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National Railroad Passenger Corporation

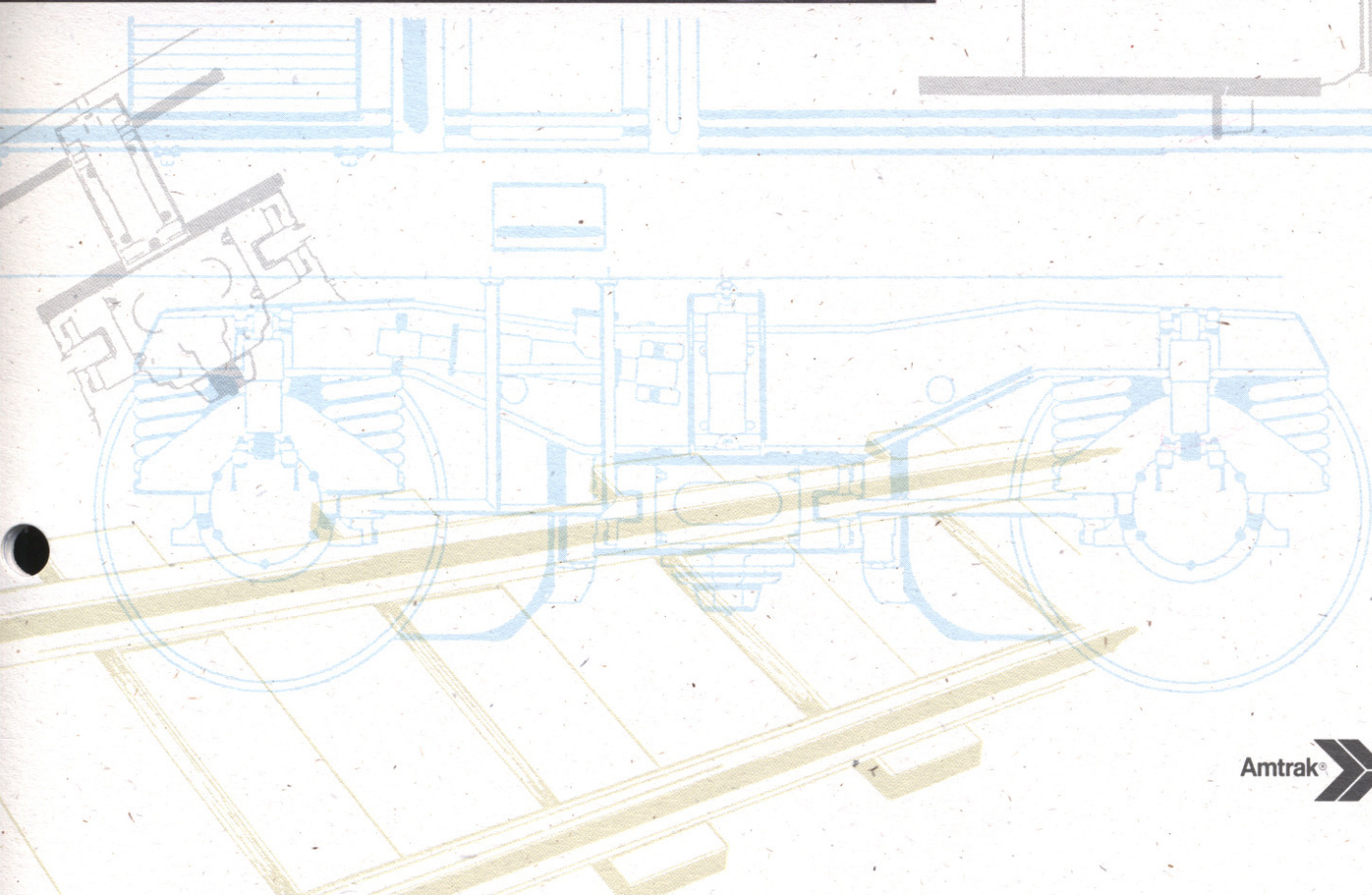
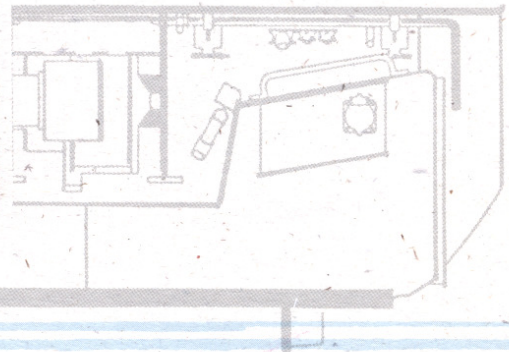
1992
ANNUAL REPORT



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University of Illinois
at Urbana-Champaign



Five-Year Comparison Of Amtrak's Performance

	1992	1991	1990	1989	1988
Revenues (millions)	\$1,324.8	\$1,359.0	\$1,308.4	\$1,269.1	\$1,106.7
Expenses (millions)	\$2,036.6	\$2,080.5	\$2,011.8	\$1,934.5	\$1,757.1
Revenue-to-Expense Ratio*	.79	.79	.72	.72	.69
Revenue-to-Short-Term Avoidable Cost Ratio**	1.19	1.23	1.20	1.20	1.15
Revenue-to-Long-Term Avoidable Cost Ratio***	.95	.96	.93	.91	.90
Passenger Miles (millions)****	6,091	6,273	6,057	5,859	5,678
Passenger Miles per Train-Mile****	176.8	184.5	183.3	188.4	188.3
Systemwide On-Time Performance	77%	77%	76%	75%	71%
Ridership (millions)					
Amtrak System	21.3	22.0	22.2	21.4	21.5
Contract Commuter	20.3	18.1	18.0	17.4	15.4
Total	41.6	40.1	40.2	38.8	36.9

* Beginning in fiscal year 1991, the methodology of computing this ratio was changed to reflect the exclusion of excess Railroad Retirement and Unemployment Insurance Taxes which are now paid directly to the Internal Revenue Service by the Federal Railroad Administration on behalf of Amtrak.

** Short-term avoidable costs—Costs of activities that would stop with the discontinuance of a route or train, or begin with the introduction of a new route or train. Such costs include train and engine crews, fuel and power, and maintenance of way.

*** Long-term avoidable costs—All short-term avoidable costs, plus claims expenses, heavy maintenance, and a portion of corporate and field overhead.

**** Contract commuter passengers not included.

On the cover: Glen Moler, Machinist at Amtrak's Washington (D.C.) Maintenance Facility helps ensure that his "internal customers" in the Transportation Department have the reliable locomotives they need to serve Amtrak's passengers.

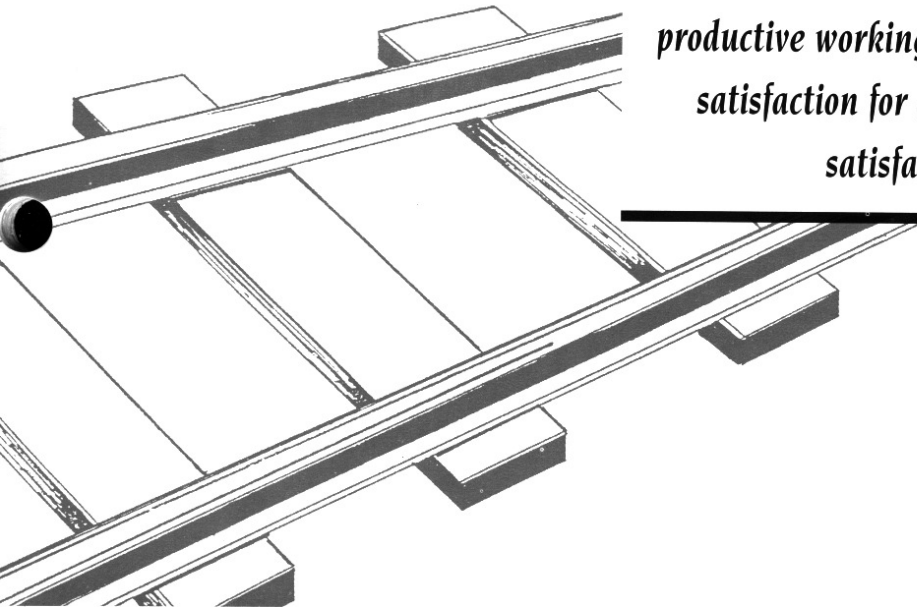


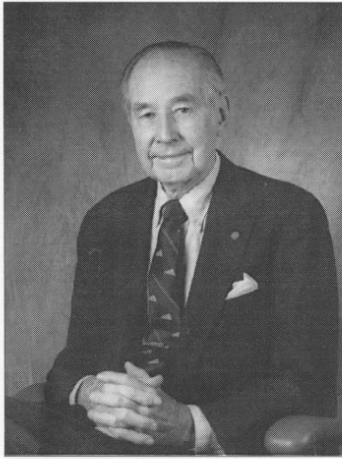
Our Mission

Amtrak's mission is to satisfy customers by providing a superior quality national rail passenger service as a competitive alternative to other intercity transportation modes.

In addition, Amtrak will engage in related, ancillary businesses that offer value to customers and contribute net income in support of its basic mission.

This mission will be achieved through a commitment to the continuous improvement of products and services at every level of the Company, and by fostering a productive working environment that encourages growth and satisfaction for all employees, and where safety and the satisfaction of customers are primary.





W. Graham Claytor, Jr.
President and Chairman

President's Report

The past year posed some of the toughest challenges Amtrak has faced in its 21 years as the nation's intercity rail passenger carrier. The national economy steadfastly refused to budge from its doldrums and the adverse impact on the travel sector has been far-reaching. Discretionary travel — on which Amtrak depends for most of its revenues — fell sharply, hurting all carriers alike. Business travel similarly declined. The response by the airline industry — an aggressive fare war — resulted in the lowest airline yields (dollars per passenger mile) in many years and further undermined ridership on competing modes, including Amtrak.

For the first time in over a decade, Amtrak revenues and passenger miles declined — 2.5 percent and 2.9 percent, respectively. This forced Amtrak to continue and expand a series of corporate-wide actions to reduce its operating budget — actions which have worked against our ability to provide the highest quality service. Management salaries were frozen, station and on-board staffing reduced, and some rail service eliminated. Fortunately, these steps were sufficient to avoid massive seasonal furloughs, although reduction in equipment overhauls at our Beech Grove (Ind.) Maintenance Facility resulted in some furloughs after the end of FY 1992. In fact, costs company-wide were reduced sufficiently to maintain the railroad's revenue-to-cost ratio at .79. This is the highest ratio in our history and one of the best (if not the best) among passenger railroads in the world. Nonetheless, the year fell well below our financial expectations and was a very difficult one for all of Amtrak's 24,000 employees.

