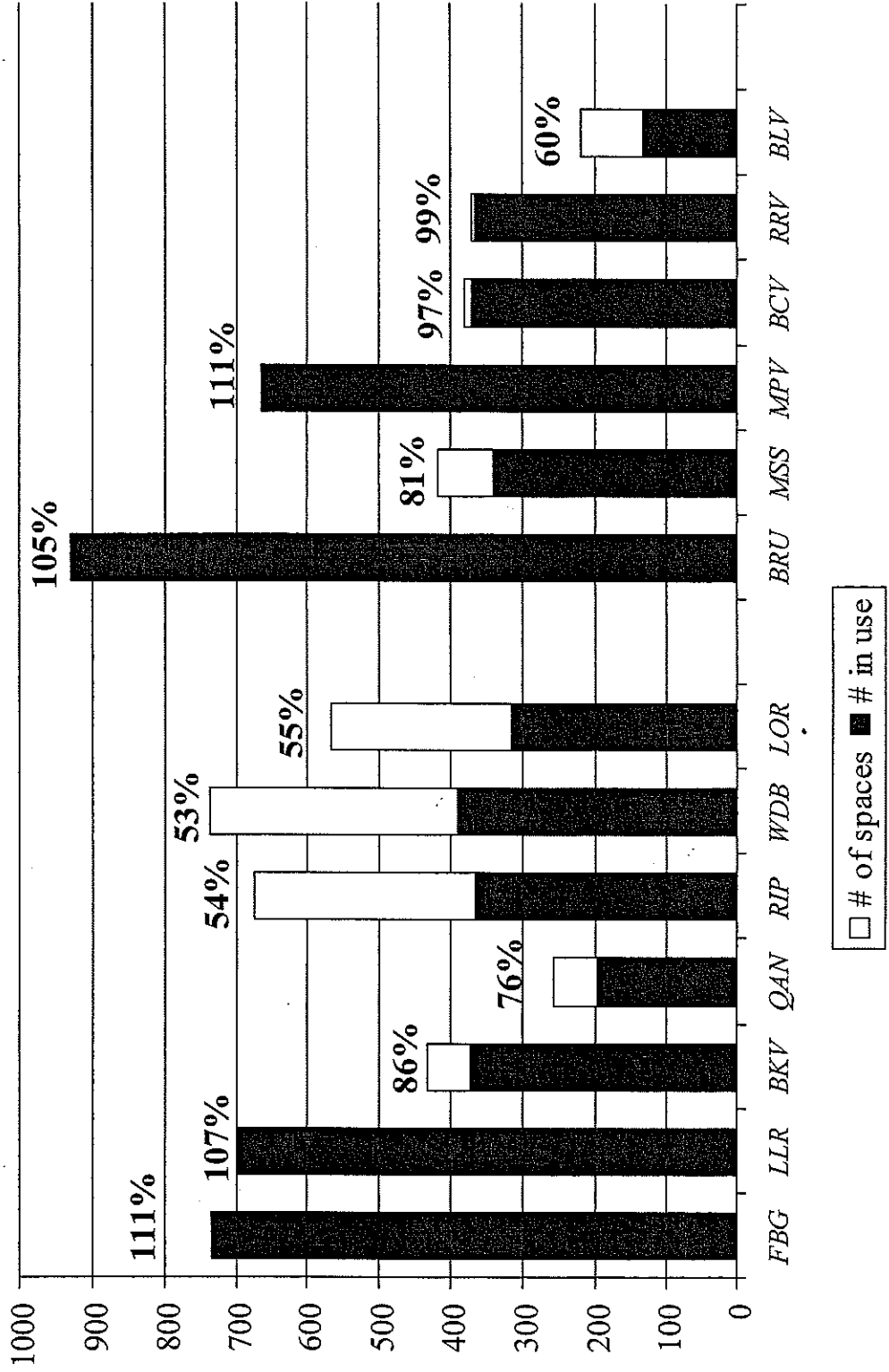
Chief Executive Officer's Parking Utilization



