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NATIONAL RAILROAD
PASSENGER CORPORATION
ANNUAL REPORT
1984



SERVING 20 MILLION TRAVELERS



The Adirondack is one of two daily Amtrak trains serving Montreal.



Rugged vistas abound on Amtrak's western trains.

Amtrak, the National Railroad Passenger Corporation, is America's passenger railroad. Almost 20 million travelers a year depend on Amtrak's fleet of passenger trains to carry them over 24,000 miles of rail lines between approximately 500 stations across the country.

Our goal is to create the best possible passenger service, market it successfully, and deliver it as safely and as cost effectively as possible.

This annual report highlights what we did in FY 1984, and what we are committed to do in the future, to fulfill our responsibilities to travelers as well as to the taxpayers who underwrite our service.



The Empire Builder affords passengers spectacular views of Glacier National Park.

Cover:

Amtrak's California Zephyr, en route from Chicago to San Francisco, crests the summit of the Sierra Nevada west of Truckee, California. Photograph by Richard Steinheimer.

MISSION STATEMENT

Amtrak is an operating railroad corporation, the controlling stock of which is owned by the United States Government through the U.S. Department of Transportation. Our business is providing rail passenger transportation in the major intercity travel markets of the United States. Our most important assets are our many fine employees. As a professional transportation company we place paramount emphasis on constantly improving the quality of our service and the efficiency of our total enterprise. We are proud to be an important member of the growing travel industry.

Our mission is to offer ever-increasing value to our customers while at the same time achieving three basic financial objectives:

To reduce year by year our constant-dollar requirement for federal operating support.

To improve year by year the ratio of our overall revenues to operating costs.

To manage our routes in such a way that route revenues, in the aggregate, cover a continually increasing portion of route available costs.

To achieve these goals, Amtrak must continue to develop markets, improve service quality, and increase productivity.

Market development means successful advertising, distribution, pricing and sales, and continued improvement in the distinctiveness and attractiveness of our product. To the extent our resources permit, we will continue to improve the condition of our rolling stock, our right-of-way, and our stations; to increase service where profitable opportunities exist; and to develop our on-board amenities to match the demands of the various markets we serve. All these efforts must be targeted with great care to ensure that we deploy our scarce resources in ways that are most profitable.

Service quality means competent, consistent, courteous service: schedules that are reliable, equipment and facilities that are clean and in good repair, customer contact that is helpful, caring, and friendly. Amtrak has made great strides in this area over the past few years, but no one doubts that we should do much better. We can be satisfied when every employee truly believes that the customer comes first, and consistently acts on that belief.

Productivity is the relation of how much we produce to how much we consume. Our mission and objectives require that we constantly strive to do more with less. To put it another way, we need to do things better, more quickly and at lower cost. The challenge of productivity improvement is to be innovative and smart, to figure out how to move from today's best effort to tomorrow's better effort. Sometimes it takes investment, sometimes just different ways of doing things. Like service quality, it doesn't happen because someone orders it to happen; it happens when people challenge themselves and each other to come up with better ideas.

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University of Illinois
at Urbana-Champaign

It is simple to state Amtrak's business objectives; to achieve them is an enormous challenge. The only path to success is through teamwork. We depend on cooperative efforts toward common purposes, management that is demanding but also fair, and employees in all positions who are dedicated to common objectives but who respect one another as individuals.

The challenge of management is to inspire in others the desire to do the job well. There is no all-purpose formula that works; successful leadership takes many shapes. At a minimum, however, it should be every Amtrak manager's policy:

- To treat employees fairly, openly, and honestly in all matters and to deal in good faith with employee representatives;

- To inform employees about the Corporation and its affairs as fully and promptly as practicable, and to give full and fair consideration to suggestions by employees or their representatives for improving productivity, passenger service, and working conditions;

- To ensure that a well-qualified person is in each job in the Corporation and to afford employees the opportunity to advance on the basis of their individual abilities, skills, knowledge and performance without favoritism or regard to personal relationships;

- To treat employees in all matters without discrimination on the basis of race, color, national origin, sex, age, religion or handicap, and to support the principles of Affirmative Action;

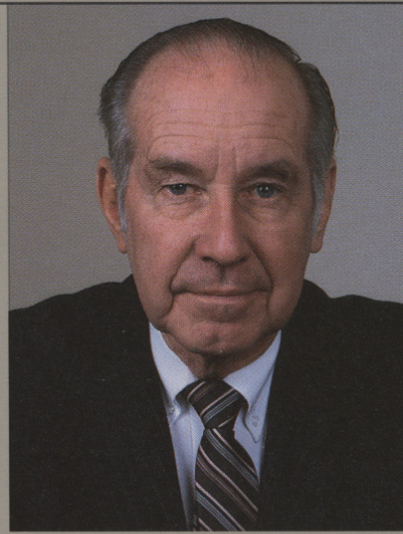
- To expect employees to work productively, living up to the obligations of their assignments, cooperating with their fellow employees, protecting the Corporation's property and representing the Corporation well;

- To comply fully with laws and contractual provisions of labor agreements governing collective bargaining, working conditions, and employment, and to manage in such a way that causes for grievances will be minimized;

- To correct inadequate performance in a thoughtful and appropriate manner, and to be fair and impartial in the administration of discipline.

Amtrak's business is challenging, but our business objectives are very simple. We are a team working hard to improve our service and increase our efficiency. To the extent that we are successful in this effort, our future is secure.

THE PRESIDENT'S MESSAGE



*W. Graham Claytor, Jr.
President and
Chief Executive Officer*

Amtrak's FY 1984 progress in financial performance, in safety and in making productive use of all our resources gives us great encouragement for the company's future. I am pleased to be able to make a report that reflects so much credit on Amtrak's people.

One of our most important goals is to maintain a steady increase in our revenue-to-cost ratio (that is, the percentage of costs covered by revenues). All of us pay close attention to that figure because it measures our progress toward self-sufficiency. I am gratified that we were able to increase the ratio from .54 in FY 1983 to .56 in FY 1984. Our sights are set even higher, and we expect to bring the ratio up to .58 in FY 1985, and to .60 or better in FY 1986.

To put Amtrak's financial performance in clearer perspective, consider what has happened in the first four years of this decade. Since FY 1981 our revenue-to-cost ratio has gone up 8 points, while our annual requirement for federal support, as expressed in constant dollars, has decreased by over \$400 million over the same four-year period. We are committed to a continuation of this healthy trend.

Amtrak's progress in FY 1984 involved much more than finances. Public acceptance of our service, equipment and schedules was at its highest level yet, as indicated by strong ridership and the increased number of commendations we received directly from passengers. As a further aid to better service on long-distance trains, we introduced the team concept of assigning both a mechanical general foreman and an on-board service chief to each train.

In addition to providing high-quality intercity passenger service, Amtrak seeks to improve its financial picture by making productive use of all its resources. As a result of the completion of a fiber optics system along Amtrak's right-of-way between Washington and New York, Amtrak has a communications capacity in excess of its current needs. This excess has been sold to others and will produce substantial revenue in future years.