In many ways, the difficulties we experienced this past year have enabled us to lay the foundation for future success. For example, after four years of negotiations, agreements were finally reached with nearly all of Amtrak's 14 labor organizations. Some were reached voluntarily, others imposed through congressionally mandated arbitration following the nationwide freight rail shutdown in June. While Amtrak was not involved directly in the shutdown, we nonetheless were required to terminate many trains which operate over freight railroad lines. Ridership and confidence in rail passenger service suffered. Fortunately, this is now mostly behind us. We have in place good contracts with our agreement-covered employees that will result in improved productivity and reasonable wage increases. Now, both management and labor can focus more energy on our common goal of providing high quality passenger service.

Similarly, Amtrak initiated a tough new program to ensure that all on-board food service operations comply with strict Food and Drug Administration sanitation requirements. As a result of a consent decree signed in June, Amtrak has enhanced its employee training, increased inspections and fumigation of trains, and expanded replacement of older refrigeration equipment not overhauled in the past three years. These changes are very costly and come at an extremely difficult financial juncture; nonetheless, they are essential to maintaining the public's confidence in Amtrak.

The year also began a welcomed transition to a new generation of passenger cars and locomotives. New locomotives built by General Electric have begun arriving and a new generation of Superliner cars will be delivered in 1993 and 1994. Along with Viewliner cars that are being ordered in early FY 1993, this will finally permit Amtrak to begin retiring most of its original fleet of forty-year-old Heritage cars and worn out locomotives. New cars will not only generate greater revenues and permit significant cost efficiencies, but will symbolize a railroad ready for the challenges of the next century.

Nonetheless, it is important to recognize that there remains a growing gap between the amount of new passenger equipment we need to boost revenues and efficiency, and the amount of capital funds that are available to order cars and locomotives. Without new equipment and plant modernization, Amtrak will not be able to provide quality service or improve revenues sufficiently to continue reducing its operating subsidy. We are attacking this issue from a number of fronts: encouraging states to invest in rail passenger infrastructure; seeking higher federal capital investment; and making the case for establishment of a trust fund to support investment in Amtrak and high-speed rail. Clearly, this issue must be addressed if Amtrak is to move forward with its primary corporate goal of improving the quality of service while covering more and more of its own operating costs.

That Amtrak did not meet its financial goals for 1992 should not overshadow the many significant accomplishments that were achieved this year. Chief among them were the decisions by transit agencies in both the Los Angeles and San Francisco metropolitan areas to contract with Amtrak to operate their commuter rail service. Indeed, for the first time in its history, Amtrak is now carrying more commuter passengers than intercity travelers. These new contracts, together with the start-up of the Amtrak-operated Virginia Railway Express, further demonstrate the confidence rail planners have in Amtrak's ability to provide high quality, reliable commuter service. We are extremely proud of our growing role as a commuter carrier and believe its importance to the corporation's future cannot be overestimated.

As this Annual Report describes, Amtrak's success over the past two decades is due to the unique service we provide to our customers. This is, and always has been, the key to the product we sell. And we are now focusing our efforts to ensure that we can provide the business and discretionary traveler alike an even better service and value as we move toward the 21st century.

Two factors brighten our outlook for the future: an improving national economy, and near-unanimous recognition that greater federal investment in the nation's transportation infrastructure is badly needed to address our economic, environmental and transportation needs. As a result, the next several years can be strong ones for Amtrak if the commitment is made to adequately invest in Amtrak's future and to fully develop Amtrak's potential as an energy-efficient and environmentally superior alternative to growing highway and airport congestion. I believe the American people are ready to support that investment, and, as a company, we are anxious to demonstrate to the nation just how beneficial an investment in rail passenger service can be.

W. Graham Claytor, Jr.
President

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*Management Committee:
W. Graham Claytor, Jr., President and
Chairman (standing);
(seated, left to right) Dennis F. Sullivan,
Executive Vice President and Chief Operating
Officer; William S. Norman, Executive Vice
President; Charles W. Hayward, Vice President-
Finance and Administration and Chief
Financial Officer.*

Amtrak's challenge is to continually find ways to stand out from the competition by anticipating and meeting a variety of customer needs.



Providing A Unique Service

What makes a passenger choose to travel by train rather than by automobile or airplane? With 220 trains each day, serving over 500 communities across the urban centers and great rural stretches of the nation, this question is at the core of all decision-making at Amtrak. Fortunately, the reasons for choosing Amtrak are many and varied. For some it is price; for others it is convenience; for many it is the unique experience that only a train can offer. Amtrak's challenge is to continually find ways to stand out from the competition by anticipating and meeting a variety of customer needs.

Stations: The Threshold Between Past and Future

When Amtrak was created in 1971 to preserve a national rail passenger system, it inherited an inventory of outmoded and dilapidated passenger stations. In the past two decades, Amtrak, states and local communities have begun to replace or rebuild these relics to reflect some of the grandeur and importance for which the local train station once stood. The job is hardly complete, but an increasing number of Amtrak stations now provide the passenger with a unique and positive view both of the train and of the communities through which Amtrak travels.

Magnificent restorations of Washington Union Station, Chicago Union Station, Los Angeles Union Station, Cincinnati Union Terminal, Boston's South Station and Philadelphia's 30th Street Station have created transportation and commercial centers in areas of these cities that many had once written off. Smaller restoration projects, such as in Niles, Mich., and Hartford, Conn., provide travelers with an historic, comfortable glimpse of both the past and the future of rail passenger service.



New canopies on platforms at Chicago Union Station let in light welcoming Amtrak and Metra passengers.



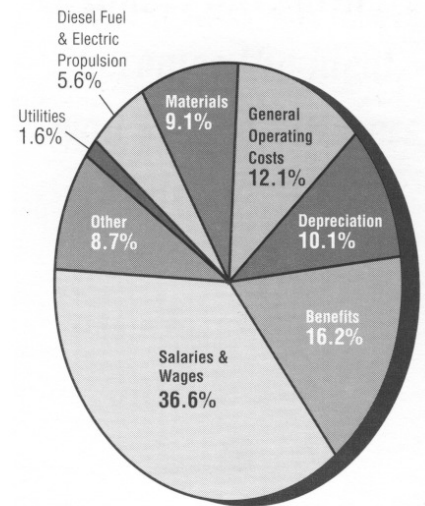
The new Amtrak ticket counter in the renovated Chicago station is part of a new passenger concourse.

More and more communities are planning intermodal transportation centers where intercity trains, commuter trains, rapid transit, intercity and local buses meet to provide travelers with convenient mode-to-mode transfers under one roof.

Despite the difficult national economy, Amtrak and many of the communities it serves continued to restore and improve passenger stations:

- Chicago Union Station celebrated the complete rebuilding and renovation of the passenger station facilities. The \$32 million project, funded jointly by Amtrak and Metra, the commuter rail agency, has transformed the station from a maze of pedestrian bottlenecks to a smooth-flowing, passenger-friendly facility. Behind the scenes are modern mechanical, plumbing and heating and cooling systems, as well as employee locker rooms, commissary and other renovated facilities.
- A \$438,000 project was completed at the historic Warrensburg, Mo., station. Originally constructed in 1890, the improvements — including new mechanical systems, parking and platforms — were jointly funded by the community, a local charity, the state and Amtrak.
- The City of Fostoria, Ohio, funded the improvement of portions of the Fostoria station now used for Amtrak service to Chicago and New York. Service to Fostoria was initiated with the rerouting of the *Capitol* and *Broadway Limiteds* in 1991, and improvements were required to provide for Amtrak ticketing and passenger seating.
- Planning is progressing for major new intermodal facilities in Atlanta, Seattle, St. Louis and Detroit. These stations will offer the traveler numerous travel options and amenities, as well as serve as local hubs of commercial and entertainment activities.
- Renovations to the Hudson, N. Y., station were completed in August, providing for new parking, platforms and a beautiful station interior at one of Amtrak's busiest stations. Ninety-five percent of the \$1.5 million cost of renovations was provided by the state.

Expenses FY 1992



When Gateman/Usher Othea West is not helping Amtrak passengers at Washington Union Station, he is helping fellow employees who are recovering from alcohol or drug dependency. Mr. West's work earned him special recognition as a President's Achievement Award winner.



Addressing the Changing Needs of the Business Traveler

By searching for new ways to meet the diverse needs of the business traveler, Amtrak is capturing a growing share of the important and lucrative business travel market. Hourly premium-fare *Metroliner Service* between New York and Washington has enabled Amtrak to capture 45 percent of the combined air-rail market, making Amtrak the largest carrier between the two cities. Indeed, Amtrak service is the primary mode of transportation for most business travel between cities on the Northeast Corridor and for a growing share of business travel between San Diego and Los Angeles and cities served by our Chicago hub routes.

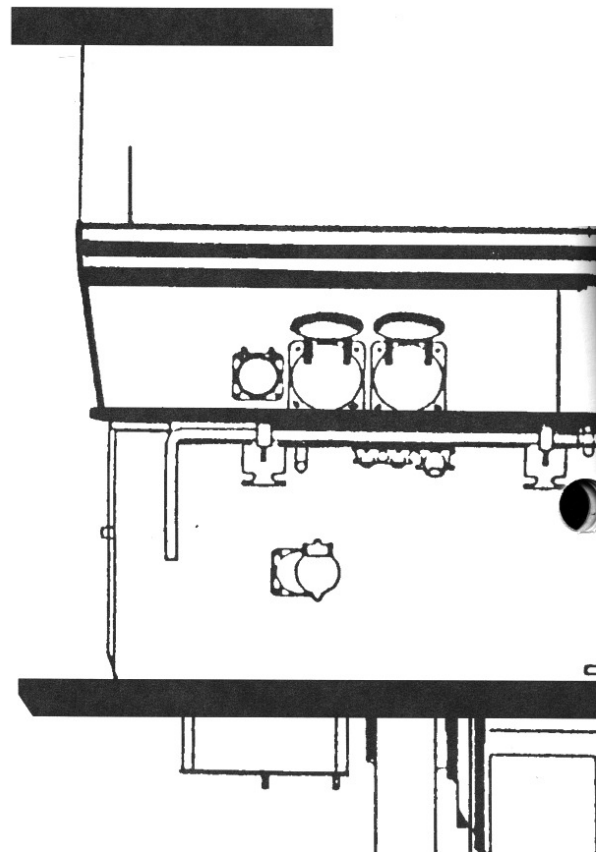
Two factors are helping this important trend: tight corporate travel budgets and a renewed focus on ensuring that employees make travel as productive as possible. Amtrak *Metroliner Service* fares between New York



As operator of the Peninsula Commute Service serving San Francisco, San Mateo, and Santa Clara counties, Amtrak carries more than 22,000 commuters every weekday.



