An Overview of Amtrak

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Amtrak 101 – basic company and system statistics

- Congressionally chartered corporation (majority of stock owned by U.S. Government), created in 1970 and operated as a quasi-nonprofit corporation for the provision of intercity passenger rail service in the U.S.
- The mission of Amtrak is to provide efficient and effective intercity passenger rail mobility consisting of high quality service that is trip-time competitive with other intercity travel options
- We operate a 21,200 mile system
  - 308 daily intercity trains
  - 528 stations
  - 1,519 cars and 469 locomotives, 80 auto carriers, and 101 baggage cars
  - More than 20,000 employees
  - More than half of our services operate at 90+ mph
  - 70% of our train-miles are run on track owned by other railroads (mostly large freight railroads)
- We carried 28.7 million riders in FY 10 – biggest year in our history
- Amtrak generated total of $2.5 billion in revenues in FY 10 (incl. ancillary business)
  - Covered 85% of operating cost (heavy rail passenger carriers in the U.S. typically fall into the 40-60% range)
  - Our FY 10 farebox recovery was 76% - highest U.S. passenger railroad
- Federal funding for Amtrak totaled slightly more than $1.5 billion in FY 2010
  - $563 million for operating expenses
  - $1 billion for capital needs

Congressional overview

- Focus is on fiscal austerity – and the legislative environment will be challenging

- Major uncertainty surrounding the legislative agenda:
  - Transportation reauthorization?
  - Debt ceiling?

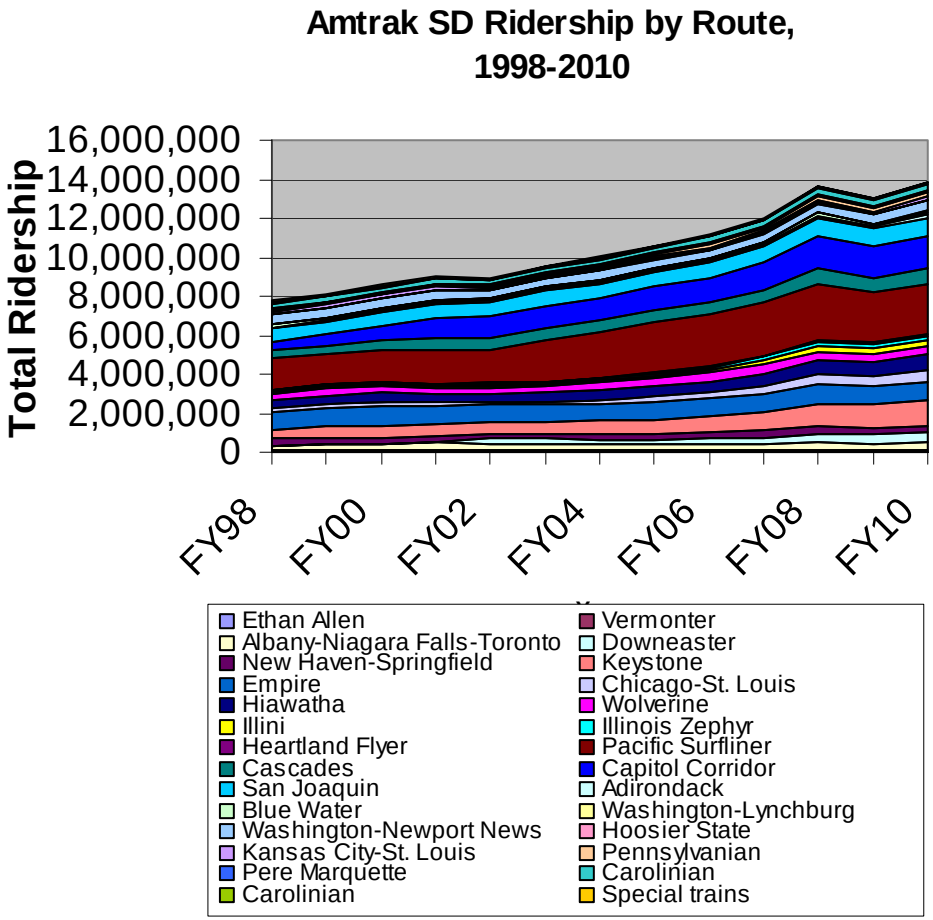
- Administration's decision to focus on high speed rail is significant
  - Continues the precedent established with Recovery Act funding
  - We strongly support it as a visionary step, with potential to change the way America travels