Amtrak also does shop work and track maintenance for others on a contractual basis when we have capacity to perform those tasks beyond our own needs. This practice allows us to maintain a stable, skilled work force and enables the Corporation to earn added revenue.

We have had for several years a policy of not inaugurating any new routes unless they show a reasonable prospect of generating sufficient revenue to cover their short-term avoidable costs—that is, the costs that would cease if a train were discontinued or that would be incurred by commencement of a new service. But we are ready to cooperate fully with state and local officials who are willing and able to commit public financial resources to back up their requests for train service.

A source of gratification to me and of strength to the company is the initiative our employees continue to show in many aspects of the transportation business. Our labor agreements, both within the Northeast Corridor and now on the route of Amtrak *Auto Train*, have brought about useful and innovative changes that result in significant productivity improvements.

For example, composite positions for on-board *Auto Train* personnel allow individual employees to vary the tasks they perform on a given trip. Labor/Management productivity councils are ironing out potential problems at the local level and bringing our best thinking to bear on ways of improving morale and productivity.

Our year was not without problems. Despite an excellent overall employee and passenger safety record, we experienced several unrelated train and grade crossing accidents during the summer of 1984. Most of these accidents were beyond Amtrak's control or responsibility, but all of them led us to redouble our efforts in safety. As I told the Congress in July, my number one objective is to make Amtrak the safest railroad in the world for passengers, employees and the driving public, and our record in this area is one of which we can be proud.

Our review of management of human resources in one region during FY 1984 convinced us that we

needed to develop an in-depth management training and development program that would extend to all management employees throughout our system. Amtrak has always placed great emphasis on the value of its employees and the need for providing them with the training and leadership necessary to make the most of their skills and talents. Now that emphasis will be further expressed in an intensive, systemwide program designed to train supervisors to be more effective leaders and to impart a uniform and consistent management philosophy.

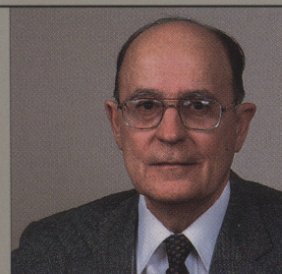
Amtrak's response to the year's events and challenges make me more certain than ever that our people are our most valuable resource. It is a pleasure for me to salute them here for what they have accomplished in FY 1984 and to set before us the goal for the year ahead: to continue working together as a team to further improve our service and increase our efficiency, and thus to make secure Amtrak's future.

W. Graham Claytor, Jr.
President

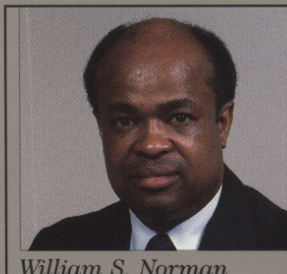
THE MANAGEMENT TEAM



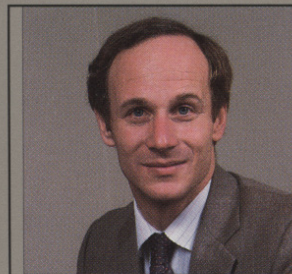
Thomas P. Hackney, Jr.
Executive Vice
President and
Chief Operating Officer



Don R. Brazier
Executive Vice
President, Finance and
Administration



William S. Norman
Executive Vice
President, Marketing
and Business
Development



Paul F. Mickey, Jr.
Executive Vice
President, Law and
Public Affairs

Frank D. Abate
Vice President, Operations
and Maintenance
George F. Daniels
Vice President, Labor
Relations
Eugene N. Eden
Vice President, Passenger
and Operating Services
Dennis F. Sullivan
Vice President and
Chief Engineer

Angelo M. Caputo
Controller
George E. Gautney
Vice President, Information
Systems
Charles W. Hayward
Vice President, Finance
and Treasurer
John N. Stulak
Vice President, Personnel

James Callery
Vice President, Sales
Robert E. Gall
Vice President,
Transportation Marketing
Timothy P. Gardner
Vice President, Corporate
Planning and Development

James H. English
Vice President,
Government Affairs
William F. Erkelenz
Corporate Secretary
Cathy A. Goldstein
Assistant Vice President,
Corporate Communications
Anthony L. Mondello
General Counsel

PERFORMANCE AND PRODUCTIVITY



Amtrak people—key to our future.



Los Angeles productivity task force sparks new ideas for handling linen.

The Corporation's financial performance is measured by two ratios: the ratio of total corporate revenues to total corporate operating expenses, and the ratio of route revenues to route short-term avoidable costs. The first of these two measures indicates the overall operating efficiency of the company. The second is a summary measure of how efficiently we manage our individual routes.

Amtrak continued to improve its performance in FY 1984 in both areas. The ratio of our total revenues to our total expenses was .56 for the fiscal year, compared to a ratio of .54 in FY 1983 and a goal of .55 originally established for FY 1984. We have a goal of .58 for FY 1985.

The ratio of our route revenues to route short-term avoidable costs was .85 for the fiscal year, compared to a ratio of .80 in FY 1983. We have a goal of .91 for FY 1985.

To put the improvement in perspective, at the current level of Amtrak's expenses and revenues, every one-point improvement in the overall revenue-to-expense ratio indicates that we have earned approximately \$14 million in added revenues, or that we have achieved another \$27 million in cost savings. And of course each gain further reduces our reliance on federal support. Results of this nature speak well for the efficiency and productivity of Amtrak's people.

Amtrak carried 900,000 more passengers in FY 1984

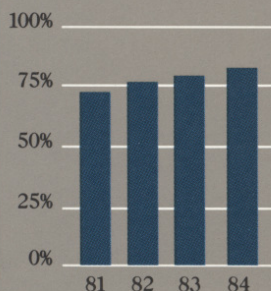


Buffet breakfast aboard Amtrak Auto Train.

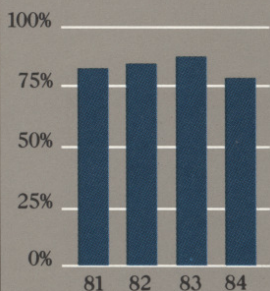
than in the previous year. Passenger miles increased by 7 percent to 4.6 billion, and revenue per passenger mile showed a 4.5 percent improvement. (A revenue passenger mile represents one revenue passenger carried one mile.)

Amtrak's on-time performance record was 80.1 percent in FY 1984, compared to 81.5 percent the previous year. An excellent on-time performance record in Amtrak's own upgraded Northeast Corridor—83.4 percent on time in FY 1984 compared to 79.6 percent a year earlier—kept the system total on-time record close to last year's level, despite the fact that the on-time performance of contract railroads moving Amtrak trains fell from 87.8 percent to 78.8 percent.