State-supported trains like the Carolinian enable Amtrak to expand its intercity service.



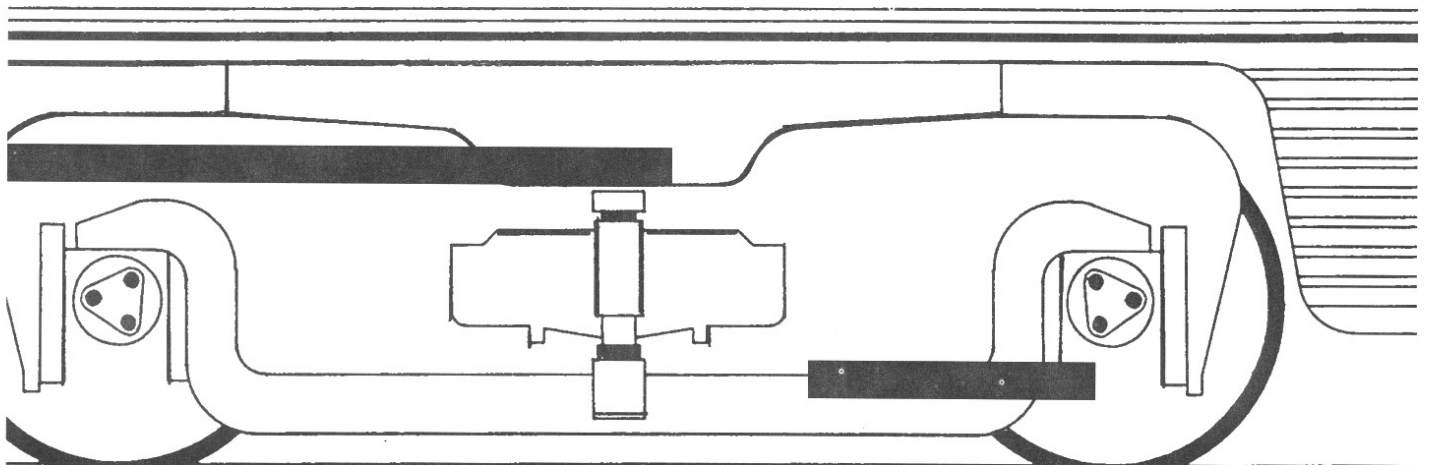
and Washington are very competitive compared to the air shuttles. For companies trying to cope with ballooning travel budgets, Amtrak service offers superior travel at significant savings.

Perhaps even more importantly, Amtrak is adding on-board amenities that convert travel time into productive office time. The ability of groups of employees to work together while in transit sets Amtrak apart from its air competitors. Two, three, four people, or even larger groups can sit together to review documents, plan strategies, and discuss issues. Amtrak's Conference Car, available to passengers on selected *Metroliner Service* trains, provides booths, tables and even a conference room for eight, complete with telephones, display board and video equipment. In this way, travel time no longer means "down time," but rather becomes the ideal way for the business traveler to interact with business associates and the outside world.

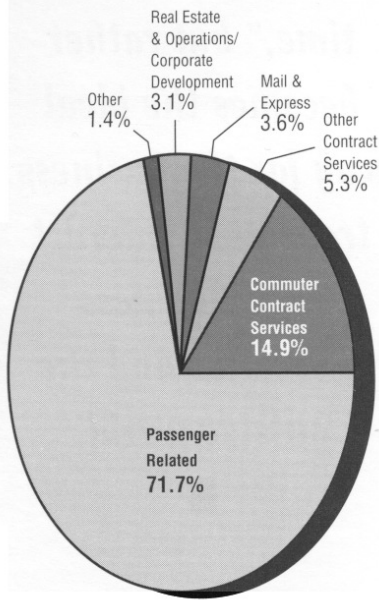
Over the past year, Amtrak has completed a number of improvements to further meet the travel needs of the business and non-business traveler. For example:

- Railfone® on-board telephone service was expanded to the *San Joaquins* and the new *Capitol*s trains in California in FY 1992, and to Chicago-Detroit trains in early FY 1993. With the Railfone service also available on Northeast Corridor and *San Diegan* trains, over 60 percent of Amtrak passengers now have access to on-board phone service.
- New first-class Metropolitan Lounges were opened in Philadelphia's 30th Street Station and Washington Union Station, joining the Chicago and New York lounges opened last year. Equipped with a Prodigy Network computer, local and national newspapers, conference rooms, beverages, and beautiful furnishings, the Metropolitan Lounges offer first-class passengers an oasis in the midst of the bustle in Amtrak's busiest stations.

Travel time no longer means "down time," but rather becomes the ideal way for the business traveler to interact with business associates and the outside world.

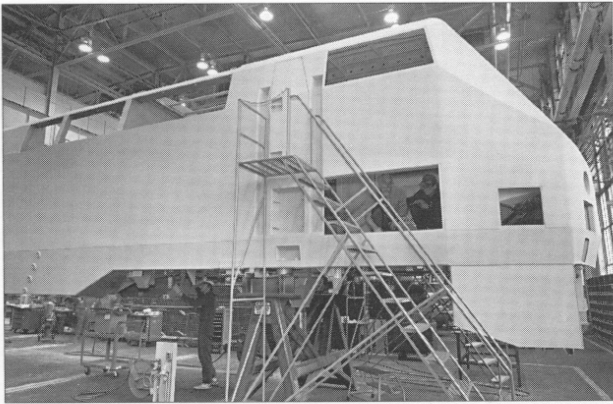


Revenue FY 1992

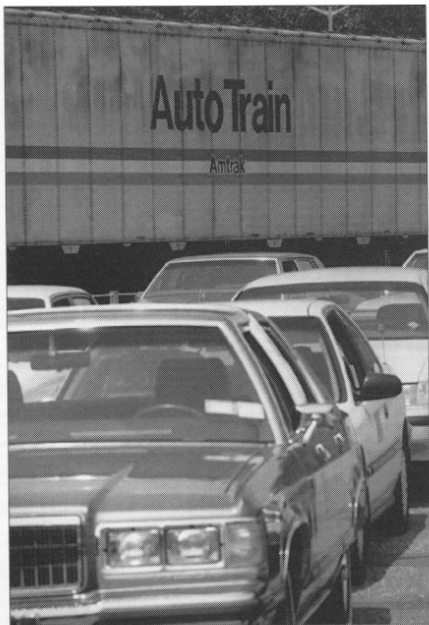


Getting the Train to the People. . .

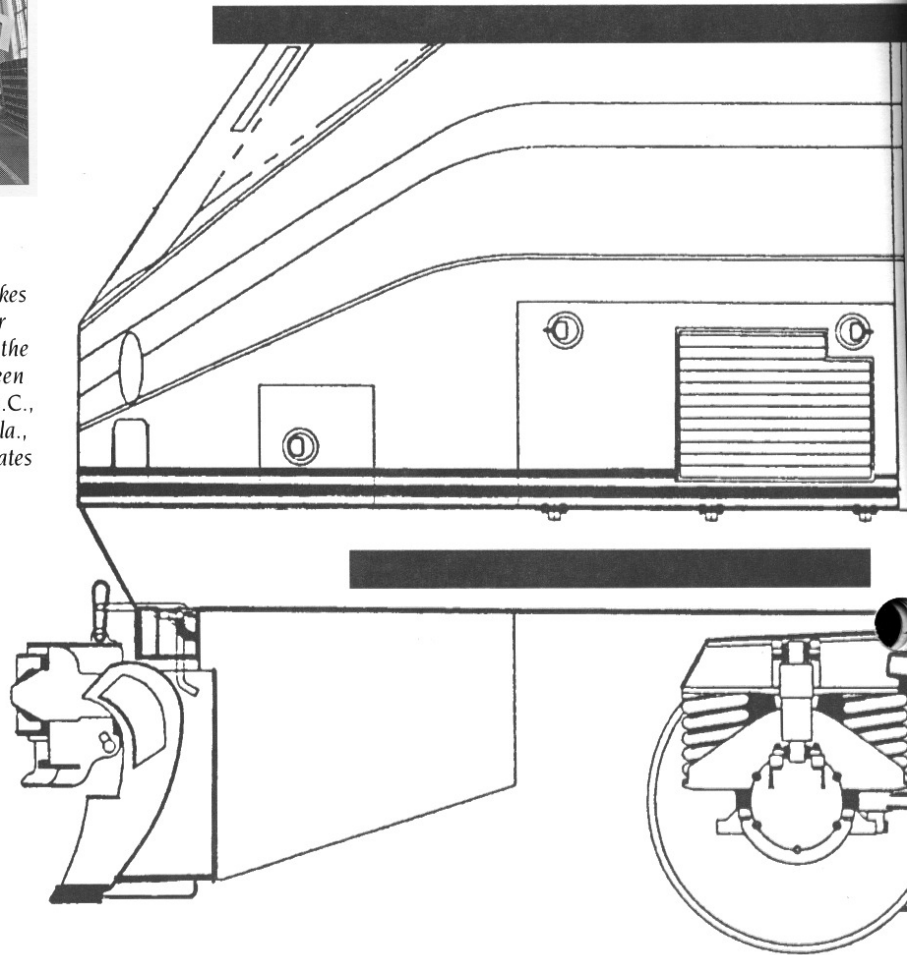
In December 1991, Amtrak inaugurated the new state-supported *Capitols* service between Sacramento and San Jose. With three daily round trips, one of which originates in Roseville, the new service has been a resounding success and epitomizes the commitment California has made to rail passenger transportation. Indeed, fares generated on the *Capitols* already exceed the short-term cost of operating the trains, a remarkable achievement for a service that is less than one year old. California, which shares in funding the train with Amtrak, also provided the locomotives required for the service. With additional state-funded capital improvements in stations and upgraded tracks, the *Capitols* are expected to become one of Amtrak's most important corridor services.



GE Transportation Systems is building 56 sleek monocoque, diesel locomotives to power Amtrak trains. Deliveries will begin in spring 1993.