The near-term funding situation

- House of Representatives announced proposed spending cuts for FY 11 budget on Feb 9
  - Originally, Approps Bill proposed $75B in spending cuts
  - Amtrak level to be cut to $1.413B – slightly more than FY 08 level
  - On Feb 10, Approps Committee expanded cuts to $100B
  - Amtrak funding at the revised level TBA
- FY 12 budget announced yesterday
  - Amtrak requested $2.2B – right around the authorized funding level
  - Detailed discussion on this budget won't start for some time – but will be protracted

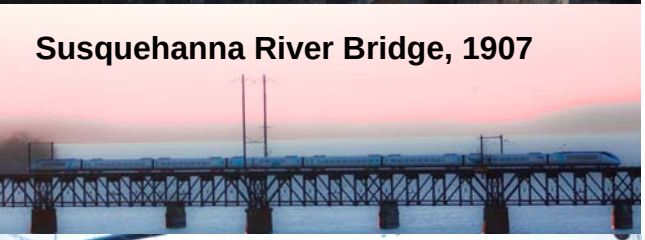
Short distance/state corridor trains

- Trains operated over relatively short distances (86-750 miles), often in partnership with states
- Are the only service at 203 of our 528 stations
- 220 daily trains – more than half our daily total
- Fastest-growing business line, and the largest one, too
- Many routes will benefit from DOT's High Speed and Intercity Passenger Rail and TIGER grant programs



Amtrak's Northeast Corridor – what is it?

Acela Express on the 1835 Canton Viaduct – at 125mph



Susquehanna River Bridge, 1907

Baltimore's B&P Tunnel: In continuous service since 1873

- More than half our daily trains (153 of 305), more than 1,800 daily commuter trains
- Carries more than 722,000 riders every day!
- We own (and maintain) 363 of the 457 route-miles
  - 17 tunnels (six underwater tunnels to access Manhattan)
  - 1,186 bridges (14 of them moveable)
- Top speeds of 150 mph for *Acela Express* and 125 mph for *Northeast Regionals*
- We carry more passengers than all the airlines put together between:
  - NYC and Boston
  - NYC and Washington, DC

The NEC is a bona-fide HSR operation.....

Maximum Speeds on the NEC

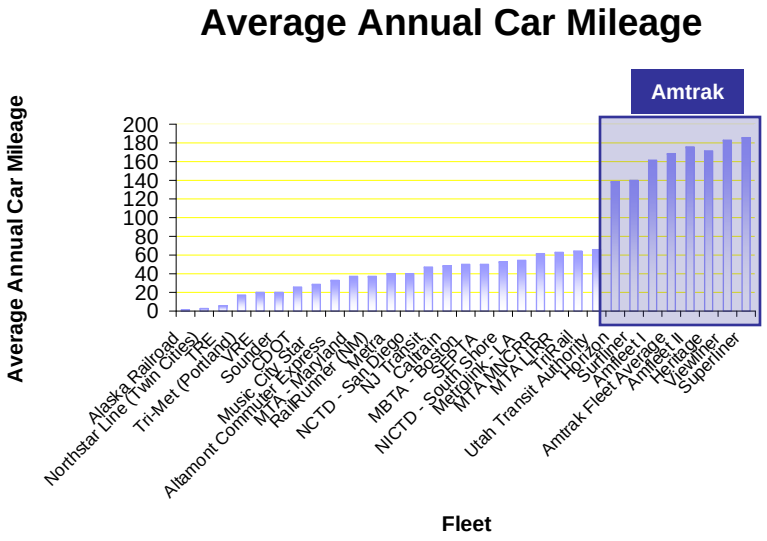
Line	15 mph (Cl I)	16-30 mph (CL II)	31-60 mph (CL III)	61-80 mph (CL IV)	81-90 mph (CL V)	91-110 mph (CL VI)	111-125 mph (CL VII)	126-150 mph (CL VIII)	Total Track Miles
NEC Main Stem	4.7	18.8	68.4	145	144.6	273.7	267.6	195.4	1118.2
Percentage	0.4%	1.7%	6.1%	13.0%	12.9%	24.5%	23.9%	17.5%	100.0%

Does not include about 400 miles of miscellaneous yard tracks

- **About *65.9%* of the Amtrak-owned NEC Main Line trackage usable for 110-150 mph service**
- **Amtrak is the only company in America that maintains track for 110+ mph service**
- **24.7% Boston to New York Operation is High Speed (125+ MPH)**
- **44.9% Boston to Washington Operation is High Speed (125+ MPH)**
- **65.7% New York to Washington Operation is High Speed (125+ MPH)**