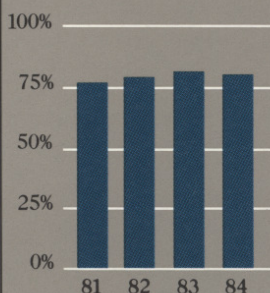
On-Time Performance,
Northeast Corridor
(Carrier Basis)



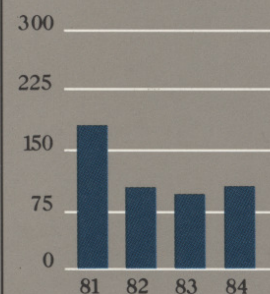
On-Time Performance,
Contract Railroads
(Carrier Basis)



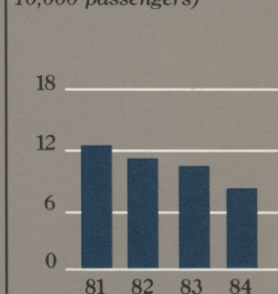
On-Time Performance,
Systemwide (Route Basis)



Equipment-Related Delays
(Average hours per month)



Reduction in
Passenger Complaints
(Number of complaints per
10,000 passengers)



Slow orders resulting from track-improvement work, coupled with unusually severe temperatures followed by flooding, reduced contract railroad performance during FY 1984.

Our goal of having revenues cover an increasing share of our costs is well served when we can make the most productive use of all our resources. New initiatives in our revenue enhancement program produced revenues of \$11.1 million in FY 1984, nearly double the amount we earned in FY 1983. A \$9 million contract for track renewal work for the Southeastern Pennsylvania Transportation Authority is still in progress. So is another \$9 million contract for the assembly

at our shops in Beech Grove, Indiana, of 290 subway cars for the Washington, D.C. Metrorail system. Amtrak's first cogeneration plant, designed to produce steam and electrical energy for our own needs and for sale to others, was constructed in FY 1984 at New Haven, Connecticut, and opened in early 1985. Other possible cogeneration facilities are on the drawing board.

Progress in productivity was achieved during FY 1984 in a number of key areas that helped improve our revenue-to-cost ratio. Reservations, ticket sales, cost management of food supplies in dining cars, cost control in stations, and locomotive and car dispatching all showed productivity improvement.



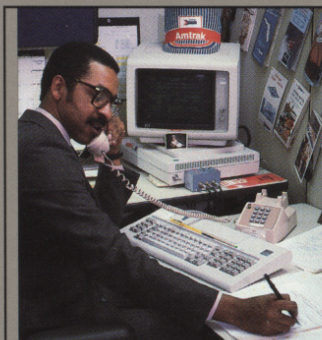
Locomotives at Washington, D.C.'s Union Station, Amtrak's busy eastern crossroads.

The Joint Labor-Management Productivity Council, organized two years ago by Amtrak and the labor organizations representing our non-operating employees, moved in a promising new direction. Seeking broader support for the kind of productivity improvements the company needs, the Council decided to shift the focus of its work from corporatewide efforts at headquarters to regional groups in the field. At Los Angeles, Philadelphia, New York and Chicago, committees of senior local management and union officers are creating task forces to address local issues bearing on productivity and employee morale. Local steering committees report regularly to the central Council in Washington, D.C., but can act independently unless collective bargaining agreements or major policy questions are involved. As a result of this change in emphasis, the Council should become even more successful in finding employee-initiated ways of improving productivity.

MARKETING THE SERVICE



Checking in for Amtrak Auto Train.



Teletrak—the travel agent's instant link with Amtrak.

In a real sense, the new Amtrak *Auto Train* operation symbolizes our continuing search for a better combination of quality and productivity in providing intercity rail passenger service.

Market research established that, although an earlier attempt by another carrier to provide auto-train service had proved unsuccessful, demand for the service continued. So we started it up. Vigorous promotion and advertising brought the train back to the attention of East Coast travelers. Our people added the personal touch in service and maintenance to make Amtrak *Auto Train* comfortable, appealing and reliable—with an 81 percent on-time performance.

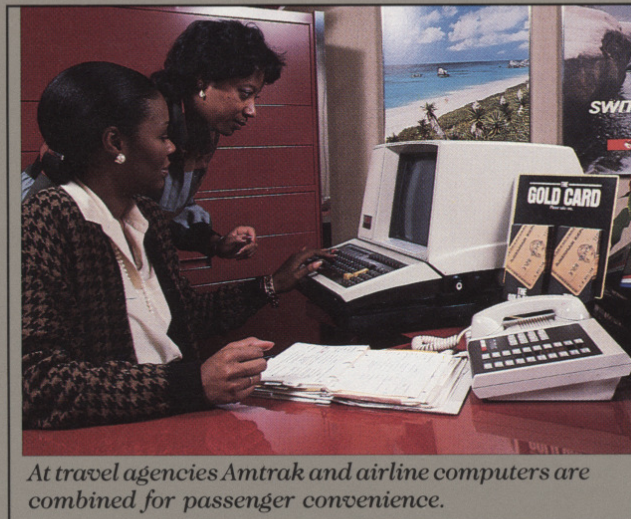
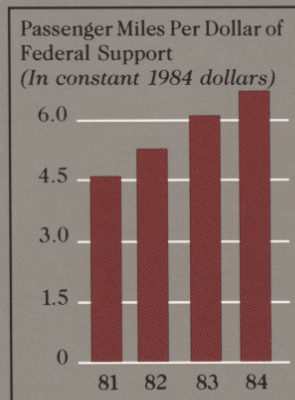
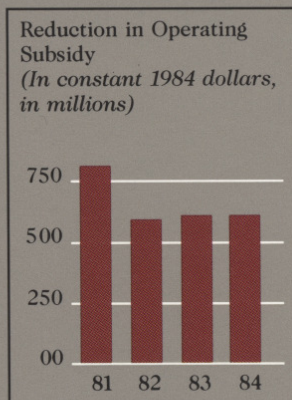
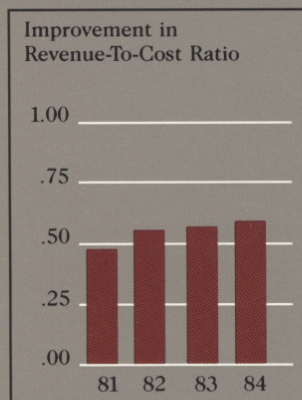
During FY 1984, its first year of carrying passengers and their automobiles between the Washington, D.C. area and central Florida, Amtrak *Auto Train* established a solid record of achievement, earning more than its short-term avoidable costs. In addition, more than 96 percent of the passengers surveyed rated Amtrak *Auto Train* "excellent" for the courtesy of our people, the cleanliness of our equipment and the quality of the meals. Ridership was strong—55,000 in its first year—and in October 1984, the service was expanded from tri-weekly to daily operation on an experimental basis.

Amtrak *Auto Train*'s record of fully recovering its short-term avoidable costs represents real progress toward one of Amtrak's most important objectives. For several years now we have been monitoring the ability of our trains to cover their short-term avoidable costs with revenues, meeting and then revising upward our

intermediate objectives toward the goal of having overall system short-term costs covered entirely by revenues. We are moving steadily in that direction.