Amtrak's Auto Train, which takes people and their automobiles off the interstate between Washington, D.C., and Sanford, Fla., now accommodates vans.



. . .and the People to the Train

In addition to serving new markets, Amtrak is improving access to its trains and facilities for all passengers, including those with mobility impairments and other disabilities. Driven by the time-frame established under the Americans with Disabilities Act (ADA), Amtrak plans to make improvements to most of its 524 stations to provide full access to station services — including restrooms and ticketing — and to its trains.

- In July, Amtrak completed a plan for making key commuter stations owned by Amtrak accessible. Improvements will be made to these stations over the next year, and the remaining stations over the following years.
- New passenger equipment ordered by Amtrak, including Superliners and Viewliners, will incorporate significant changes to improve mobility, restrooms, lighting and signs.
- Amtrak is developing a new generation of lifts to be located directly in the vestibules of its passenger cars. Funded under a grant from the U.S. Department of Education, the new devices could eliminate the need to provide expensive portable lifts at every Amtrak station. Testing of the prototype lifts is expected to begin next year to determine their ability to withstand the rigors of the railway environment.
- Amtrak has established a Consumer Advisory Board, consisting of members of several major associations representing individuals with disabilities, to provide consumer input on the design and testing of the lift program and on other accessibility issues.

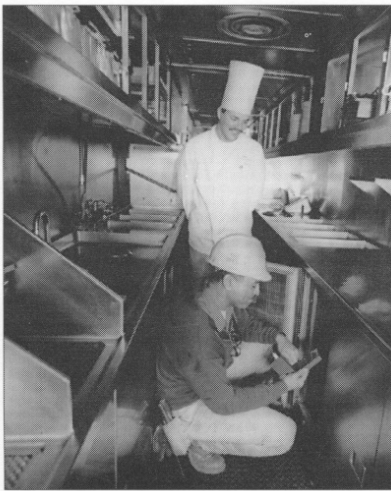
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Focusing on the Future

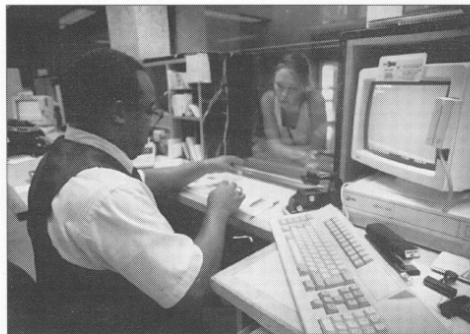
During a year that saw difficult and drawn-out labor contract negotiations, a poor national economy, and falling revenues, it would have been easy for the corporation to turn inward. Instead, Amtrak made several important decisions that will yield substantial benefits in the years to come. It is this commitment to the future that will position Amtrak to play a major role in the nation's transportation system well into the next century.

Employees Taking Pride in Their Work

Part of the foundation upon which Amtrak's future success will be built was this year's beginning of employee orientation and training in the tools of continuous quality improvement. Growing out of a senior management commitment to change the way we manage the organization, continuous quality improvement, or CQI as it is known at Amtrak, is a customer-driven, management-led system in which all Amtrak employees working together in teams will use a variety of statistical and non-statistical tools to continuously improve processes.



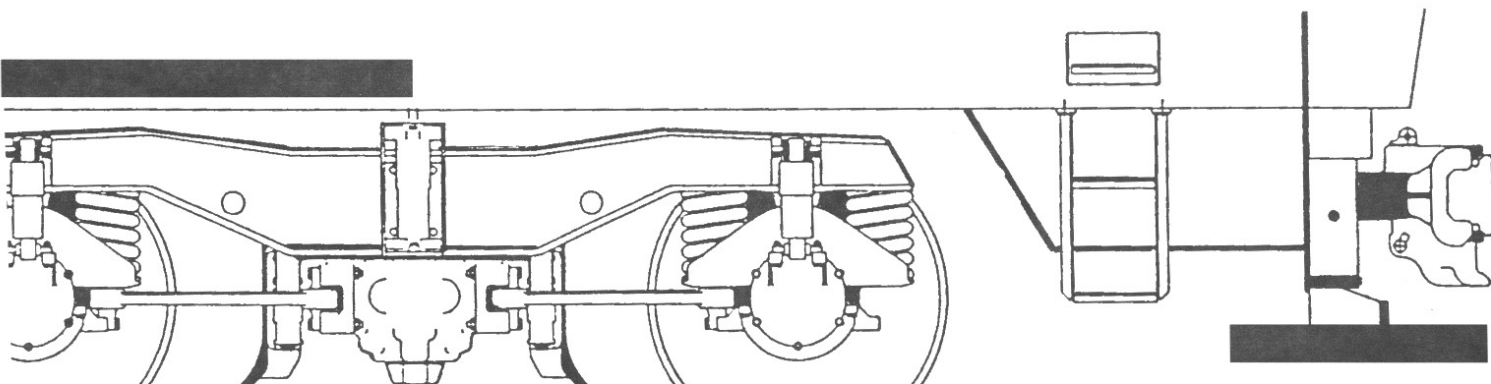
Electrician Michael Pee tests a freezer to ensure a worry free trip for Chef Donald Sutherland.



Ticket Agent Robert Eddins, South Station, Boston, is one of thousands of Amtrak employees who meet customers face to face.



Behind the scenes there are thousands more, like Glen Moler, machinist in Washington, who work to satisfy both internal and external customers.




The result of this effort will be incremental improvements in the quality of Amtrak products and services to meet or exceed customers' expectations. Accomplishing that will depend on the participation of all Amtrak employees in inter- and intradepartmental teams. It will also depend on an evolution in Amtrak's corporate culture, to one in which there is more open communication, fewer barriers between departments and between employees, a spirit of innovation, and higher employee satisfaction.

Settlement of labor contracts set the stage for the cultural evolution. Important changes in the labor agreements were incorporated to ensure greater productivity and financial security for the work force. For example, employees will be entitled to cost-of-living wage adjustments every six months during negotiation of new contracts to protect their standard of living. This should be an important boost to morale and minimize economic hardship for our employees.

The new agreements also include a number of important work rule changes, including the right to use part-time workers and increased use of shop craft employees across union jurisdictions, which will allow Amtrak to structure its operations more efficiently and cost effectively.

Finally, many of the new agreements also commit employees to provide the highest quality service. The Corporation could not master the tools of continuous quality improvement without the full commitment and participation of all Amtrak employees — management and agreement-covered — to train, strategize, problem-solve and work together in ways we have never tried before. The result should be rail passenger service we all can be proud of and a corporation in which all employees take pride.

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Preparing for Future Markets

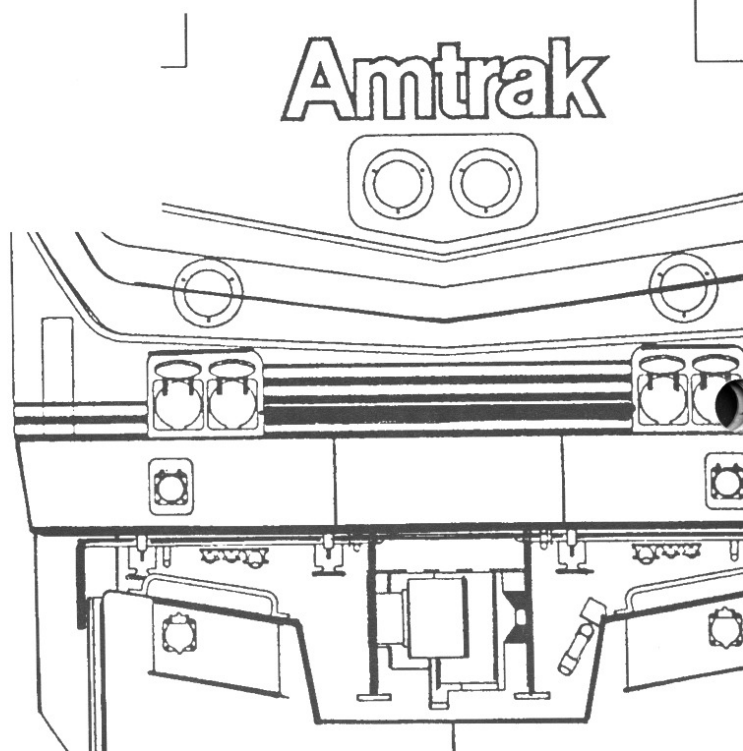
Identifying the rail passenger markets of the future is essential if Amtrak is to further develop its important role in the national transportation system. The past year saw substantial progress in two areas that will define the Amtrak of the future.

First, Amtrak has embarked on an ambitious high-speed rail improvement program to reduce the travel time between New York and Boston to under three hours. The project marks the first new high-speed rail initiative in this country since the Northeast Corridor Improvement Project, initiated in 1976. In May 1992, a \$296 million contract was awarded to a joint venture consisting of Morrison Knudsen Corporation, L.K. Comstock Company, Inc. and the Spie Group, Inc., to electrify the rail line between New Haven and Boston. Electrification will eliminate the time-

consuming electric-to-diesel locomotive change at New Haven, increase top operating speeds to between 125 and 150 mph and improve maximum speeds and acceleration around the rail line's many curves. The rail bed and signal system currently are being improved to permit high-speed operations. In addition, several intercity and commuter train bottlenecks along the rail line will be eliminated.



Look, listen, live...is the advice offered by Amtrak locomotive engineer Doug Riddell and Marci Larson, manager-special events, who also serves as chair of Operation Lifesaver, Inc.'s Program Development Council. These and other Amtrak employees work to educate the public about safety at highway-railroad crossings.