MARCH 2008

*As Reported to the VRE Operations Board
March 21, 2008*

Parking Lot Utilization: February 2008



Chief Executive Officer's Capital Project Summary



MARCH 2008

*As Reported to the VRE Operations Board
March 21, 2008*

VIRGINIA RAILWAY EXPRESS
CAPITAL PROJECTS - PROGRESS REPORT
Projects Underway in FY08 As of March 1, 2008

| PROJECT | LOCATION | TOTAL ADOPTED CIP BUDGET THRU FY08 | TOTAL BOARD APPROVED FUNDS | PROJECT DESCRIPTION | PERCENTAGE (%) OF TOTAL PROJECT TASK COMPLETION | PROJECT COMPLETION DATE | STATUS |
|---|-----------------------------|------------------------------------|----------------------------|--|---|-------------------------|--|
| Cherry Hill Third Track | Cherry Hill, Virginia | \$2,500,000 | \$0 | To build approximately 1.1 miles of third track between Power's Creek and Ackendale interlocking. Coordinate work with a new double platform station at Cherry Hill. | 5% | 2009 | Grant match agreement with KSI signed by all parties on 11/9/07. RFP for Preliminary Engineering and Environmental issued on 12/20/07. Preproposal meeting held on 1/6/08. Working with DRPT to finalize grant agreement. Negotiating with selected firm. |
| L'Enfant Storage Track | | | | Construct approximately 1400 ft storage track just north of the existing platform and provide wayside power for two train sets. | | | |
| L'Enfant Storage Track Construction | L'Enfant | \$630,000 | \$630,000 | Construct approximately 1400 ft storage track just north of the existing platform. | 95% | 1st Quarter 2008 | Siding construction completed in late September. VRE performed inspection in mid-January. Awaiting final CSXT inspection and final invoice. |
| L'Enfant Storage Track Wayside Power Design | | | | Design of wayside power for two train sets. | 85% | 2nd Quarter 2008 | Currently investigating feasibility of moving power pedestals to north end of siding as cost-savings measure. HDR preliminarily indicates this may be feasible - performing final calculations. |
| L'Enfant Storage Track Wayside Power Construction | | | | Construction of Wayside Power | 0% | TBD | 60% cost estimate shows \$224,000 required for construction. Additional funding needed for construction of WP. PEPCO reduced cost estimate for electric service installation from \$28k to \$18k resulting from design changes. NVE currently pricing installation of C/T cabinet. PEPCO to proceed with service installation once C/T cabinet is installed. |
| Administrative Studies and Communications | | | | | | | |
| SmartTrip Technical Support Proj. No. 1310 020 | VRE offices/ system wide | \$155,000 | \$154,285 | Technical assistance for the design, procurement, installation and testing of a SmartTrip compatible system for VRE. | 31% | 3rd Quarter 2008 | HDR completed review of Phase 1 scope of work; reviewing suggested changes and completing other contract documents for S&B amendment. Smart Benefits plot continues. |
| Hecht Site Feasibility | Washington, D.C. | \$329,000 | \$160,909 | Investigate use of Hecht site for mid-day storage as proposed by Amtrak. | 45% | 2nd Quarter 2008 | Meeting was held with Amtrak on 10/31/07 where Amtrak presented a new plan to facilitate VRE access to the site. This plan appears feasible provided that purchase or lease of CSXT trackage is accomplished. VRE usage to be analyzed. |
| WUT Train Movement Study | Washington, D.C. | \$180,000 | \$179,677 | Investigate train movements in WUT, Ivy City and Coach Yard and allocate cost to utilize the facility. | 99% | 2nd quarter 2008 | Findings presented to Amtrak on July 12, 2007. Amtrak took issue with previously agreed to camera locations, lacking a 1st St. tunnel camera. VRE contends locations were in agreement. Savings to VRE to be substantiated. Amtrak now questioning VRE's computations and allocations. VRE sent letter to Amtrak requesting settlement terms. Awaiting answer. |
| 2-Way Radio System Design | System-wide | \$346,400 | \$98,000 | Design and develop RFP for new two-way radio system. | 100% | 4th Quarter 2007 | Design completed, task order will be closed once supplement is finalized. |
| 2-Way Radio System Construction | | | \$248,400 | Installation of new two-way radio system. | 55% | 2nd quarter 2008 | BearCom is storing materials at their warehouse. Lease with ATC for tower space at Fairfax Station going to Board March 21, 2008. Project team meeting to follow approval. Pursuing permit from City of Alexandria. |

Note 1: Total adopted CIP budget will be revised upon receipt of FY08 grant.

