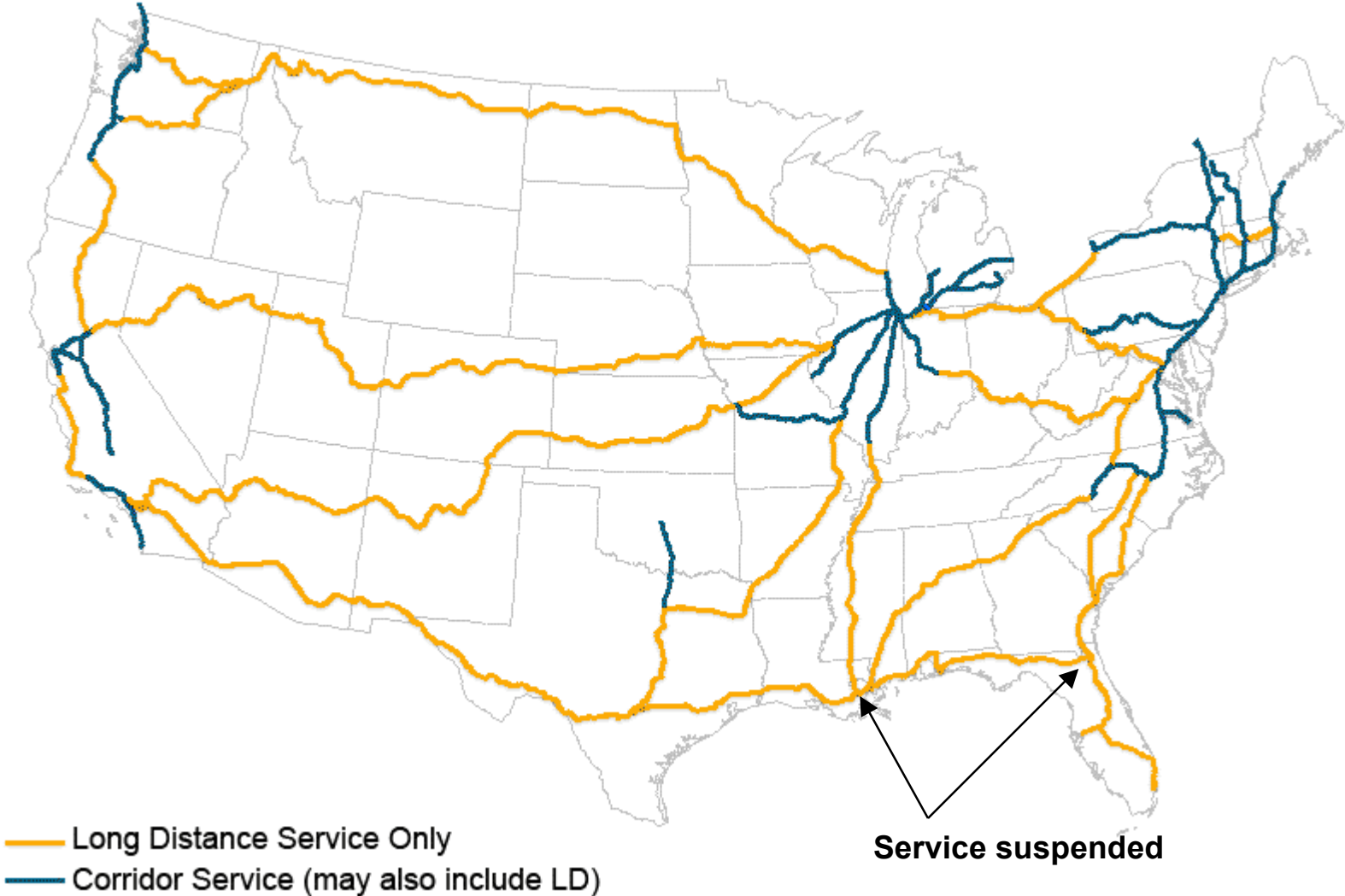

**Amtrak Update:
Passenger Rail Investment and Improvement Act
Vision of President & CEO Joe Boardman
Omnibus and ARRA Funding
Legislative and Grant Request**

Marc Magliari & Ray Lang

March 21, 2009



The Amtrak network



Passenger Rail Investment and Improvement Act, PL 110-432

- Sets Amtrak's mission:

“To provide efficient and effective intercity passenger rail mobility consisting of high-quality service that is trip-time competitive with other intercity travel options.”