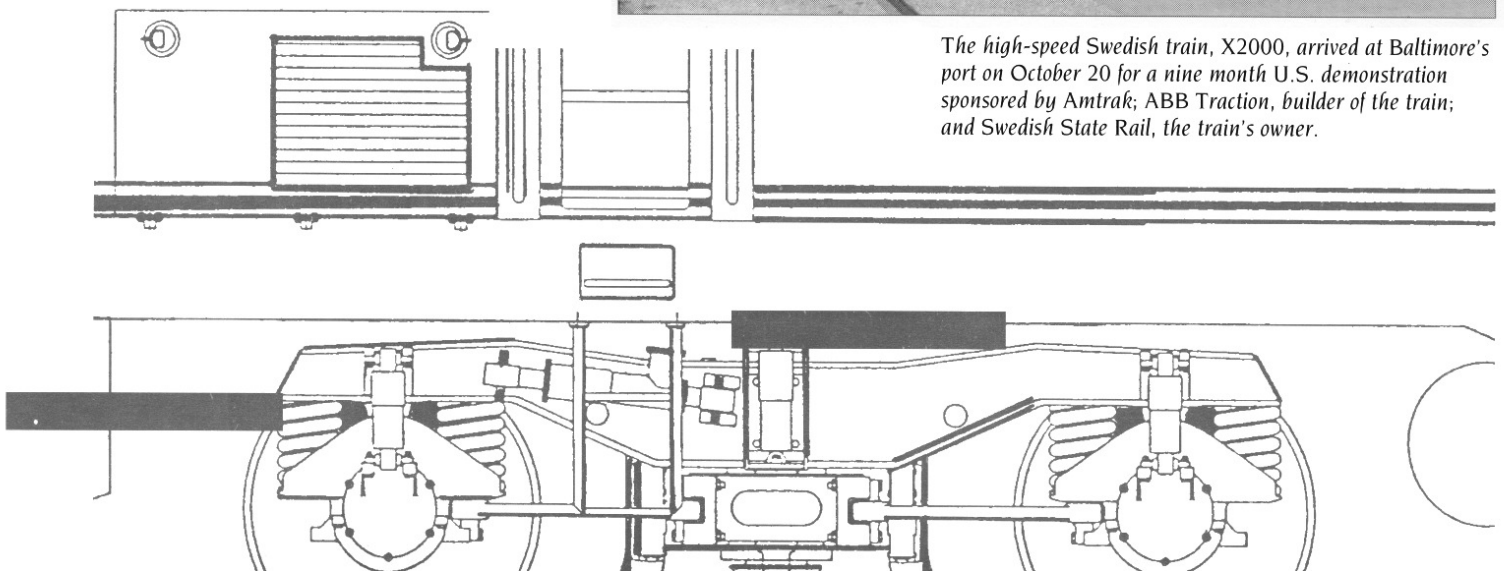
Amtrak will test the Swedish X2000 high-speed train on the Northeast Corridor during 1993 to determine customer response to various levels of service and comfort. Designs for a new generation of high-speed passenger equipment will be developed, followed by procurement of some 26 new train sets for use on the fully electrified Northeast Corridor.

A less-than-three-hour schedule between New York and Boston is projected to generate as many as three million new passengers and correspondingly reduce highway and airport congestion in the densely populated Northeast. The project is a pilot for the incremental high-speed improvement of other rail corridors across the nation on existing railroads.

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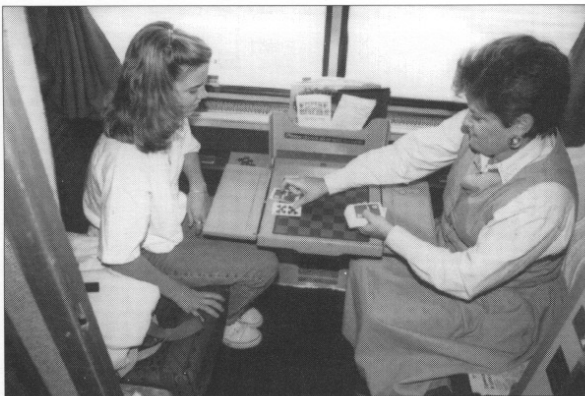
The high-speed Swedish train, X2000, arrived at Baltimore's port on October 20 for a nine month U.S. demonstration sponsored by Amtrak; ABB Traction, builder of the train; and Swedish State Rail, the train's owner.



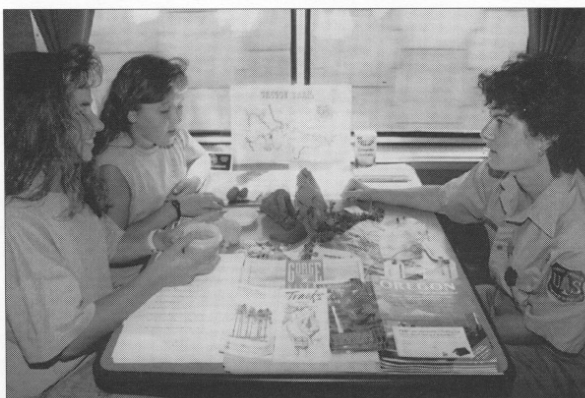
There is a growing public mandate for high-speed rail in densely populated corridors where air and highway congestion are seriously impairing the quality of life.

In addition to high-speed rail improvements, Amtrak is also preparing its long-distance trains for the future. Early in FY 1993, Amtrak placed its first order for 50 Viewliner sleeping cars, which will replace a portion of the 40-year-old Heritage cars used on eastern long-distance routes. These new cars are an essential component in Amtrak's efforts to generate additional passenger revenues and reduce the operating and maintenance cost of its equipment fleet. Nearly 300 Viewliners ultimately will be ordered for use on most of Amtrak's eastern overnight trains, providing significant additional capacity as well as a new look for the next century. In addition, with delivery of Amtrak's 140 new bi-level Superliner cars beginning next year, plans are underway for conversion of *Auto Train*, the *Capitol Limited* and the *City of New Orleans* from aging Heritage Fleet to these state-of-the-art cars.

Amtrak's investment in equipment and Northeast Corridor infrastructure improvements is only part of the investment that is needed to realize the potential of rail passenger service in the 21st century. There is continuing interest in additional Amtrak service on some routes and new Amtrak service where none exists today. At the same time, there is a growing public mandate for high-speed rail in densely populated corridors where air and highway congestion are seriously impairing the quality of life. Significant expansion of Amtrak service, whether conventional or high-speed, will depend on a commitment by all levels of government to rail improvements as a necessary and important component of transportation infrastructure planning and investment.



Families can spend quality time together in private rooms on Amtrak's long-distance trains (above), while other passengers can learn from National Park Service guides who ride some of Amtrak's most scenic routes (below).



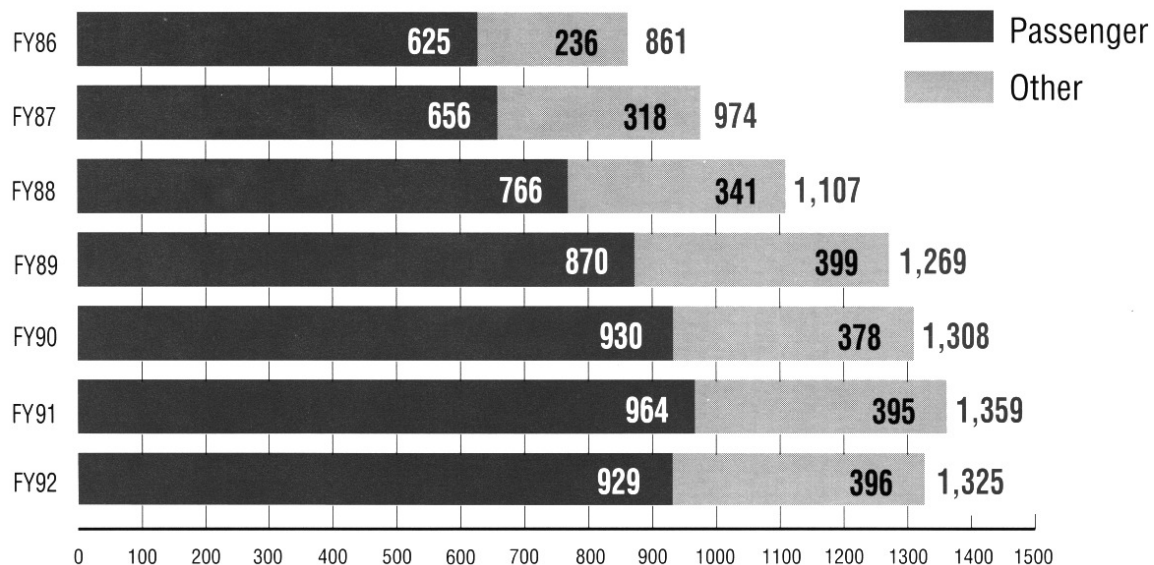
The financial statements, together with the report of the Auditor, provide the hard data regarding Amtrak's financial status as of the close of the year. It is important to understand these statements as well as what lies behind the numbers.

Revenues: For the first time since 1975, revenues actually declined \$34.2 million compared to the record performance of 1991. This should not obscure the fact that Amtrak generated \$1.3 billion in passenger and other revenues. Nonetheless, revenues were below even our modest expectations for the year.

- **Passenger Revenues:** Revenue generated from ticket sales fell 3.5 percent, clearly reflecting the continued poor national economy and sluggishness in the travel sector. Furthermore, Hurricane Andrew, the 1992 airline fare wars, and the freight rail strike also undermined ticket sales at critical times during the year. On-board dining and buffet revenues similarly fell 5.5 percent.
- **Real Estate and Operations Development:** The 1992 performance was 11.5 percent below the previous year due to several factors, including the closing of a cogeneration plant in New Haven, weak rental and leasing revenues which resulted from the poor national economy, and severe overbuilding during the 1980s.
- **Commuter Operations:** Fortunately, there were also some positive areas for revenue generation. The most important was commuter operating revenues generated from Amtrak's growing contract commuter operations. With the addition of new California and Virginia commuter services, revenues rose by 16.7 percent.
- **State 403(b) Support:** The initiation of several new 403(b) state supported services last year — the *Capitols* in California and an additional Chicago-Milwaukee *Hiawatha Service* train — resulted in a 26.3 percent increase in state payments to Amtrak.

Revenue Comparison FY 1986 - FY 1992

(in millions of dollars)



Overview of Financial Performance

Expenses: Amtrak's greatest achievement during the past year may well have been its ability to reduce corporate expenses in the face of disappointing revenue generation. Expenses declined \$44 million from last year — a decrease of 2.1 percent — despite inflation and the costs associated with the operation of several new services.

- Some of this decline relative to 1991 was the result of a special charge of \$27.2 million taken in FY 1991, and is discussed in the footnotes to the financial statements.
- Cost cutting efforts — which included a management salary freeze, decreased staffing of trains and stations, and some productivity improvements resulting from the new labor agreements — were sufficient to offset much of the decline in revenues and permit the Corporation to actually improve its bottom line revenue-to-cost ratio despite the recession. In FY 1991 the ratio was .785; this year the ratio improved to .791.