VIRGINIA RAILWAY EXPRESS
CAPITAL PROJECTS - PROGRESS REPORT
Projects Underway in FY08 As of March 1, 2008

| PROJECT | LOCATION | TOTAL ADOPTED CIP/BUDGET THRU FY06 | TOTAL BOARD APPROVED FUNDS | PROJECT DESCRIPTION | PERCENTAGE (%) OF TOTAL PROJECT/TASK COMPLETION | PROJECT COMPLETION DATE | STATUS |
|---|----------------------|------------------------------------|----------------------------|--|---|-------------------------|---|
| System Safety Plan | System-wide | \$300,000 | \$375,000 five years | Continuing development of VRE Safety Plan including audits | 98% | 1st quarter 2008 | VRE annual emergency response drill completed 12/01/07. After Action Report completed 1/10/08 |
| Gainesville Haymarket MIS | New Line | \$1,637,338 | \$1,637,338 | Develop expansion alternatives for new service to Gainesville and Haymarket | 0% | 1st Quarter 2009 | Negotiations complete and contract executed with Engineering firm. VRE legal counsel reviewing grant agreement. |
| Commuter Station Projects | | | | | | | |
| Fredericksburg Viaduct Repairs | | | | | | | |
| Fredericksburg Viaduct Repairs Design | Fredericksburg | \$2,608,000 | NA | Develop scope of work to address spalling concrete and drainage with available funding | 100% | Completed | Final report submitted to VRE on May 15. Option 7 costs \$2.4 Million which includes repairs to the bottom of the platform slabs, CSX center track slab, abutments, ramps, and pier substructures. |
| Manassas City Parking Deck | | | | Develop detailed design to address necessary repairs | 0% | 2007-2010 | Will issue a task order for detailed design and construction documents once further funding is in place. |
| Manassas City parking Deck Environmental | | | \$170,675 | Construction of a 520 space parking garage in the City of Manassas. | | 2nd Quarter 2008 | Both Commissions have approved MOU with City of Manassas for funding and cost sharing of Parking Deck. Environmental document approved by FIA on August 27th. Traffic study revisited due to increased size of the garage. |
| Manassas City parking Deck Design | | | \$598,534 | Preliminary work (site location/environmental) for future garage parking. | 100% | Completed | |
| Manassas City parking Deck Construction | Manassas, Virginia | \$12,750,000 | | Design and limited construction administration for 520+ space parking structure. | 95% | 3rd Quarter 2008 | PS providing ongoing construction administration support. |
| Manassas City Parking Deck Electrical Line Relocation | | | \$9,189,400 | Construction of Parking Garage | 50% | 3rd Quarter 2008 | CIP walls completed. Subgrade established and underground plumbing and electric installed where slabs to be poured this week. Crane mobilization and start of precast erection scheduled for this week. Precast erection to continue until early May. |
| - Land Acquisition Assistance | | | \$416,000 | Relocate high voltage line along Prince William Street | 100% | Completed | Relocation of new pole and transmission line work complete. |
| Woodbridge Station Expansion | Woodbridge, Virginia | | \$102,626 | Assist in relocation services for current Owners and Tenants per Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act. | 100% | Completed | Property acquisition was completed in September and tenant relocation was completed in January. |
| Woodbridge Station Expansion Track Relocation | Woodbridge, Virginia | \$7,400,000 | \$910,000 | This project includes a Kiss & Ride, Second Platform & Pedestrian Crossover - which will join the parking garage and Second Platform. | 100% | 3rd Quarter 2007 | PWC indicated site plan approval to be granted upon recommendation letter from VDOT. Currently working with VDOT to address second set of review comments provided 1/29/08. |
| Woodbridge Station Expansion Construction | Woodbridge, Virginia | | TBD | Shifting of track 3 to the west to allow for future third track between Platforms. | 0% | 3rd Quarter 2007 | Draft force account agreement and project addendum approved by Legal. CSX force account estimate prepared - awaiting approval by Jay Westbrook of CSX. |
| | | | TBD | Construction of second platform, pedestrian crossover to existing parking garage, and bus turnout on Route 1. | 0% | 2nd Quarter 2009 | Solicitation readvertised 1/31/08. Bids originally due 3/3/08, extended to 3/7/08. |

