



CHIEF EXECUTIVE OFFICER'S REPORT

December 2006

MONTHLY DELAY SUMMARY

| | Sep-06 | Oct-06 | Nov-06 | Dec-06 |
|---------------------------------|--------|--------|--------|--------|
| System wide | | | | |
| Total delays | 74 | 65 | 41 | 47 |
| Average length of delay (mins.) | 15.4 | 16 | 16.8 | 23.8 |
| Number over 30 minutes | 8 | 8 | 5 | 9 |
| On-Time Performance | 87.2% | 89.3% | 92.6% | 91.9% |
| Fredericksburg Line | | | | |
| Total delays | 61 | 47 | 25 | 17 |
| Average length of delay (mins.) | 15.5 | 16.9 | 20.3 | 27.1 |
| Number over 30 minutes | 7 | 7 | 5 | 4 |
| On-Time Performance | 76.5% | 82.8% | 89.9% | 93.5% |
| Manassas Line | | | | |
| Total delays | 13 | 18 | 16 | 30 |
| Average length of delay (mins.) | 15.3 | 13.7 | 11.9 | 21.3 |
| Number over 30 minutes | 1 | 1 | 0 | 5 |
| On-Time Performance | 95.9% | 94.6% | 94.7% | 90.0% |

On-time performance has progressively improved since July and the number of railroad caused delays has dropped significantly. The Fredericksburg line was 93.5% on-time and the Manassas line was 90.0% on-time during the month of December. A review of December reveals that 58% of the delays in December were attributed to VRE and/or Amtrak. The largest number of delays was caused by interference of VRE and/or Amtrak trains (34%), passenger dwell times caused by heavy loads and handicapped passengers (24%), and VRE mechanical problems (10%). We are pleased with this upward trend and continue to work toward maintaining our on-time performance.

NEW RAIL CARS

On January 17th, a Christening ceremony will be held in Alexandria to introduce the first two new rail cars. The ceremony begins at 9:30am and guests will be invited to tour the cars and receive a demonstration of the automatic wheelchair lift. The new cars will be put into service beginning January 19th.

NURIDE PILOT PROGRAM

VRE is currently working on a pilot program with NuRide, Inc. which will test the concept of ridesharing to VRE stations and reducing parking demand. The program will be tested at the Fredericksburg and Broad Run stations being that they are at the end of each line and people tend to drive the furthest to get to these stations. NuRide will offer a reward to passengers when they sign up and share their first ride to a VRE station. In the next few months, VRE plans to announce the program via Train Talk as well as with an article in the on-board newsletter. If successful, the program will be broadened to include other stations.

QUANTICO BRIDGE CUT-IN

The Quantico Bridge is nearly complete and the next few months will be critical as new switches are cut-in and old switches removed. While VRE and CSX are working hard to minimize the impact to VRE trains, there will be three weeks in the upcoming months where VRE trains will be significantly impacted.

While the operating plan is not yet final, tentative plans are as follows. During the weeks of February 19 and April 2, all trains will operate under a signal suspension while CSX tests the signal system. Without signals, trains will be required to operate slower than normal. Trains will also need to check in with the dispatcher before entering the dark territory. As a result, VRE will only operate four trains in the morning and four trains in the evening on the Fredericksburg line. These trains will operate hourly and even with this reduced schedule, delays of 45 minutes should be expected.

During the week of March 26, all trains (northbound and southbound) will be forced to operate on a single track for nearly 15 miles. As a result, VRE will operate only 3 trains in the morning and 3 trains in the evening. Congestion in this single track area is also expected to cause delays of 45 minutes to VRE trains.

After the last signal suspension in April, the construction of the bridge will be complete and both spans will be fully operational. While there will be delays during these three weeks, the end result will be well worth it.

MONTHLY PERFORMANCE MEASURES – December 2006

| RIDERSHIP OVERVIEW | | RIDERSHIP |
|--|-----------|--------------------|
| VRE FY 2007 Passenger Totals (to date) | | 1,680,330 |
| VRE FY 2006 Passenger Totals (to date) | | 1,809,362 |
| PERCENTAGE INCREASE | | -7.13% |
| MONTHLY ON-TIME PERFORMANCE | | ON-TIME PERCENTAGE |
| December Fredericksburg OTP Average | | 93% |
| December Manassas OTP Average | | 90% |
| VRE DECEMBER OVERALL OTP AVERAGE | | 91.9% |
| REASON | TOTALS | PERCENT |
| Signal/Switch Failure | 10 | 21% |
| Slow Orders | 0 | 0% |
| M/W | 1 | 2% |
| Train Interference | 18 | 38% |
| AMTRAK | 1 | 2% |
| Freight | 8 | 17% |
| VRE | 9 | 19% |
| Mechanical Failure | 7 | 15% |
| Late Turn | 2 | 4.5% |
| PAX Handling | 5 | 11% |
| Weather | 1 | 2% |
| Crew Related | 2 | 4.5% |
| Other | 1 | 2% |
| TOTAL | 47 | 100% |

| FINANCIAL INDICATORS | | NOVEMBER 2006 | | |
|-----------------------------|------------|---------------|-----------|-------|
| MEASURES | | GOAL | ACTUAL | TREND |
| OPERATING RATIO | | 55% | 64% | ↑ |
| BUDGETED FARE REVENUE YTD | 23,284,457 | | | |
| ACTUAL FARE REVENUE YTD | 22,951,325 | | | |
| CUMULATIVE VARIANCE | (333,132) | 0 | (333,132) | ↓ |
| PERCENT COLLECTED FY 07 YTD | | 42.55% | 41.94% | ↓ |
| BUDGETED EXPENSES | 54,727,245 | | | |
| BUDGET EXPENSES YTD | 23,767,188 | | | |
| OPERATING EXPENSES YTD | 21,229,031 | | | |
| CUMULATIVE VARIANCE | 2,538,157 | 0 | 2,538,157 | ↑ |
| PERCENT COLLECTED FY 07 YTD | | 43.43% | 38.79% | |
| NET INCOME LOSS | | 0 | 2,205,025 | ↑ |