Operating Statistics

	1992	1991	1990	1989	1988
General					
System Route Miles (in thousands)	25	25	24	24	24
Stations	524	523	516	504	498
Train Miles Operated (in millions)	34	34	33	31	30
On-Time Performance					
Systemwide	77%	77%	76%	75%	71%
Short Distance	82%	82%	82%	81%	76%
Long Distance	61%	59%	53%	54%	54%
Ridership					
Passengers (in millions)	21.3	22.0	22.2	21.4	21.5
Northeast Corridor	10.1	10.9	11.2	11.1	11.2
Short Distance	5.3	5.0	5.2	4.7	4.8
Long Distance	5.9	6.1	5.8	5.5	5.4
Passenger Miles (in millions)	6,091	6,273	6,057	5,859	5,678
Locomotive Units					
Operating Fleet	336	316	318	312	298
Available for Service (daily average)	83.0%	86.0%	84.0%	84.1%	87.2%
Average Age (in years)	13.0	13.0	12.0	11.0	10.0
Diesel Units (new deliveries)	20	0	0	8	9
Electric Units (new deliveries)	0	0	0	5	1
Passenger Train Cars					
Operating Fleet	1,796	1,786	1,863	1,742	1,710
Owned and Leased*:					
Superliner Cars	282	282	282	282	282
Amfleet I Cars	492	489	482	483	483
Amfleet II Cars	148	149	149	149	149
Heritage Cars	823	826	841	827	813
Turboliner Cars	65	65	65	65	65
Self-Propelled Cars	19	19	28	40	43
Low-Level Cab Cars	30	34	33	21	18
Horizon Cars	103	103	103	45	0
Total Owned and Leased	1,962	1,967	1,983	1,912	1,853
Average Age (in years)	21.5	21.0	20.0	17.5	16.6

* Includes some older or damaged cars awaiting overhaul, conversion to head-end power, or sale.

Consolidated Balance Sheets

Assets	September 30, 1992	September 30, 1991
	(Thousands of dollars)	
Current Assets:		
Cash and cash equivalents	\$ 35,638	\$ 30,937
Short-term cash investments, at cost, which approximates market	-	3,164
Accounts receivable, net of allowance for doubtful accounts of \$2,649 and \$1,961 in 1992 and 1991, respectively	58,230	76,033
Materials and supplies	146,572	148,651
Other current assets	5,464	11,075
Total current assets	245,904	269,860
Property and Equipment:		
Passenger cars and locomotives	1,907,643	1,824,259
Northeast Corridor	3,422,572	3,099,027
Other	418,273	412,163
	5,748,488	5,335,449
Less—Accumulated depreciation and amortization	(1,863,812)	(1,701,102)
	3,884,676	3,634,347
Other Assets and Deferred Charges:		
Escrowed proceeds from sales of tax benefits	57,812	65,072
Deferred charges and other	115,480	107,958
	173,292	173,030
Total assets	\$ 4,303,872	\$ 4,077,237

Liabilities and Capitalization**September 30,
1992****September 30,
1991**

(Thousands of dollars)

Current Liabilities:

Accounts payable	\$ 139,095	\$ 138,101
Accrued expenses and other current liabilities	118,290	145,046
Deferred ticket revenue	12,240	12,755
Current debt and capital lease obligations	43,500	9,632
Total current liabilities	313,125	305,534

Long-Term Debt and Capital Lease Obligations:

Capital lease obligations	196,721	170,848
Equipment and other debt	178,603	107,487
	375,324	278,335

Other Liabilities and Deferred Credits:

Casualty reserves	62,115	77,137
Deferred revenue—sales of tax benefits	57,812	65,072
Deferred revenue—Penn Station joint venture	21,518	28,077
Advances from railroads and commuter agencies	50,602	44,008
Other	4,669	5,506
	196,716	219,800
Total liabilities	885,165	803,669

Commitments and Contingencies**Capitalization (see Consolidated Statements of
Changes in Capitalization)**

	3,418,707	3,273,568
Total liabilities and capitalization	\$4,303,872	\$4,077,237

The accompanying notes are an integral part of these consolidated balance sheets.

Consolidated Statements of Operations

For the Years Ended September 30,

	1992	1991
	(Thousands of dollars)	
Revenues:		
Transportation related.....	\$1,195,568	\$1,208,682
Other	129,228	150,268
Total revenues	1,324,796	1,358,950
Expenses:		
Train operations.....	462,050	449,585
Maintenance of equipment	440,924	443,481
Maintenance of way.....	203,022	204,511
On-board services.....	171,224	169,733
Stations.....	134,690	125,464
Marketing and reservations.....	177,177	184,457
General support.....	112,216	147,293
Taxes and insurance	61,943	63,368
Depreciation and amortization	205,800	202,643
General and administrative.....	49,672	49,531
Special charges	-	27,165
Interest	17,858	13,307
Total expenses.....	2,036,576	2,080,538
Net loss	\$ 711,780	\$ 721,588

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Cash Flows

For the Years Ended September 30,

1992

1991

(Thousands of dollars)

Cash Flows From Operating Activities:

Net loss.....	\$(711,780)	\$(721,588)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	205,800	202,643
Provision for inventory loss and obsolescence	5,200	9,000
Provision for losses on accounts receivable	6,000	3,300
Retirement and unemployment taxes paid by Federal Railroad Administration	150,200	144,798
Other.....	6,659	7,169
Changes in assets and liabilities:		
Decrease in accounts receivable.....	8,356	1,072
Increase in materials and supplies.....	(2,183)	(18,314)
Decrease in other current assets.....	5,611	2,985
Decrease in other assets and deferred charges	2,225	3,695
Decrease in accounts payable, deferred ticket revenue, and accrued expenses and other current liabilities.....	(30,249)	(11,226)
Decrease in other liabilities and deferred credits	(24,927)	(9,455)
Net cash used in operating activities	(379,088)	(385,921)

Cash Flows From Investing Activities:

Purchases and refurbishments of property and equipment.....	(343,392)	(306,371)
Proceeds from disposals of property and equipment	1,175	904
Cash released from restricted proceeds of tax benefits sales	26,887	15,449
Cash from Union Station Redevelopment Corporation	1,851	2,137
Cash released from (designated for) Penn Station joint venture	10,306	(2,440)
Cash restricted for capital spending.....	(47,274)	-
Cash investments.....	(2,958)	(25,467)
Proceeds from dispositions of cash investments.....	6,122	53,009
Other	414	-
Net cash used in investing activities	(346,869)	(262,779)

Cash Flows From Financing Activities:

Proceeds from issuance of preferred stock	504,300	529,375
Proceeds from federal paid-in capital	180,814	35,891
Proceeds from federal and state capital payments.....	24,358	21,756
Proceeds from debt.....	31,530	23,000
Repayments of debt and capital lease obligations.....	(10,344)	(7,287)
Net cash provided by financing activities	730,658	602,735
Net increase (decrease) in cash and cash equivalents	4,701	(45,965)
Cash and cash equivalents—beginning of year	30,937	76,902
Cash and cash equivalents—end of year.....	\$ 35,638	\$ 30,937

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Changes in Capitalization

	Preferred stock	Common stock	Other paid- in capital	Accumulated deficit	Totals
	(Thousands of dollars)				
Balance at September 30, 1990	\$ 6,616,414	\$ 93,857	\$ 3,750,187	\$ (7,197,811)	\$ 3,262,647
Issuance of preferred stock	529,375	-	-	-	529,375
Federal paid-in capital	-	-	180,689	-	180,689
Federal and state capital payments	-	-	22,445	-	22,445
Net loss	-	-	-	(721,588)	(721,588)
Balance at September 30, 1991	7,145,789	93,857	3,953,321	(7,919,399)	3,273,568
Issuance of preferred stock	504,300	-	-	-	504,300
Federal paid-in capital	-	-	331,014	-	331,014
Federal and state capital payments	-	-	21,605	-	21,605
Net loss	-	-	-	(711,780)	(711,780)
Balance at September 30, 1992	\$7,650,089	\$93,857	\$4,305,940	\$(8,631,179)	\$3,418,707

The accompanying notes are an integral part of these consolidated statements.

Notes to Consolidated Financial Statements

For the Years Ended September 30, 1992 and 1991

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements reflect the consolidated operations of the National Railroad Passenger Corporation, its wholly-owned subsidiaries Chicago Union Station Company (CUS) and Washington Terminal Company, and its 99% interest in 30th Street Limited, L.P. (TSL), beginning in 1992 (see Note 9). All significant intercompany transactions have been eliminated.

Passenger Revenue

Passenger fares are recognized as operating revenues when the related transportation services are furnished. Tickets which have been sold but not used are presented as "Deferred ticket revenue" in the Consolidated Balance Sheets.

Contracted Services

The Consolidated Statements of Operations include the gross revenues earned and expenses incurred under arrangements to operate various commuter rail services, to provide access to the Northeast Corridor and other Amtrak owned facilities, and to perform services for freight railroads.

Cash Equivalents and Short-Term Cash Investments

Amtrak considers all financial instruments purchased having a maturity of three months or less to be cash equivalents. Those financial instruments purchased with a maturity of over three months, and which mature not more than one year from the Consolidated Balance Sheet date, are classified as short-term cash investments.

Materials and Supplies

Materials and supplies, which are stated at average cost, consist primarily of items for maintenance and improvement of property and equipment.

Property and Depreciation

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 amortized over the shorter of their estimated useful lives or the lease term.

Casualty Losses

Provision is made for Amtrak's portion of the estimated liability for unsettled casualty and accident claims. The current portion of this liability is included in the Consolidated Balance Sheets under "Accrued expenses and other current liabilities." The non-current portion is classified as "Casualty reserves." As of September 30, 1992 and 1991, the current claims liability included in accrued expenses and other current liabilities was \$53,100,000 and \$51,100,000, respectively.

NOTE 2: FEDERAL AND STATE FUNDING

Funds are provided to Amtrak through federal and state payments for operations and for capital acquisitions and improvements. For funds received from the federal government, Section 304 of the Rail Passenger Service Act (45 U.S.C. 544) requires Amtrak to issue to the United States Secretary of Transportation preferred stock equal in par value to all federal operating payments and most federal capital payments received subsequent to October 1, 1981, as well as capital and certain operating payments received prior to that date. Public Law 102-388, approved on October 6, 1992, provides \$700,100,000 in federal funds to Amtrak for fiscal year 1993, of which \$331,000,000 is for operating purposes, and the balance for capital acquisitions and improvements.