**VIRGINIA RAILWAY EXPRESS
CAPITAL PROJECTS - PROGRESS REPORT
Projects Underway in FY08 As of March 1, 2008**

| PROJECT | LOCATION | TOTAL ADOPTED CIP BUDGET THRU FY08 | TOTAL BOARD APPROVED FUNDS | PROJECT DESCRIPTION | PERCENTAGE (%) OF TOTAL PROJECT/TASK COMPLETION | PROJECT COMPLETION DATE | STATUS |
|--|----------------------|------------------------------------|----------------------------|---|---|-------------------------|---|
| Woodbridge Station Expansion & R Traffic Analysis | Woodbridge, Virginia | | NA | To obtain traffic data and prepare report of analysis results | 10% | 2nd Quarter 2007 | Study underway. Gathering additional VRE ridership data for use in completing traffic analysis. Continuing coordination with VDOT. |
| Woodbridge Station Acquisition | Woodbridge, Virginia | \$4,311,928 | \$4,311,928 | Acquisition of 8 parcels, relocation fees, relocation assistance, appraisals, surveys, and legal fees associated with those acquisitions. | 100% | Completed | All property has been acquired and tenants and business relocated. |
| VRE Yard Improvements | | | | | | | |
| Broad Run Yard Expansion / Maintenance Facility | Broad Run | \$3,222,000 | | Design and construction of additional storage tracks and locomotive and train wash facilities. | | | |
| Broad Run Yard Expansion / Maintenance Facility Design | | | \$766,887 | Perform design of S&I building, car wash, warehouse and limited construction support services. | 65% | 2nd Quarter 2008 | 60% Design submitted to VRE for review on 01/31/2008. VRE comments on 60% Design provided to DMM Harris on 02/20/2008. Coordination with utility company for new electrical service underway. 90% Design submission currently anticipated in late 03/2008. |
| Crossroads Yard Expansion / Maintenance Facility | | | | Design and construction of additional storage tracks and locomotive and train wash facilities. | | | |
| Crossroads Yard Expansion / Maintenance Facility Design | | | \$524,828 | Perform design of S&I building and car wash and limited construction support services | 100% | 4th Quarter 2007 | Providing construction support as needed. |
| Crossroads Yard Maintenance Facility SWM Investigation | Crossroads | \$7,300,000 | \$46,898 | Evaluate SWM design performed by PB, identify more cost effective SWM alternatives, and revise SWM in site plan if necessary. | 100% | Completed | Right-of-Entry Agreement, expiring 12/31/2007, with CSXT executed on 7/30/2007. Extension of Right-of Entry Agreement through the end of construction was executed on 01/21/2008. BMP agreement recorded at Spotsylvania County on 8/14/2007. Site plan approved on 8/15/2007. Certification of as-built plans will need to be completed at the end of construction (summer 2008). |
| Crossroads Yard Expansion / Maintenance Facility Yard Air Design | | | \$43,042 | Perform design of compressed air system for yard to be used for air brake testing of trainsets. | 100% | 4th Quarter 2007 | Procuring construction contractor as work will be completed separately from current construction contract. |
| Crossroads Yard Expansion / Maintenance Facility Construction | | | \$6,252,550 | Construction of Service and Inspection Building, Train wash and Additional Storage Tracks within the Crossroads Yard. | 50% | 3rd Quarter 2008 | Foundation for Train Wash Building and S&I Building have been substantially completed. Work has begun on concrete floor slabs in Train Wash Building. Start of construction of concrete inspection pit is currently anticipated for late 03/2008. Clarifications have been provided by Engineer for utilities and utility installation is underway. Utility installation is currently about 30% complete. |
| Rolling Stock | | | | | | | |
| New Railcar Procurement Proj. No. 80-16-16026 | | | | Construction of new passenger rail cars | | | |
| New Railcar Fabrication (11 Cab Cars) | System-wide | \$2.2 million annual payment | \$25,035,000 | Construction of 11 cab car BASE ORDER | 100% | 1st Quarter 2008 | All 11 cars in base order on VRE property. All 11 in service. Working out warranty issues. Have added 5 parking brakes |
| New Railcar Oversight (11 Cab Cars) | | | \$2,750,000 | Perform all engineering oversight and warranty follow-up for construction of 11 cab cars | 98% | 1st Quarter 2008 | Engineering now focused on warranty issues. |
| New Railcar Procurement Proj No 80-42-16060 | | | | | | | |