Amtrak's aggressive marketing effort concentrates on the comfort, convenience and affordability of our nationwide rail service for travelers at every stage of their journeys. We work hard to provide the kind of service that will appeal to travelers and to promote it as vigorously as possible.

"All Aboard Amtrak," the advertising campaign that helped increase revenues and ridership last year, con-



tinued in full force in FY 1984. "All Aboard America" fares and other special incentive fares contributed to this increase by making train travel more affordable.

To make planning a journey as convenient and efficient as possible, Amtrak has over the last few years developed a highly sophisticated computerized reservations system. Amtrak's own system recently has been supplemented through agreements with Trans World Airlines and American Airlines that link our reservations computer with theirs. Travel agents who use TWA's PARS system or American's SABRE system can ask Amtrak's ARROW system for

instant information on schedules, rates and services and can make confirmed reservations. The next enhancement, planned for FY 1985, will enable travel agents to produce computer-printed tickets for Amtrak travel.

To complement our sales and marketing support efforts within the travel industry, "Teletrak," a sophisticated telemarketing program, was introduced in September 1984. Telemarketing permits Amtrak sales agents to service smaller travel agency accounts by telephone and thus enhances the effectiveness and productivity of our agents. A staff of 15 maintains continuous contact with Amtrak-appointed travel agents throughout the country, providing them with immediate responses to their questions about Amtrak's product and services.

Amtrak is continuing an intensive effort to renovate or rebuild the passenger stations where trains and travelers meet. Often renovation is all that is needed, but at times a station must be replaced entirely with a new structure. In FY 1984, we opened new stations at Anaheim and Oceanside, California; Galesburg, Illinois; Tacoma, Washington; Omaha, Nebraska; Huntington, West Virginia; and New Carrollton, Maryland.

Amtrak needs effective control over stations that are central to its operations. Chicago's Union Station, for example, is the hub of our midwest services and the connecting point between our eastern and western routes. Since 1976, Amtrak has owned a 50 percent



Passenger comfort aboard a Superliner sleeping car.



On-board service chief and mechanical general foreman see to details affecting passenger comfort aboard long-distance trains.

interest in the station; this past year we acquired the other 50 percent from the Burlington Northern Railroad and the Chicago, Milwaukee, St. Paul and Pacific Railroad Company. Plans are now being developed to make major improvements in the passenger and retail areas of the station.

Where a station's costs outweigh its importance in our overall system, we look for ways to reduce expenditures while at the same time protecting our operating interests, as by transferring ownership or sharing responsibility with other users. In 1984, we transferred ownership and daily management of Pennsylvania Station in Newark, New Jersey, to New Jersey Transit, but retained full control of Amtrak operations and intercity passenger service through the station. The transfer brought immediate cash benefits and should save Amtrak up to \$2 million in operating costs each year.

Large-scale renovation projects are under way at major Amtrak stations. Last year, a major rebuilding program at the Wilmington, Delaware station was completed. Washington D.C.'s Union Station is in the early stages of a \$100 million project that will restore that magnificent turn-of-the-century structure to the railway station it was designed to be and will enhance it with shops, restaurants, office space and a parking garage. Restaurants and shopping arcades also figure in the current renovation of 30th Street Station in Philadelphia.

In New York, Amtrak and the Long Island Rail Road have agreed to share in thoroughly modernizing Pennsylvania Station. The project includes a state-of-the-art train control system and extensive improvements to all facilities for passengers, including greater accessibility for the handicapped.

In the area of on-board service and amenities, Amtrak is operating cleaner and more comfortable equipment than ever before. In addition, we offer more appealing food service and added personal attention. Our program of assigning on-board chiefs to supervise service aboard long-distance trains has proved successful and has been expanded. Now a maintenance general foreman is assigned to each long-distance train, and we are well along on our objective of having every train depart with equipment that is clean and in good working order.

Schedules play a large role in the marketability of Amtrak service. During FY 1984 the schedules of several services were modified to allow more convenient connections with the rest of the Amtrak system. For example, the schedule of the New York-Washington-Chicago *Cardinal* was changed to enable the train to cross the scenic Allegheny Mountains in daylight instead of darkness and make better connections with western trains in Chicago. As a result, the revenue contribution of these services to the national system has grown.

Our comprehensive marketing program involves an ongoing study of the viability of existing routes and services, as well as consideration of possible additions and improvements. The statute that created Amtrak allows us to add train service where state and local governments agree to share with Amtrak the net costs of new trains. Such service has been added with increasing frequency as the value of rail passenger service has become more keenly appreciated. The *Pere Marquette*, operating between Chicago and Grand Rapids, Michigan, was inaugurated in FY 1984 as a cooperative effort of Amtrak and the State of Michigan. The year also saw the states of Alabama, Mississippi and Louisiana join forces with Amtrak to introduce the *Gulf Coast Limited*—a Mobile-New Orleans train for the World's Fair.

Passenger Ranking

Amtrak, Bus Lines and Largest Air Carriers*
Twelve Months Ended September 30, 1984

RANK	CARRIER	PASSENGERS (000)
1	United	40,140
2	Greyhound	38,200
3	Delta	36,359
4	Eastern	34,503
5	American	31,122
6	Amtrak	19,943
7	US Air	16,866
8	Republic	15,718
9	Trailways	15,522
10	Trans World	14,775

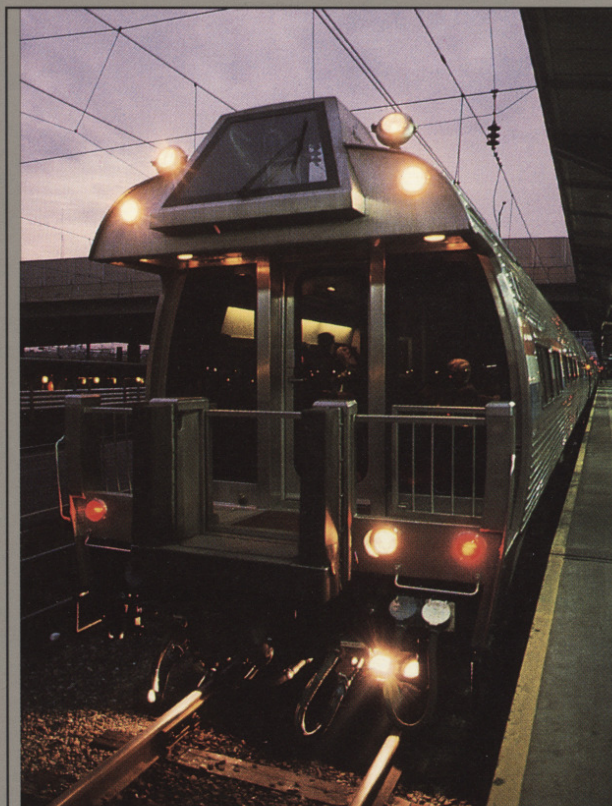
*Domestic operations, scheduled service

NOTE: Greyhound and Trailways totals furnished by
American Bus Association



The Connecticut coast provides a scenic treat for Northeast Corridor passengers.