Federal paid-in capital, included in the Consolidated Statements of Changes in Capitalization, includes certain funding received from the federal government to finance acquisition of and improvements to property and equipment. In exchange for past and prospective funding, Amtrak issued two promissory notes to the United States. The first note matures on November 1, 2082, with successive 99-year renewal terms, and is secured by certain Amtrak rolling stock. The second note matures on December 31, 2975, and is secured by Amtrak's real property. Neither of the notes bears interest, unless prepaid (which Amtrak does not intend to do). The federal government's security interest in Amtrak's real property and certain rolling stock entitles it to repayment plus interest in the event Amtrak ceases operations, is acquired by another entity, or seeks relief under bankruptcy or insolvency laws.

Federal paid-in capital also includes payments made on Amtrak's behalf by the Federal Railroad Administration (FRA). During the year ended September 30, 1992, the FRA deposited

Notes to Consolidated Financial Statements

For the Years Ended September 30, 1992 and 1991

\$150,200,000 with the Internal Revenue Service in payment of Amtrak's excess Railroad Retirement Tax Act tax liabilities, excess Railroad Unemployment Repayment Tax payments, and excess Railroad Unemployment Insurance Act payments.

NOTE 3: PREFERRED AND COMMON STOCK

At September 30, 1992, 78,160,000 shares of \$100 par value preferred stock were authorized, of which 76,500,895 shares were issued and outstanding. On October 29, 1992, 1,038,200 shares of preferred stock were issued at par value, increasing the total number of shares issued and outstanding to 77,539,095. At September 30, 1991, 73,100,000 shares were authorized, of which 71,457,895 shares were issued and outstanding. All issued and outstanding preferred shares are held by the Secretary of Transportation for the benefit of the federal government. Dividends are to be fixed at a rate not less than 6% per annum, and are cumulative so that no dividends may be paid on the common shares prior to the payment of all accrued but unpaid dividends on the preferred shares. No dividends have been declared. The preferred stockholder is also entitled to a liquidation preference over common shares involving a payment of not less than par value plus all accrued unpaid dividends. Each share of preferred stock is convertible into 10 shares of common stock at the option of the preferred stockholder.

At September 30, 1992 and 1991, 10,000,000 shares of \$10 par value common stock were authorized, of which 9,385,694 shares were issued and outstanding.

NOTE 4: BORROWING ARRANGEMENTS

Long-term debt presented in the Consolidated Balance Sheets consisted of the following (in thousands):

	1992	1991
Equipment obligations	\$ 87,658	\$ 88,487
Lines of credit	22,500	19,000
Bonds	30,000	-
Construction loan	26,225	-
UDAG loan	12,220	-
	<u>\$178,603</u>	<u>\$107,487</u>

Amtrak has entered into an agreement with a manufacturer for the construction of 140 passenger cars at a total estimated price of \$400,000,000. Under the terms of a loan agreement with a third-party lender, Amtrak may borrow up to \$340,000,000 in the form of advances made by the lender to the manufacturer toward the cars' construction. Interest on amounts advanced is being charged to Amtrak during construction and is payable quarterly. Principal repayments of all outstanding advances are due in 80 consecutive quarterly installments commencing the earlier of when the last car is delivered or June 30, 1996. All amounts borrowed by Amtrak are secured by the finished passenger cars. Interest and related financing charges incurred by Amtrak are being capitalized during the construction period as a component of the cars' total cost. Interest capitalized during the years ended September 30, 1992 and 1991 totaled \$8,234,000 and \$3,641,000, respectively.

Amtrak has conditionally purchased 15 locomotives. The financed portion of each locomotive's purchase price plus accrued interest are due two years following the date of delivery and acceptance. Amtrak has the option at the end of this period to return any locomotive in lieu of paying the principal and accrued interest due. At September 30, 1992, no locomotives have been returned, and the related debt is secured by the locomotives.

Amtrak and CUS have \$95,000,000 of unsecured lines of credit with banks expiring from December 1992 to March 1993, which are subject to certain conditions. Borrowings under these agreements bear interest based on the London Interbank Offered Rate (LIBOR), Eurodollar rate, certificate of deposit rates, prime rate, or rate offered by the lender. Amtrak pays various fees on its credit lines. At September 30, 1992, Amtrak and CUS had borrowed \$52,000,000 under these agreements. \$20,000,000 of these borrowings were repaid in October 1992.

Included in TSL's long-term debt at September 30, 1992 are \$30,000,000 of Philadelphia Authority for Industrial Development tax-exempt private-activity bonds (Bonds) issued for the benefit of TSL's rehabilitation of 30th Street Station (Station) in the city of Philadelphia, Pennsylvania (City). The Bonds were issued on December 30, 1987, mature on January 1, 2011, and bear interest at a fixed or variable rate as stipulated in the bond indenture. Interest is payable until

Notes to Consolidated Financial Statements

For the Years Ended September 30, 1992 and 1991

maturity at intervals determined under provisions in the bond indenture. No amortization of bond principal prior to maturity is required. Since the Bonds are subject to optional tender by the bondholders, TSL has executed a Liquidity Facility which provides funds to purchase TSL Bonds surrendered under the optional tender provisions.

TSL has a construction loan agreement which at TSL's option bears interest at the LIBOR or the prime rate. Principal repayment is due in annual installments each April to be paid in full by November 17, 1998. The loan is secured by a leasehold mortgage on TSL's right and interest in the Station.

TSL has an obligation to the City under an Urban Development Action Grant (UDAG) loan agreement as of September 30, 1992. Principal is to be repaid in \$130,000 annual installments each November 29th through 2011. The City's rights under the UDAG loan agreement are secured by a leasehold mortgage.

The UDAG loan bears no interest. The weighted average interest rate on all other borrowings was 6.4% per annum at September 30, 1992.

At September 30, 1992, scheduled maturities of long-term equipment and other debt over the next five years were as follows:

Year Ending September 30	Amounts (In Thousands)
1993	\$ 37,516
1994	10,289
1995	9,800
1996	10,582
1997	11,437
Thereafter	136,495
	<u>\$216,119</u>

NOTE 5: LEASING ARRANGEMENTS

Capital Leases

Amtrak leases items of equipment, primarily passenger cars and locomotives, under capital leasing arrangements. At September 30, 1992 and 1991, the gross amount of assets recorded under capital leases was \$220,070,000 and \$189,955,000, respectively, with accumulated amortization of

\$35,502,000 and \$24,055,000, respectively. At September 30, 1992, future minimum lease payments under capital leases were as follows:

Year Ending September 30	Amounts (In Thousands)
1993	\$ 21,232
1994	19,646
1995	18,849
1996	21,167
1997	16,364
Thereafter	273,713
	<u>370,971</u>
Less amount representing interest	168,266
Present value of minimum lease payments at September 30, 1992	<u>\$ 202,705</u>

Operating Leases

At September 30, 1992, Amtrak was obligated for the following minimum rental payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year:

Year Ending September 30	Amounts (In Thousands)
1993	\$ 7,859
1994	7,659
1995	6,924
1996	6,345
1997	6,159
Thereafter	52,727
	<u>\$87,673</u>

Rent expense for the years ended September 30, 1992 and 1991 was \$24,034,000 and \$25,287,000, respectively.

NOTE 6: CONTINGENCIES

Amtrak is involved in various litigation and arbitration in the normal course of business, including environmental clean up matters. While the outcome of these matters cannot be

Notes to Consolidated Financial Statements

For the Years Ended September 30, 1992 and 1991

predicted with certainty, it is the opinion of management and counsel that the disposition of these matters will not materially affect Amtrak's consolidated financial statements.

Amtrak has self-insured certain risks with respect to losses for third-party liability and property damage. Insurance coverage for liability losses from \$25 million to \$100 million is provided by insurance companies owned by Amtrak and various other railroads and transit authorities.

In October 1989, Amtrak commenced a lawsuit in federal court against a manufacturer of concrete ties. The complaint alleged premature deterioration of the ties requiring unusually early replacement. Amtrak reached a settlement with the manufacturer. In October 1992, Amtrak received an initial settlement payment of \$5,000,000 and has a liquidated claim of \$34,000,000 as an unsecured creditor in the manufacturer's bankruptcy proceedings.

NOTE 7: RETIREMENT BENEFITS

Pension Plan

Amtrak has a qualified noncontributory defined benefit retirement plan held in trust covering nonunion employees and certain union employees. Benefits are based on years of credited service, and the employee's average compensation during the five highest consecutive years. Amtrak's funding policy is to contribute annually the amount recommended by outside actuaries. Pension expense for 1992 and 1991 was \$3,399,000 and \$3,292,000, respectively. The following tables set forth the plan's funded status, amounts recognized in the Consolidated Balance Sheets at September 30, 1992 and 1991, and components of the net pension expense for 1992 and 1991 (amounts in thousands):

	1992	1991
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of \$52,688 and \$48,805, respectively	<u>\$53,409</u>	<u>\$49,545</u>

	1992	1991
Plan assets at fair value, primarily fixed income investments and listed stocks	\$87,015	\$80,505
Projected benefit obligation for service rendered to date	78,269	73,884
Plan assets in excess of projected benefit obligation	8,746	6,621
Unrecognized prior service cost being amortized over 11.8 years	5,697	6,386
Unrecognized net gain	(7,516)	(3,570)
Unrecognized net asset existing at October 1, 1986 being amortized over 11.6 years	(5,918)	(6,963)
Prepaid pension expense recognized in Consolidated Balance Sheets	<u>\$ 1,009</u>	<u>\$ 2,474</u>
Net pension expense for 1992 and 1991 included the following components:		
Service cost—benefits earned during the period	\$ 4,014	\$ 4,259
Interest cost on projected benefit obligation	5,591	5,232
Actual return on plan assets	(6,908)	(3,431)
Net amortization and deferral	702	(2,768)
Net pension expense	<u>\$ 3,399</u>	<u>\$ 3,292</u>

The weighted average discount rate used in determining the projected benefit obligation was 8.0% in 1992 and 1991. The projected rate of increase in future compensation levels was 6.0% in 1992 and 1991. The assumed long-term rate of return on plan assets was 7.0% and 7.5% in 1992 and 1991, respectively. The unfunded accrued pension cost at September 30, 1986, is being amortized over the remaining average service life of plan members, and \$1,743,000 and \$2,051,000 net of amortization, is included under "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets at September 30, 1992 and 1991, respectively.