Passenger Rail Investment and Improvement Act, PL 110-432

- Sets national intercity passenger rail policy through 2013
- Creates capital matching program to fund infrastructure improvements
- Authorizes capital and operating funding for Amtrak
- Removes “profitability” requirement

PRIIA: Section 207 – Metrics and standards

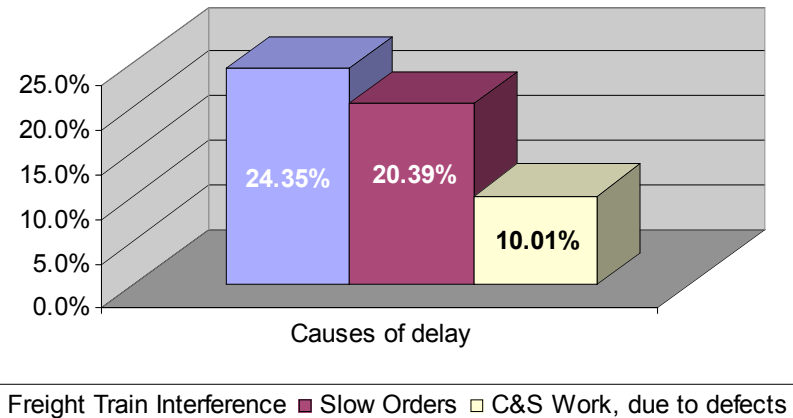
- Sec. 207: “The Federal Railroad Administration and Amtrak shall jointly, in consultation with the Surface Transportation Board, develop new or improve existing metrics and minimum standards for measuring the performance and service quality of intercity passenger train operations.”
 - If development incomplete by the deadline, any involved party may petition the STB to appoint an arbitrator to assist in dispute resolution
 - FRA and Amtrak will consult with the STB, rail carriers over whose lines Amtrak operates, States, Amtrak employees, nonprofit employee organizations representing Amtrak employees, and groups representing Amtrak passengers, as appropriate
- This is a critical aspect of the bill for Amtrak

Deadline is April, 2009 – so we are working hard to complete this

PRIIA: Section 213 – Passenger train performance

- STB may initiate an investigation on its own “[i]f the on-time performance of any intercity passenger train averages less than 80% for two consecutive calendar quarters, or if service quality falls beneath the minimum standards set in Sec 207 for 2 consecutive quarters”
- STB “shall initiate an investigation” on a complaint from Amtrak, another intercity passenger rail operator, a host railroad, or an entity for which Amtrak operates intercity passenger rail service
- Investigation will determine “whether and to what extent” delays or failures are due to “causes that could reasonably be addressed” by the rail carrier owning the line
- If the Board finds that delays or failures are attributable “to a rail carrier’s failure to provide preference to Amtrak over freight transportation,” it may award damages or other relief

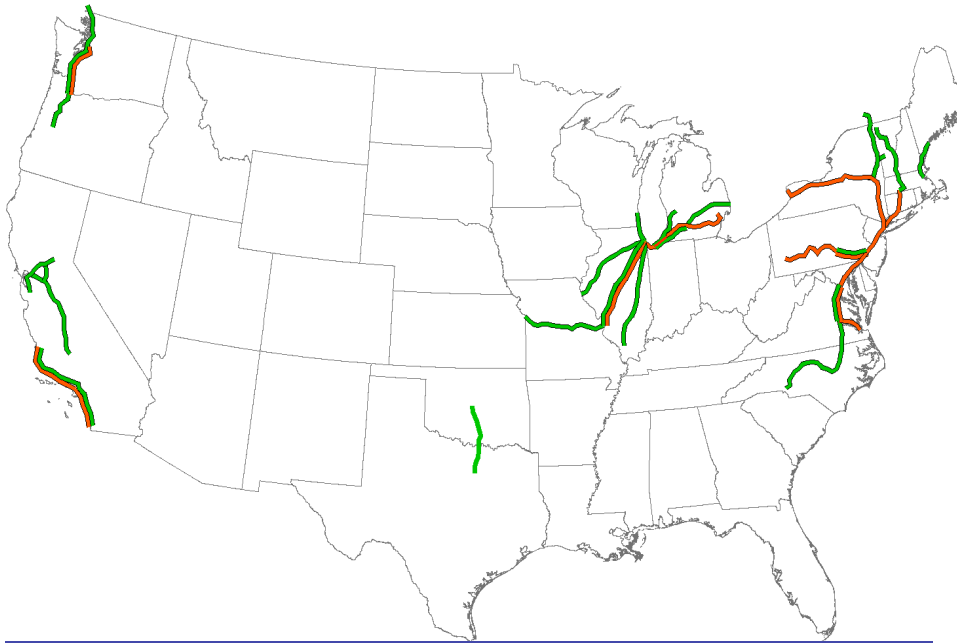
Top Three Causes of LD Train Delay, FY 2008



Legal sources of preference

- Mandated by 49 USC §24308(c)
 - “Except in an emergency, intercity and commuter rail passenger transportation provided by or for Amtrak has preference over freight transportation in using a rail line, junction, or crossing unless the Surface Transportation Board orders otherwise under this subsection. A rail carrier affected by this subsection may apply to the Surface Transportation Board for relief.”
- This statute establishes an absolute rule that dispatchers for host railroads must ensure that freight traffic does not obstruct or delay the use by Amtrak trains of rail lines, junctions, or crossings
- Two exceptions: (1) emergency; or (2) application to STB where preference “materially will lessen the quality of freight transportation to shippers.”
 - To date, no applications for an exception have been made

PIIA: Section 209 – State-supported routes



Green lines are state-supported routes, red lines are system corridor routes

State Operating Partners

- | | |
|-----------------|-------------|
| •North Carolina | •Missouri |
| •Vermont | •Oklahoma |
| •New York | •Texas |
| •Maine | •Illinois |
| •Pennsylvania | •California |
| •Michigan | •Washington |
| •Wisconsin | •Oregon |