SAFETY—THE VITAL ELEMENT



New inspection car probes tracks throughout Amtrak's system.



Testing Amtrak's busiest route for ride quality and safety.

Running regularly along the Northeast Corridor, the most advanced track-geometry car in the country is testing Amtrak's busiest route for ride quality and safety.

The *Beech Grove*, a state-of-the-art track-geometry car named for the Amtrak shop in Beech Grove, Indiana, where it was built, was placed in service in FY 1984. It uses sophisticated measuring devices to sense and record track gauge, profile, curvature, cross level and alignment. Each of these factors affects the ride quality of the passenger cars. Since the *Beech Grove* has the same structural design as Amtrak's conventional passenger cars, measurements are taken under "real world" conditions on regularly scheduled trains. When measurements indicate the existence of track conditions that require maintenance or affect passenger comfort, the system identifies the type, location and magnitude of the exception for corrective action. In addition, closed circuit television allows visual inspection of both track and overhead catenary with a videotape recording for closer evaluation and prompt action where necessary to meet comfort and safety standards. The car's regular inspections are part of one of the most intensive and successful safety and track quality programs in the rail industry.

Amtrak's emphasis on safety extends to every aspect of our operation. Employee safety reached its best level in our history in FY 1984, with a 21 percent improvement in the ratio of lost-time injuries to the number of hours worked. This record has grown steadily better since 1978, when the comprehensive System Safety Program set forth stringent safety requirements for all our operations. At that point, our ratio of lost-workday injuries was 10.7 for every 200,000 hours worked. Now it has dropped to 3.4, and we are ready to pursue more challenging goals. In January 1985, we will begin to measure employee safety statistics on the basis of *all* reportable injuries, not just those that result in lost time.

Realizing the adverse effect that severe weather can have on rail operations, Amtrak is expanding an early warning system. A special radio system in each Amtrak dispatcher's office and the Washington headquarters control center monitors broadcasts providing the latest information from the National Weather Service on local weather conditions. In threatening weather, dispatchers order special track patrols and warn trains to be on the alert for washouts or track obstructions. This information is shared with other railroads over whose tracks our trains operate.

Amtrak is also contracting with a private weather information system for forecast information on severe flooding, heavy snow, earthquake dangers or temperature extremes that might affect operations. We are also arranging to have state and local police warn us of severe local weather on our railroad.

Amtrak is working diligently in cooperation with our contract railroads to reduce grade crossing accidents, the most common and troublesome safety problem facing any railroad. On our own right-of-way in the Northeast Corridor, we are pressing to eliminate grade crossings altogether. The last two public crossings at grade between Washington, D.C., and New Haven, Connecticut, were eliminated in the fall of 1984.

Wherever our trains operate, we take an active role in Operation Lifesaver, a nationwide program designed to heighten public awareness of the dangers at grade



Night trackwork on the Northeast Corridor.



Amtrak police officers teach youngsters railroad safety awareness.

crossings. Coordinated by the National Safety Council, the program concentrates on improving crossing approaches and warning signals and encouraging strict enforcement of local traffic laws. Amtrak also conducts a very active Railroad Safety Awareness Program for schoolchildren in the Northeast Corridor. The program is presented to children of all age groups and stresses the dangers of trespassing on railroad tracks.

The training of Amtrak's on-board employees on subjects that can affect passenger safety continued and was increased throughout the entire system in 1984. In all regions, train service employees were given specific instructions on important emergency procedures, with particular emphasis on evacuation procedures from our trains and facilities. Amtrak's safety training programs were coordinated with local emergency response agencies like New York City's police, fire and emergency medical service personnel; over four hundred key personnel from those agencies will be trained in both classroom and field settings in the coming months.



Computers record data on track condition.

FOCUS ON THE FUTURE



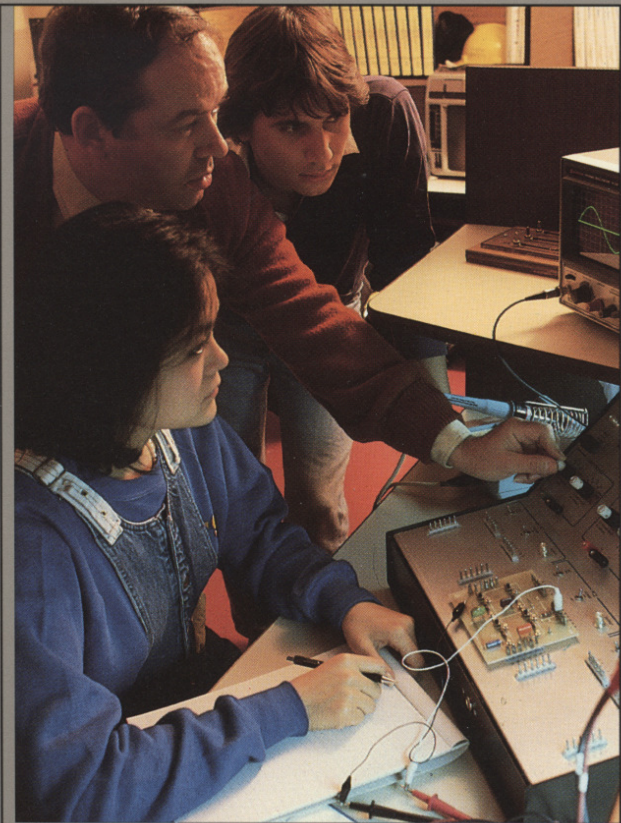
In 1986 this state-of-the-art control center will put the railroad at his fingertips.

A mtrak's achievements in engineering and technology highlight our focus on the future of rail passenger transportation. Train control, motive power, car design, track and equipment maintenance, reservations and ticketing all benefit from the effects of innovation. Every improvement has an important beneficial effect on our ability to serve customers.

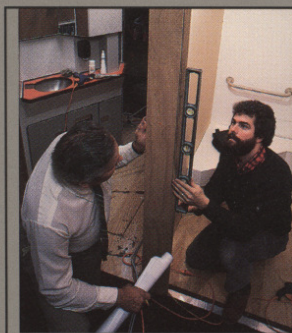
On the Northeast Corridor between Washington and Wilmington, we plan to have in place by 1986 one of the most advanced train control systems in the world to monitor and control power supply and train operations on the nation's busiest stretch of railroad. A state-of-the-art control center at Philadelphia will feature computer terminals, command consoles and a 60-foot-wide video display of train movement patterns.

We are developing and will test in service the first three-phase alternating current traction-drive system for a diesel locomotive in this country. If our tests prove to be successful, future locomotives will reap the benefits of better acceleration, improved track adhesion and lower maintenance costs. Already we have introduced 47 new AEM-7 electric locomotives to the Northeast Corridor to get the benefits of reduced weight, better adhesion and faster acceleration.

It isn't only what's up front that counts. Passengers get brief glimpses of the locomotive, but they see far more of the cars in which they travel.