Note 1: Total adopted CIP budget will be revised upon receipt of FY08 grant.

**VIRGINIA RAILWAY EXPRESS
CAPITAL PROJECTS - PROGRESS REPORT
Projects Underway in FY08 As of March 1, 2008**

| PROJECT | LOCATION | TOTAL ADOPTED CIP BUDGET THRU FY06 | TOTAL BOARD APPROVED FUNDS | PROJECT DESCRIPTION | PERCENTAGE (%) OF TOTAL PROJECT/TASK COMPLETION | PROJECT COMPLETION DATE | STATUS |
|---|-------------|------------------------------------|----------------------------|---|---|-------------------------|---|
| New Railcar Fabrication (50 Cars) | | | \$90,427,748 | Construction of OPTION ORDER consisting of 10 cab cars, 20 trailers with toilets and 20 trailers without toilets. | 25% | 4th Quarter 2008 | 15 cars now in service. All other shells either at Super Steel or finishing. |
| New Railcar Oversight (50 Cars) | | | \$2,148,814 | Perform all engineering oversight and warranty follow-up for construction of 50 car option order | 18% | 4th Quarter 2008 | Activities in Japan concluded. All work now in Milwaukee and Manassas. |
| Sounder Lease | System-wide | \$8,226,000 | \$8,380,180 | Lease of three train sets from Sound Transit | 100% | Ongoing Lease | First set of cars returned to Seattle in May, 2006. Second set returned June, 2007. Third, and final, set pulled from service February 3, 2008 and is being prepared for return to Seattle. |
| Top Deck Rebuilds Work Management Software Project No 80-57-16270 | System-wide | \$4,500,000 | \$1,730,776 | Top Deck Rebuild for 8 Locomotives | 85% | On going Project | V02, V07, V21, V06, V08 and V09 Top deck work has been completed. V24 is being Overhauled as we speak and V05 is in preparation for shipment as the next candidate for topdeck Overhaul |
| Work Management Software Training | Yards | \$30,000 | N/R | Provide software and license agreements | 75% | 4th Quarter 2007 | Software purchased. All licenses arrived at VRE. Currently developing some program mods to make fully responsive to VRE needs. |
| Locomotive Lease | System-wide | \$607,725 | \$202,576/year | Design software modifications for conformity with VRE specific needs and train personnel in use product. | 25% | 1st Quarter 2008 | Produced 1st draft of periodic inspection forms. Within 2 weeks of transferring warehouse inventory into Micro Main from Quick Books. |
| | | | | 3-year lease of 3 locomotives | 0% | 2nd Quarter 2008 | Locomotives under requalification by Lessor. One loco should ship at or near 3/7, one near 3/14 and the third near end of March. |

Chief Executive Officer's Financial Report



MARCH 2008

*As Reported to the VRE Operations Board
March 21, 2008*

FINANCIAL STATISTICS FOR FEBRUARY 2008

Copies of the February 2008 Operating Budget Report are attached.

Fare income for the month of February 2008 was \$71,451 above the budget – a favorable variance of 4.17%. The cumulative variance for the year is 1.07% or \$151,048 above the budget. This positive variance is generally in line with current projections and reflects the anticipated gradual increase in ridership. Revenue in the first eight months of FY 2008 is up 9.9% over FY 2007. A combination of fuel costs and equipment repairs and maintenance, including repairs to the fire-damaged locomotive, have resulted in a year-to-date unfavorable expense variance of \$716,004. Fuel costs are expected to exceed the budgeted amount for the year by \$400,000. Year end projections will be provided next month, along with the implications for FY 2009.