Fleet Needs

Bob Pickering photo

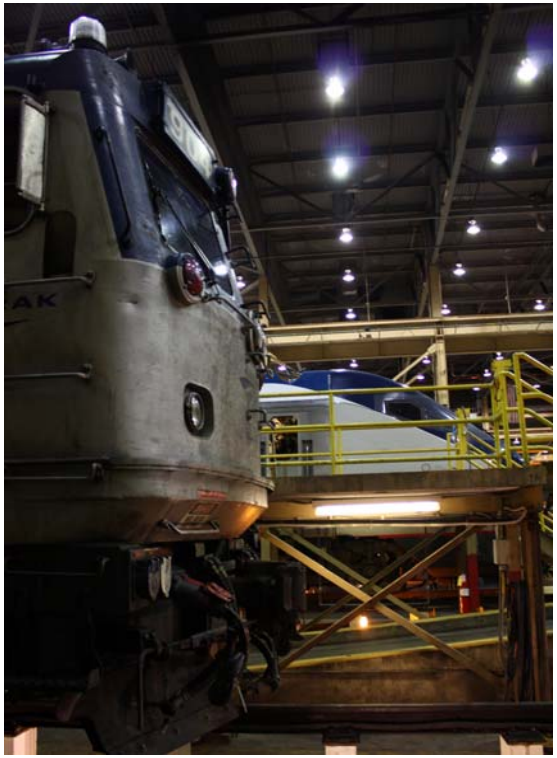


- Fleet age, utilization, mileage, and demand are all issues
  - Hardest-run fleet in America
  - Average age at an all-time high
  - No capacity to accommodate growing ridership
- Issued fleet plan in 2010, updating it now
- First tranche of orders last year:
  - 70 electric locomotive
  - 130 single-level long distance cars

Major fleet issues

- Age of equipment is at an all-time high:
  - Average Amtrak car is now older than the average car we inherited in 1971
  - Heritage equipment is pushing (and in some cases past) sixty years
- Lack of homogeneity (multiple classes of equipment for short and long distance and corridor service) complicates maintenance
  - Complete standardization will never be possible – but we need to reduce the number of classes and mechanically distinct variants
- Sizes of equipment classes vary widely, and mass obsolescence is a problem
- Supply base is limited – lack of market demand led to market exit
  - Transit and commuter rail have taken attention of remaining manufacturers
  - Amtrak needs to take a lead, or:
    - Market will offer equipment not optimized for intercity service
    - Limited range of choices may lead to increased cost and risks
    - Industry may continue to atrophy

Major components of this fleet plan



- Set limits on maximum equipment age (“lifing”)
  - Need to get away from 60 year old equipment
  - Need to determine useful life and commercial life
    - Useful life is the maximum period we want to have equipment in service – 30 years for engines, 40 years for passenger cars
    - Commercial life is the period when the equipment is maintainable, technically viable and commercially attractive for its designed service
- Model ridership demand in future years
- Develop assumptions for costs and production/purchase rates
- Include associated costs (acquisition, maintenance, etc.)
- Create demand for every type of equipment, and provide potential economies of scale and consistency for suppliers and state partners

Major components of this fleet plan (cont'd)

- Plan designed for 2% ridership growth on existing services – but procurement model allows us to easily expand order sizes based on
  - Requirements of new corridors (Sec 305 committee)
  - Large-scale growth beyond conservative levels
- Average cost is about $743 million per year
- Total anticipated cost in 2009 dollars will be
  - $11 billion through 2023
  - $23 billion through 2040
  - These costs include associated improvements to maintenance facilities, provision of spare parts, and provision of fleet overhaul services for the period
- Total fleet procurement over a 30 year period will include more than 2,500 cars and 700 locomotives, independent of needs for projected state-supported corridors and new services

Fleet plan update

- Plan is updated annually and next update is imminent
- An evolution so do not expect a major change of direction
- The first two acquisitions in last year's plan have been awarded
- Some changes are coming
  - Additional *Acela* capacity plans are included
  - Reprioritization of the single level equipment to enhance standardization
  - Program start dates have been adjusted to take account of the latest priorities and the development time for specifications including those from NGEC
  - Additional equipment has been restored to service via Stimulus and that is now included
- NGEC activities have been a vital part of the development of specifications for the equipment needs Amtrak has
- Diesel locomotive recapitalization and the replacement of the NEC regional equipment will utilize the NGEC specifications
- The long term requirement for equipment for Amtrak is substantial and will require a major funding commitment