Training Amtrak employees to do their best.



Tomorrow's cars take shape.

On the sixth floor of Amtrak's Washington headquarters, carefully tucked away in the equipment engineering department, you can walk down the aisle of a modern sleeping car unlike anything the most experienced rail traveler has ever seen. The spacious and conveniently arranged drawing rooms and bedrooms seem just the ticket for the next trip from New York to Florida.

For now, the car exists only in Amtrak's mock-up room, where the future of rail travel is taking shape at the hands of our inventive car designers. Prototypes of two sleeping cars and a dining car for our future single-level fleet were modeled in Washington and will be built at our shop in Beech Grove, Indiana, in car shells supplied by the Budd Company. If all goes well, the single-level prototypes will be on the rails before the end of 1985. Given the kind of reaction from travelers that we expect, more cars like them will probably follow.

Technology may give us the key to the future, but people have to turn the key. Their individual skills, morale and productivity are vital to achieving Amtrak's mission, but even more essential is the added ingredient of teamwork. A whole new management training and development program is being instituted to ensure that we provide the strong and sensitive supervision

that will kindle understanding of and enthusiasm for the goals Amtrak has set for itself. These goals and the means by which we intend to accomplish them are described in the Mission Statement in the front of this Annual Report.

As an equal opportunity employer, Amtrak will continue to make certain that merit is rewarded and that clear career paths are open to all employees. Outstanding achievement on the part of all our people will be encouraged by means of employee awards and recognition programs.

Much remains to be done on America's passenger railroad. We are determined to provide the quality passenger service expected of us and, at the same time, to cover with revenues an increasing share of our total costs of doing business. We intend to reduce as much as possible our reliance on federal operating support.

It will take strong marketing, the best in equipment and service, and a constant concern for cost control. But this is a challenge Amtrak's employees can and will meet.

Amtrak has come a long way. We still have a long way to go and, as a team, we will get there!

**ALL  ABOARD
AMTRAK**

AMTRAK'S PARTNERS

The Corporation contracts directly with unions and, for all services other than Amtrak *Auto Train* and Northeast Corridor trains, it contracts through the operating railroads for additional personnel.

Engineers, brakemen, conductors, maintenance workers, signalmen and myriad others work with Amtrak to bring you safe, timely, convenient service. Amtrak and freight railroad employees are represented by these major labor organizations:

American Federation of Railroad Police, Inc.
 American Railway and Airway Supervisors
 Association—A Division of BRAC
 American Train Dispatchers Association
 Amtrak Service Workers Council
 Brotherhood of Locomotive Engineers
 Brotherhood of Maintenance of Way Employees
 Brotherhood of Railroad Signalmen
 Brotherhood of Railway, Airline and Steamship
 Clerks, Freight Handlers, Express and
 Station Employees
 International Association of Machinists and Aero-
 space Workers
 International Brotherhood of Boilermakers, Iron
 Ship Builders, Blacksmiths, Forgers and Helpers
 International Brotherhood of Electrical Workers
 International Brotherhood of Firemen & Oilers
 Joint Council of Carmen, Helpers, Coach Cleaners
 and Apprentices
 Railroad Yardmasters of America
 Sheet Metal Workers' International Association
 United Transportation Union



OPERATING STATISTICS

	1980	1981	1982	1983	1984
General					
System Route Miles (in thousands)	24	24	23	24	24
Stations	525	525	506	497	510
Train Miles Operated (in millions)	29.43	30.97	28.66	29.12	28.97
On-Time Performance					
Systemwide	69%	77%	79%	82%	80%
Short Distance	71%	77%	79%	81%	81%
Long Distance	76%	64%	81%	82%	77%
Ridership					
Passengers (in millions)	21.2	20.6	19.0	19.0	19.9
Northeast Corridor	10.8	10.8	10.5	10.5	10.8
Short Distance	4.6	5.0	4.4	4.3	4.4
Long Distance	5.8	4.7	4.1	4.2	4.7
Passenger Miles (in millions)	4,582	4,762	4,172	4,246	4,552
Locomotive Units					
Operating Fleet	301	295	278	273	284
Available for Service (daily average)	82.8%	85.9%	88.4%	89.2%	92.3%
Average Age (in years)	7.4	4.0	4.0	5.0	6.0
Diesel Units (new deliveries)	5	53	0	0	0
Electric Units (new deliveries)	7	22	18	10	0
Passenger Train Cars					
Operating Fleet	1,589	1,436	1,450	1,480	1,379
Owned and Leased:					
Superliner Cars	147	236	284	284	283
Amfleet I Cars	490	490	490	490	490
Amfleet II Cars	0	0	48	128	150
Heritage Cars	1,297	1,194	1,001	895	732
Turboliners (cars)	65	65	35	35	35
Self-Propelled Cars	70	143	108	63	51
Total Owned and Leased	<u>2,069</u>	<u>2,128</u>	<u>1,966</u>	<u>1,895</u>	<u>1,741</u>
Average Age (in years)	14.3	13.2	14.0	14.8	13.2

National Railroad Passenger Corporation (Amtrak)

BALANCE SHEET

As of September 30, 1984 and 1983

(Thousands of dollars)

Assets	1984	1983
Current Assets:		
Cash, including short-term investments of \$83,190,000 and \$146,429,000 in 1984 and 1983, respectively	\$ 97,747	\$ 164,728
Receivables—		
Railroads and commuter agencies	16,276	18,523
Commercial	27,471	22,454
Other	31,885	15,470
Materials and supplies, at average cost	125,201	120,562
Total current assets	298,580	341,737
Property and Equipment:		
Passenger cars and locomotives	1,382,919	1,374,386
Northeast Corridor	2,030,870	1,760,597
Other	178,338	188,251
	3,592,127	3,323,234
Less—Accumulated depreciation and amortization	(577,670)	(466,315)
	3,014,457	2,856,919
Other Assets and Deferred Charges:		
Long-term budget advances to railroads	9,533	9,508
Union Station redevelopment fund	65,851	59,747
Deferred charges and other	234,796	108,342
	310,180	177,597
Total assets	\$3,623,217	\$3,376,253

Liabilities and Capitalization	1984	1983
Current Liabilities:		
Railroad accounts payable	\$ 39,949	\$ 51,390
Accounts payable	63,826	87,863
Accrued expenses	81,742	73,193
Current portion of long-term obligations	2,279	1,446
Federal Railroad Administration advances	19,188	33,558
Total current liabilities	206,984	247,450
Long-Term Obligations:		
Notes payable	1,119,635	880,000
Deferred interest payable	—	238,691
Equipment obligations	10,886	5,050
Mortgage notes payable	1,871,751	1,618,318
	3,002,272	2,742,059
Other Liabilities and Deferred Credits:		
Casualty reserves	29,026	19,607
Deferred credits	173,140	118,997
	202,166	138,604
Total liabilities	3,411,422	3,128,113
Commitments and Contingencies		
Capitalization (see Statement of Changes in Capitalization)	211,795	248,140
Total liabilities and capitalization	\$3,623,217	\$3,376,253

The accompanying notes are an integral part of this balance sheet.