A summary of the financial results (unaudited) as of February 2008 follows. Detail on the major revenue and expense categories are provided in the attached Operating Budget Report.

| Measures | | Goal | Actual | Trend |
|--|------------|--------|-----------|-------|
| Operating Ratio | | 55% | 63% | ↑ |
| Budgeted Revenue | 61,499,872 | | | |
| Budgeted Revenue YTD | 42,834,500 | | | |
| Actual Revenue YTD | 43,120,600 | | | |
| Cumulative Variance | 286,100 | | 286,100 | ↑ |
| Percent Collected FY 07 YTD | | 69.65% | 70.11% | |
| Budgeted Expenses | 61,499,872 | | | |
| Budgeted Expenses YTD | 39,640,688 | | | |
| Operating Expenses YTD | 40,363,434 | | | |
| Cumulative Variance | (722,746) | | (722,746) | ↓ |
| Percent Collected FY 07 YTD | | 64.46% | 65.63% | |
| Net Income (Loss) from Operations | | | (436,646) | ↓ |

These figures are preliminary and unaudited.

**VIRGINIA RAILWAY EXPRESS
FY 2008 OPERATING BUDGET REPORT
February 2008**

| | CURR. MO. ACTUAL | CURR. MO. BUDGET | YTD ACTUAL | YTD BUDGET | YTD VARIANCE \$ | % | TOTAL FY08 BUDGET |
|--|---------------------|---------------------|-------------------|-------------------|--------------------|--------------|----------------------|
| OPERATING REVENUE | | | | | | | |
| Passenger Ticket Revenue | 1,785,055 | 1,713,604 | 14,202,600 | 14,051,652 | 151,048 | 1.1% | 21,334,369 |
| Equipment Rental and Other | 8,905 | 41,267 | 91,765 | 185,557 | (93,792) | -50.5% | 513,775 |
| Subtotal Operating Revenue | 1,793,960 | 1,754,871 | 14,294,365 | 14,237,110 | 57,255 | 0.4% | 21,848,144 |
| Jurisdictional Subsidy (1) | - | - | 12,836,166 | 12,836,166 | - | 0.0% | 12,836,166 |
| Federal/State Subsidy | 1,946,980 | 1,952,653 | 15,768,745 | 15,621,225 | 147,520 | 0.9% | 26,505,562 |
| Appropriation from Reserve | 24,734 | 17,500 | 221,324 | 140,000 | 81,324 | 58.1% | 216,563 |
| Interest Income | - | - | - | - | - | - | - |
| Total Operating Revenue | 3,765,674 | 3,725,024 | 43,120,600 | 42,834,500 | 286,099 | 0.7% | 61,499,872 |
| OPERATING EXPENSES | | | | | | | |
| Departmental Operating Expenses | 4,198,350 | 3,650,993 | 27,868,240 | 27,152,236 | (716,004) | -2.6% | 43,866,359 |
| Debt Service | 908,520 | 989,864 | 7,317,436 | 7,285,691 | (31,745) | -0.4% | 12,409,373 |
| Insurance | - | - | 5,160,000 | 5,160,000 | - | 0.0% | 5,160,000 |
| Other Non-Departmental Expenses | - | 5,345 | 17,758 | 42,750 | 25,002 | 58.5% | 64,140 |
| Total Operating Expenses | 5,106,870 | 4,646,202 | 40,363,434 | 39,640,688 | (722,746) | -1.8% | 61,499,872 |
| NET INCOME (LOSS) FROM OPERATIONS | (1,341,196) | (921,178) | 2,757,166 | 3,193,812 | (436,647) | | 0 |
| CALCULATED OPERATING RATIO | | | | | | | |
| | | | | | | 63% | |

(1) Total jurisdictional subsidy is \$13,379,154. Portion shown is attributed to Operating Fund only.

3/19/08

F:\Acct_SBT\Accounting FY 2008\Financial Reports FY08\February 08\Board Revenue and Expenses Report Feb 06.xls\BoardReport