- State support of trains a component of the original Rail Passenger Service Act (1971)
 - Has grown up over the years – some variations in practice
 - A uniform methodology in everyone’s best interest
- Requires development of “a single nationwide standardized methodology for standardizing and allocating the operating and capital costs among the states and Amtrak”
 - For specified routes and services
 - Amtrak Board of Directors, in consultation with DOT and governors
 - Must be done within 2 years
- If Amtrak and the other parties do not voluntarily adopt and implement the methodology:
 - STB shall determine the appropriate methodology
 - STB will also require “full implementation” of this methodology within 1 year of the Board’s determination

Amtrak Vision: Quotes from President/CEO Joe Boardman

Taken from a recent interview with the Wall Street Journal and other sources:

“Amtrak belongs to the people of the United States, and the end product it provides is mobility.”

- Safer:

“Safety must become an inseparable part of our company’s self-image. It must define us.”

Amtrak Vision: Quotes from President/CEO Joe Boardman

- Greener:

“We will seek opportunities to extend the use of electric propulsion where it makes sense to do so. We will recycle, use solar cells, buy more energy efficient locomotives and extend the useful life of our existing fleet where it makes sense to do so.

“We will encourage a more seamless and connected public transportation system that will allow more people to improve their range of mobility options in a more environmentally benign way by choosing Amtrak for part of their trip.”

Amtrak Vision: Quotes from President/CEO Joe Boardman

- Healthier:

“We will do things that translate our values into financial and operational achievements. This company will establish the metrics and standards that will allow us to set goals and measure our progress toward them.

“We will improve our financial health by undertaking improvement programs for our trains, developing improved financial planning and cost allocation measures, and restructuring our debt.

Amtrak Vision: Quotes from President/CEO Joe Boardman

“We will address operational issues such as on-time performance that affect the financial and mechanical health of the organization. A determination to improve our business processes must inform our other decisions -- and we must ensure that those improvements are measurable, visible, and enduring.

“The average age of Amtrak’s equipment has reached an all-time high. The average age of an Amtrak car is now 25 years, topping the previous high of 24.7 years, which Amtrak reached in 1975. In that year, Amtrak took delivery of the first of 492 Amfleet I coaches.

“Thirty-four years later, those same Amfleets are still in service – but Amtrak cannot look forward to the delivery of new equipment in this year or the next.”

Amtrak Vision: Quotes from President/CEO Joe Boardman

- Near-term equipment needs, from 2/17/09 letter to Congress:
 - 60 Electric (AC) Locomotives, \$540 million
 - Replace DC locomotives delivered in the Carter & Reagan eras
 - 25 Replacement Single-level Dining Cars, \$87.5 million
 - Replace diners delivered in the Truman & Eisenhower eras
 - 25 Additional Single-level Sleepers, \$87.5 million
 - Add to Viewliners delivered in the Clinton era
 - 75 Replacement Baggage Cars, \$150 million
 - Replace cars delivered in the Truman & Eisenhower eras
 - 130 New Bi-Level Corridor Cars, \$550 million
- These investments set the stage for the eventual replacement of much of Amtrak's fleet.

FY2009 Funding

Omnibus appropriation:

- Amtrak: \$1.49 billion
 - Up from \$1.33 billion in FY08
- FRA State Rail Grants: \$90 million
 - Up from \$30 million in FY08
 - Competitive program, state matching funds required

American Recovery and Reinvestment Act (ARRA), for immediate or near-term projects:

- Amtrak Grant: \$1.3 billion
 - General capital projects, \$850 million; Safety/security, \$450 million
- FRA Intercity/High Speed Rail Grants: \$8 billion
 - Competitive program, no state matching funds required

FY2009 Funding: ARRA Grant to Amtrak

*** AWAITING FRA APPROVAL OF ARRA PROJECT LIST ***

Among examples announced last week by Vice President Biden:

- Rehabilitating and returning to service 68 stored or damaged passenger cars - \$82 million
- Repairs to Amtrak facilities nationwide - \$105 million

Among statements by President & CEO Boardman:

- Return to service stored or damaged rolling stock
- Improve the Chicago Mechanical Facility for winter reliability
 - Expand Service and Inspection capacity “under roof”
 - Replace switch heaters

Amtrak FY2010 Funding Request

- Operating Funds (including OIG): \$601 million
- Capital & Debt Service: \$1,239 million
- Full ADA Compliance: \$144 million
- Total: \$1,984 million

Amtrak Vision: Quotes from President/CEO Joe Boardman

“The future of passenger rail in the United States is a bright one – in spite of the bleak short-term economic picture, Amtrak has managed to sustain its operations, and this is indicative of strong interest and demand for passenger rail service all over the country, as well as opportunities for investment and improvement in the months and years to come.

“The investment we need to make in critical capital improvements such as ADA compliance and Positive Train Control implementation will help us to realize great improvements in the safety and connectivity of our system – and these, in turn, will make it more attractive, more efficient, and more resilient. They will be the foundations of a true renaissance in intercity passenger rail service.”