National Railroad Passenger Corporation (Amtrak)

STATEMENT OF OPERATIONS

For the Years Ended September 30, 1984 and 1983

(Thousands of dollars)

	1984	1983
Operating revenues	\$ 758,782	\$ 664,422
Operating expenses:		
Train operations	379,000	373,005
Maintenance of equipment	328,657	301,217
Maintenance of way	139,941	112,382
On-board services	118,453	102,148
Stations	92,872	90,198
Marketing and reservations	115,064	101,575
General support	113,574	101,157
Taxes and insurance	47,375	32,366
Depreciation and amortization	150,307	135,431
Total operating expenses	1,485,243	1,349,479
General and administrative expense	30,820	26,416
Interest expense	6,057	93,460
	1,522,120	1,469,355
Net loss	\$ 763,338	\$ 804,933

The accompanying notes are an integral part of this statement.

National Railroad Passenger Corporation (Amtrak)

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended September 30, 1984 and 1983

(Thousands of dollars)

	1984	1983
Uses of funds:		
Operations		
Net loss	\$ 763,338	\$ 804,933
Depreciation and amortization	(150,307)	(135,431)
Total funds used for operations	613,031	669,502
Northeast Corridor improvements	270,273	360,468
Other purchases and refurbishments of property	37,572	25,284
Increase in other assets	132,583	49,485
Decrease (increase) in accounts payable and accrued expenses	26,929	(15,407)
Increase in receivables	19,185	816
Decrease in FRA advances	14,370	—
Other	4,639	—
Total uses of funds	1,118,582	1,090,148
Sources of funds:		
Federal and state capital payments and federal operating payments	726,993	670,726
Mortgage notes payable	253,433	306,483
Notes payable	944	156,337
Increase in casualty reserves and deferred credits	63,562	18,916
Increase (decrease) in equipment obligations	6,669	(62,176)
Increase in FRA advances	—	1,918
Other	—	1,091
Total sources of funds	1,051,601	1,093,295
Decrease (increase) in cash and short-term investments	\$ 66,981	\$ (3,147)

The accompanying notes are an integral part of this statement.

National Railroad Passenger Corporation (Amtrak)

STATEMENT OF CHANGES IN CAPITALIZATION

For the Years Ended September 30, 1984 and 1983

(Thousands of dollars)

	Balance Sept. 30, 1982	Year Ended Sept. 30, 1983	Balance Sept. 30, 1983	Year Ended Sept. 30, 1984	Balance Sept. 30, 1984
Preferred stock issued to the Federal Government, \$100 par value; 50,000,000 shares author- ized, 28,835,439 shares out- standing in 1984 and 21,876,842 shares outstanding in 1983	\$1,528,184	\$659,500	\$2,187,684	\$695,860	\$2,883,544
Common stock, \$10 par value; 10,000,000 shares author- ized, 9,385,694 shares outstanding	93,857	—	93,857	—	93,857
Other paid-in capital:					
Railroad capital payments	108,938	59	108,997	—	108,997
Federal and state capital payments	86,565	11,226	97,791	31,133	128,924
	195,503	11,285	206,788	31,133	237,921
Accumulated deficit before federal operating payments	(5,481,848)	(804,933)	(6,286,781)	(763,338)	(7,050,119)
Federal operating payments	4,046,592	—	4,046,592	—	4,046,592
Accumulated deficit	(1,435,256)	(804,933)	(2,240,189)	(763,338)	(3,003,527)
Total capitalization	\$ 382,288	\$(134,148)	\$ 248,140	\$(36,345)	\$ 211,795

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

(September 30, 1984 and 1983)

Note 1: Summary of Significant Accounting Policies

Adjustments of Railroad Reimbursements

Amounts due the contracting railroads are recorded based on reported and estimated expenses, which are subject to audit and adjustment by the railroads and the National Railroad Passenger Corporation (Amtrak). Amtrak's continuing program for auditing monthly costs reported by railroads has resulted in numerous adjustments proposed and settled or under current negotiations. At September 30, 1984 and 1983, accrued estimated recoveries for proposed adjustments were \$3,508,000 and \$1,609,000, respectively.

Casualty Losses

Provision is made for the uninsured portion of the estimated liability for unsettled casualty and accident claims. The current portion of this liability is \$19,000,000 as of September 30, 1984 and 1983, and is reflected in the Balance Sheet under the caption, "Accrued Expenses." The non-current portion is classified as "Casualty Reserves."

Note 2: Federal and State Funding

Funds are provided to Amtrak through federal and state payments for operations and for capital acquisitions and improvements. Pursuant to provisions of the Amtrak Improvement Act of 1981, Amtrak has been required to issue to the Secretary of Transportation cumulative preferred stock (no stated dividends), with liquidation preference including any declared dividends prior to any payments to common stockholders, equal in par value to most federal operating and capital payments received subsequent to October 1, 1981, as well as capital and certain operating payments received prior to that date. Through September 30, 1984, Amtrak has issued 28,835,439 preferred shares of \$100 par value stock.

Fiscal 1985 federal funds of \$684,000,000 were appropriated by Congress and signed into law on October 10, 1984.

Note 3: Property and Equipment and Related Obligations

Amtrak's interest in its rolling stock is assigned to the Federal Government in connection with a note in the amount of \$1,119,635,000, which was executed on October 5, 1983, between Amtrak and the Federal Railroad Administration (FRA). This note, issued in consideration for the payment by FRA of Amtrak's outstanding guaranteed loan obligations to the Federal Financing Bank (FFB), matures on November 1, 2082, and will be renewed for successive 99-year terms. Interest is payable only in the event of prepayment or acceleration of the principal. Amtrak's total obligation to the FFB under guaranteed loans amounted to \$1,118,691,000 as of September 30, 1983, and is reflected in the Balance Sheet as of that date as Notes Payable of \$880,000,000 and Deferred Interest Payable of \$238,691,000.

Property and equipment are stated at cost, and are depreciated using the composite straight-line method over their estimated useful lives. Certain major items of property acquired through capital lease agreements are recorded as assets and are depreciated over their estimated useful lives (see Note 4).

In March 1983, an emergency "Jobs Bill" (P.L. 98-8) was signed into law. This legislation, as subsequently amended, appropriates \$70 million for Amtrak to fund labor-intensive capital projects intended to create new jobs. As of September 30, 1984 and 1983, Amtrak has incurred \$49,012,000 and \$14,953,000, respectively, in expenditures and commitments under this program.

On May 2, 1984, Amtrak purchased 50 percent of the outstanding shares of Chicago Union Station Company (CUS) common stock from the Burlington Northern Railroad Company, and from the trustees of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, as well as the rights of these companies to advances made to CUS. Amtrak had previously acquired a 50 percent interest in CUS in connection with the purchase of the "Off-Corridor" properties from Consolidated Rail Corporation (Conrail) in 1976. This investment in CUS stock, which is not material to these financial statements, is recorded under the equity method of accounting, and is reflected in the Balance Sheet under, "Property and Equipment: Other."