Acela Express development and replacement

- Smaller fleet makes for a more difficult technical solution
- Factors influencing approach include
  - Need for capacity growth in the short term
  - Plan to double the fleet by 2020
  - Availability of parts for current fleet
  - Modernization of supporting infrastructure
- Build short term capacity with additional cars and other potential solutions
- Commence planning for the next generation within two years

Electric Locomotive purchase

- Variant of popular Siemens Euro-sprinter design
  - Revenue service speed of 125mph, max speed of 135 mph
  - Sufficient horsepower to pull 18 cars at 125 mph
- Base order will be for 70 locomotives
- Incorporates several key features
  - Regenerative braking
  - Redundant HEP power
  - Compliant w/ CFR238A as of Jan 2010 for front end strength
- Total cost about $466M

Planned Delivery	FY10	FY11	FY12	FY13	FY14	FY15	FY16
	0	0	0	10	27	33	0

Long Distance Single Level Car (LDSL) purchase

CAR TYPE	BASE ORDER	OPTIONS
BAGGAGE / DORM	25	15
SLEEPER	25	10
DINER	25	15
BAGGAGE	55	30
TOTAL	130	70

- Modeled on existing Viewliner fleet to:
  - Ensure uniformity of appearance,
  - Limit variation in part and component pools
- Will be able to operate anywhere on the system at up to 125 mph
- Bag-dorms will free up badly-needed revenue space on single-level LD trains (e.g., *Cardinal*)
- Will finally allow retirement of remaining Heritage equipment:
  - Baggage cars
  - Dining cars
- Estimated cost $298.1M

Planned Delivery:	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**
Number of cars	0	2	57	71	0

Implications of these Rolling Stock purchases

- New equipment will replace *all* existing:
  - Electric locomotives currently in service
  - Heritage equipment
- Existing equipment will not necessarily be replaced on a one-for-one basis:
  - Single level dining car fleet will grow by five cars
  - Sleeper purchase will add 25 cars
  - At a minimum, will ensure improvements in availability, passenger satisfaction
  - Bag-dorms will free up revenue space in Viewliner trains, possibly in shorter Superliner trains
- 110mph speed restrictions for long distance trains on the NEC will end
  - Trip times for NYC-DC leg of *Cardinal, Crescent, Silver Service, Palmetto* and *Carolinian* can be shortened

Next round of Amtrak rolling stock purchases

- **Amtrak anticipates utilizing the PRIIA 305 Specifications to acquire additional equipment and continue implementation of its Fleet Plan in the upcoming year.**
  - **Diesel Road Locomotives**
  - **Diesel switchers**
  - **Single Level Cars**
  - **Bi-Level Cars**
  - **Additional *Acela* car procurement**
- **Expect to begin Acela II procurement in 2020**

Acquisition plan

	Single level cars	Bi-level Cars	Diesel Locomotives	Electric Locomotives	Acela Coaches*	Acela Power Cars*	Tier I† trainsets	Switchers
2012-2023	780	420	264	70	150	50	2	41
2024-2040	648	431	225	60	120	40	0	0
Total	1,428	851	489	130	270	90	2	41

- These numbers are approximate – and will vary, depending on variables such as actual growth, seating capacity, etc.
- Acquisition of larger equipment runs spread over period of years
- Production runs of smaller equipment will come in blocks
- Batch sizes and composition to be determined as needed
  - Larger orders will translate into decreased cost-per-unit
  - Additional orders for state-supported corridors could benefit greatly from economies of scale

***Configuration of future *Acela* equipment TBD**
†Trainsets compliant with FRA Tier I safety standards for service up to 125mph

Working with the 305 Committee

- **Incorporating 305 Activities into Amtrak Fleet Strategy**
  - **Amtrak anticipates utilizing the PRIIA 305 Specifications to acquire additional equipment and continue implementation of its Fleet Plan in the upcoming year.**
  - **Utilizing the Section 305 Specifications and Processes will allow for:**
    - **Standardization**
    - **Opportunities for state corridor(s) joint acquisitions/partnerships**
      - **Economies of Scale**
    - **Orders of sufficient size to help rebuild the domestic equipment industry**
    - **Create pool of equipment that can be flexibly deployed as necessary**
- **Implementation framework will be of great importance**
  - **Managerial structure**
  - **Financing mechanisms**
- **305 Committee work is important to us – and to the future of passenger rail in America**