Note 4: Leasing Arrangements

Capital Leases

Amtrak leases certain items of equipment under capital leasing arrangements. At September 30, 1984, the gross amount of assets recorded under capital leases was \$19,490,000, and the future minimum lease payments under capital leases were as follows:

Year Ending September 30	Amounts (In Thousands)
1985	\$ 2,884
1986	2,863
1987	2,634
1988	1,976
1989	3,959
Later years	483
	14,799
Less amount representing interest	1,651
Present value of minimum lease payments at September 30, 1984	\$13,148

The present value of minimum lease payments is reflected in the Balance Sheet as current and long-term equipment obligations of \$2,262,000 and \$10,886,000, respectively.

Operating Leases

At September 30, 1984, Amtrak was obligated for the following minimum rental payments under operating leases that have initial or remaining noncancellable lease terms in excess of one year:

Year Ending September 30	Amounts (In Thousands)
1985	\$11,712
1986	9,960
1987	8,210
1988	4,821
1989	4,799
Later years	13,266
	\$52,768

Rent expense for the years ended September 30, 1984 and 1983 was \$30,883,000 and \$31,736,000, respectively.

Note 5: Pension Plan

Amtrak has a defined benefit retirement plan covering nonunion employees and certain union employees. Costs are funded based upon the actuarial valuation in order to meet the funding requirements of ERISA.

The most recent complete actuarial valuation of the plan was performed as of January 1, 1983. As of that date, the actuarial present value of accumulated plan benefits was as follows:

Participants	Vested	Nonvested	Total
Active and deferred	\$9,296,062	\$4,015,502	\$13,311,564
Terminated	703,170	—	703,170
Retired	3,619,239	—	3,619,239
Total	\$13,618,471	\$4,015,502	\$17,633,973

The plan's net assets available for benefits were \$24,700,000 at January 1, 1983. Provision for pension costs was \$3,208,000 in 1984 and \$4,478,000 in 1983. The assumed rate of interest used in calculating the actuarial present value of accumulated plan benefits was 8.5 percent in plan year 1983.

Note 6: Northeast Corridor

In 1976, in connection with the United States Railway Association's Final System Plan, Amtrak acquired the properties of the Northeast Corridor from Conrail for \$86,366,000.

The Railroad Revitalization and Regulatory Reform (4R) Act of 1976, as amended, authorized an appropriation of \$120,000,000 for Amtrak to acquire the properties of the Northeast Corridor. As of September 30, 1984, Amtrak has received \$86,000,000 under this authorization. The remaining amount was financed through federal loans (see Note 3). In addition, a total of \$2,500,000,000 has been authorized to be appropriated for the improvement of the properties. Amtrak has issued a mortgage note payable in 2975 to the Federal Government equal to the amounts expended for the acquisition and improvement of the properties acquired pursuant to the 4R Act. Interest is payable only in the event of prepayment or acceleration of the principal.

As of September 30, 1984 and 1983, Amtrak has capitalized \$1,785,696,000 and \$1,532,246,000 for improvements to the Northeast Corridor, including \$702,837,000 and \$617,085,000, respectively, expended by others on Amtrak's behalf.

Note 7: Pending Litigation and Arbitration

In the normal course of business, Amtrak is involved with various matters involving litigation and arbitration. It is the opinion of management that the disposition of these matters will not materially affect Amtrak's financial statements.

Under an agreement dated April 2, 1975, the Pullman Standard Division, formerly of Pullman Incorporated, and presently of The Signal Companies, Inc., designed and manufactured 284 Superliner railcars for Amtrak. This agreement, as amended by the parties from time to time, was completed in 1981 when Amtrak received the last cars in the order. In 1983, Pullman filed with the American Arbitration Association a demand for arbitration in which it asserts generally that extensive design changes substantially contributed to an increase in the time and cost of this contract and seeks additional compensation of approximately \$200 million, plus reimbursement of interest and litigation expenses. The arbitration panel has been selected, and the initial hearing is scheduled for the beginning of 1985. It is the opinion of counsel that Amtrak has substantial defenses to the claim.

Note 8: Line of Credit

Amtrak has a line of credit agreement, expiring in September 1985, with commercial banks to borrow up to \$25,000,000 at an interest rate of .25% below the prime commercial loan rate of the primary bank on unsecured 90-day loans. As of September 30, 1984 and 1983, there was no outstanding balance on the existing line of credit.

Note 9: Sale of Tax Benefits

Pursuant to provisions of the Economic Recovery Tax Act of 1981, Amtrak has sold the rights to the tax benefits associated with certain qualified assets. Proceeds of \$97,548,000 from these sales are subject to certain restrictions and, therefore, are reflected as a deferred charge and deferred credit in the Balance Sheet as of September 30, 1984 and 1983. In addition, accrued interest in the amount of \$32,368,000, also restricted, is stated as a deferred charge and deferred credit in the Balance Sheet.

Note 10: Union Station Redevelopment Program

Amtrak has agreed to provide up to \$70 million over a period of approximately five years to help fund the restoration and development of the Washington D.C. Union Station complex. To meet this commitment, Amtrak has set aside \$68,499,000 in funds as of September 30, 1984, \$2,648,000 of which has been disbursed to the Union Station Redevelopment Corporation (USRC), the nonprofit corporation formed to manage the redevelopment program. The committed funds are classified under "Other Assets and Deferred Charges" in the Balance Sheet. At the completion of the program, to the extent these funds have been released to USRC, they will be amortized to expense over the useful life of the station improvements.

Report of Independent Accountants

To the Board of Directors of

National Railroad Passenger Corporation:

We have examined the balance sheets of NATIONAL RAILROAD PASSENGER CORPORATION (Amtrak) (incorporated pursuant to the Rail Passenger Service Act and the laws of the District of Columbia) as of September 30, 1984, and 1983, and the related statements of operations, changes in financial position and changes in capitalization for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Amtrak as of September 30, 1984, and 1983, and the results of its operations and the changes in its financial position and capitalization for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

Washington, D.C.

November 16, 1984

BOARD OF DIRECTORS

Board of Directors

W. Graham Claytor, Jr.

President and Chairman

The Honorable Elizabeth H. Dole

Secretary of Transportation

Representatives Selected by the President of the United States from Nominees of Commuter Agencies Operating Over Amtrak's Rail Properties

Samuel H. Hellenbrand

New York, New York

Frank W. Jenkins, Esquire

Ambler, Pennsylvania

Representatives Selected by the Preferred Shareholder, Department of Transportation

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Sterling, Illinois

Ralph T. Kerchum

Oakland, California

Presidential Appointees By and With the Advice and Consent of the Senate

Charles Luna

Dallas, Texas

(representing organized labor)

The Honorable Robert D. Orr

Governor of Indiana

(representing the Nation's Governors)

Ross E. Rowland, Jr.

Lebanon, New Jersey

(representing the business community)

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