Notes to Consolidated Financial Statements

For the Years Ended September 30, 1992 and 1991

Other Postretirement Benefits

Amtrak provides certain of its retirees healthcare and life insurance benefits. Substantially all salaried employees may become eligible for these benefits if they reach retirement age while still working for Amtrak. These benefits are subject to copayment provisions and other limitations. The cost of these benefits is recognized as expense as claims are paid. The total cost of these postretirement benefits charged to income was \$1,432,000 and \$1,192,000 for 1992 and 1991, respectively.

In December 1990, the Financial Accounting Standards Board issued a new standard on accounting for postretirement benefits other than pensions. This new standard requires that the expected cost of these benefits must be charged to expense during the years that the employees render service. This is a significant change from Amtrak's current policy of recognizing these costs as expense when paid. Amtrak is required to adopt the new accounting and disclosure rules no later than the fiscal year beginning October 1, 1993, although earlier implementation is permitted. Amtrak may adopt the new standard prospectively or via a cumulative catch-up adjustment.

Due to the complexities of the new standard, management has not yet determined the effect that the change in accounting will have on Amtrak's reported financial position and results of operations. However, Amtrak has decided it will adopt the new accounting method by recording a cumulative catch-up adjustment in the fiscal year beginning October 1, 1993. Management expects that the annual postretirement benefits expense computed in accordance with the new standard will be significantly greater than the annual cash payments.

NOTE 9: INVESTMENTS IN STATIONS

In 1988, Amtrak leased to the Long Island Rail Road Company (LIRR) certain space in Penn Station, New York City, for 99 years, with an automatic 99-year renewal term, along with the right to jointly use the Penn Station operating facilities for 99 years, for a total of \$44,400,000. The space rental was accounted for by Amtrak as a sale. The resulting gain of \$42,537,000, net of the book value of assets sold, was deferred, and is being recognized as income as expenditures are incurred by Amtrak as a participant under a concurrently executed joint venture agreement with LIRR and the Metropolitan Transportation Authority, to upgrade the Station's structure and centralize control of train movements in and around Penn Station. During the years ended September 30, 1992 and 1991, Amtrak recognized revenue of \$6,559,000 and \$8,102,000, respectively. As of September 30, 1992, Amtrak has expended \$42,039,000 on the project as required under the joint venture agreement. Future project costs in excess of \$45 million will be borne by LIRR up to \$90 million, as stipulated in the joint venture agreement. Any costs above \$90 million will be shared equally between Amtrak and LIRR.

On April 22, 1992, the limited partners of TSL assigned to Amtrak their 99% partnership interest. Formed in 1987, TSL is engaged in the improvement and rehabilitation of real property leased by it from Amtrak and located at 30th Street Station in Philadelphia, Pennsylvania. Amtrak leases back the property from TSL and, beginning in 1992, consolidates the partnership in the Amtrak consolidated financial statements. The primary impact of the transaction is that approximately \$64,318,000 of net fixed assets and \$73,284,000 of debt (see Note 4) are now included in Amtrak's Consolidated Balance Sheets.

NOTE 8: SALE OF TAX BENEFITS

Pursuant to provisions of the Economic Recovery Tax Act of 1981, Amtrak sold the rights to the tax benefits associated with certain qualified assets. Cash proceeds from these sales plus accrued interest are subject to certain restrictions, and therefore are presented as a non-current asset and deferred revenue in the Consolidated Balance Sheets. Revenue is recognized to the extent restrictions have been lifted, and funds released to Amtrak. For the years ended September 30, 1992 and 1991, Amtrak recognized revenue of \$9,722,000 and \$13,384,000, respectively, from these restricted funds.

NOTE 10: SPECIAL CHARGES

During fiscal year 1991, Amtrak incurred special charges of \$27,165,000 for a major cost-reduction effort that resulted in a 10% reduction in management positions, the closing of a cogeneration facility, and the divestiture of a commuter rail car assembly contract. The charges were composed mainly of early retirement and voluntary separation incentive payments, operating and contract losses, termination, and other costs.

Notes to Consolidated Financial Statements

For the Years Ended September 30, 1992 and 1991

NOTE 11: SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended September 30, 1992 and 1991, Amtrak engaged in the following investing and financing activities that affected recognized assets, liabilities, and capitalization, but did not result in a change in cash and cash equivalents (amounts in thousands):

	1992	1991
• Obligations incurred in connection with progress payments made by a third party lender on Amtrak's behalf for the construction of passenger cars	\$ 1,859	\$ 85,310
• Expenditures made for projects along the Northeast Corridor from funds established specifically for those purposes	\$ 13,117	\$ 16,204
• Capital lease obligations incurred in connection with the leasing of new equipment	\$ 31,873	-
• Obligation incurred in connection with the purchase of locomotives	\$ 489	\$ 3,177
• Federal paid-in capital from Federal Railroad Administration payment of retirement and unemployment taxes	\$150,200	\$144,798

As mentioned in Note 9, the limited partners of TSL assigned to Amtrak their 99% partnership interest in a noncash transaction.

Cash interest of \$17,014,000 and \$13,109,000 was paid during the years ended September 30, 1992 and 1991, respectively.

Management Report

Management is responsible for the preparation and integrity of the consolidated financial statements presented in this Annual Report. These statements have been prepared in accordance with generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates and judgement. Management considers that the financial statements present fairly the financial position of Amtrak and the results of its operations.

To meet its responsibility, management maintains a comprehensive system of internal controls, policies and procedures to assure the proper authorization of transactions, the safeguarding of assets and reliability of financial information. The system can only provide reasonable assurance, not absolute, that the related records fairly reflect all transactions and proper accountability. The concept of reasonable assurance is based on the recognition that the cost of a system of internal controls must be related to the benefits derived.

Amtrak has established its intent to maintain a high standard of ethical conduct in all business activities. Internal accounting controls, operating controls, as well as a corporate rules of conduct and a business ethics policy, are documented and communicated to all levels of management.

The Board of Directors, through its Audit Committee, reviews the system of internal controls and financial reporting. The Committee meets and consults regularly with management, the internal auditors and the independent accountants to review the scope and results of their work. The accounting firm of Arthur Andersen & Co. has performed an independent examination of the financial statements and has full and free access to meet with the Committee, without management representatives present, to discuss the results of the audit.



W. Graham Claytor, Jr.
Chairman and President



Charles W. Hayward
Vice President-Finance
and Administration
Chief Financial Officer

Report of Independent Public Accountants

To the Board of Directors of
National Railroad Passenger Corporation:

We have audited the accompanying consolidated balance sheets of National Railroad Passenger Corporation (incorporated pursuant to the Rail Passenger Service Act and the laws of the District of Columbia) and subsidiaries (Amtrak) as of September 30, 1992 and 1991, and the related consolidated statements of operations, cash flows, and changes in capitalization for the years then ended. These financial statements are the responsibility of Amtrak's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amtrak as of September 30, 1992 and 1991, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



Washington, D.C.
November 13, 1992

Executive Staff

Peter A. Cannito

Vice President-Engineering, 18 years of service. Appointed Assistant General Manager-Operations East in 1984, Assistant Vice President/General Manager-Transportation in 1986; assumed current position in 1988.

W. Graham Claytor, Jr.*

President and Chairman, elected by the Board on June 10, 1982.

Anthony D. DeAngelo

Vice President-Real Estate and Operations Development, 10 years of service. Appointed Assistant Vice President-Real Estate in 1982; assumed current position in 1989.

Eugene N. Eden

Vice President-Passenger Services, 18 years of service; retired on Oct. 1, 1992.

Robert E. Gall

Vice President-Passenger Marketing and Sales, 17 years of service. Appointed Assistant Vice President-Market Planning and Analysis in 1980, Vice President-Transportation Marketing in 1982. Vice President-Sales in 1985; assumed current position in 1991.

Thomas J. Gillespie, Jr.

Assistant Vice President-Government and Public Affairs, 13 years of service; assumed current position in 1987.

Charles W. Hayward*

Vice President-Finance and Administration and Chief Financial Officer, 17 years of service. Appointed Assistant Vice President-Resource Management in 1980; elected Vice President-Finance and Treasurer in 1982; assumed current position in 1986.

John P. Lange

Assistant Vice President-Labor Relations, six years of service; assumed current position in 1986.

Neil D. Mann

Assistant Vice President-Personnel, five years of service; assumed current position in 1987.

Arthur F. McMahon

Vice President-Passenger Services; joined Amtrak on Oct. 15, 1992, after 30 years of service in the transportation industry, most recently as Senior Vice President-Customer Services for British Airways.

William S. Norman*

Executive Vice President, 13 years of service. Appointed Vice President-Marketing in 1979, Vice President-Sales and Marketing in 1981, Group Vice President-Marketing and Corporate Planning in 1981, Executive Vice President-Marketing and Business Development in 1984; assumed current position in 1987.

Norris W. Overton

Vice President-Information Systems, 11 years of service. Appointed Assistant Vice President-Resource Management in 1982; assumed current position in 1988.

Stephen C. Rogers

General Counsel, nine years of service. Assumed current position in 1991.

Dennis F. Sullivan*

Executive Vice President and Chief Operating Officer, 19 years of service. Appointed Assistant Vice President-Engineering in 1981, Vice President/Chief Engineer in 1982, Vice President-Operations and Maintenance in 1985; assumed current position in 1988.

Robert C. VanderClute

Vice President-Transportation, 21 years of service. Appointed Assistant Vice President-Transportation in 1985; assumed current position in 1988.

Elyse G. Wander

Vice President-Corporate Planning and Development and Corporate Secretary, 19 years of service. Appointed Assistant Vice President-Corporate Planning in 1983; assumed current position in 1985, and re-assumed Corporate Secretary duties in 1991.

Other Corporate Officers

John M. Carten, Assistant Corporate Secretary, 16 years of service; assumed current position in 1992.

Richard I. Klein, Treasurer, 15 years of service; assumed current position in 1987.

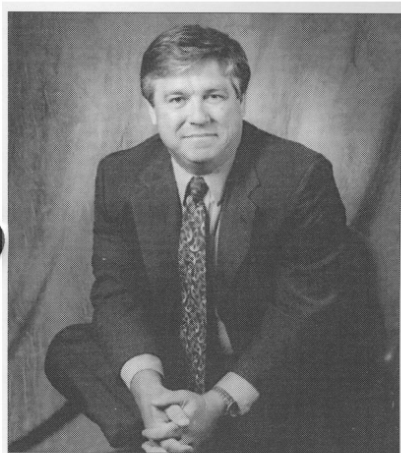
Robert L. Lewis, III, Controller, 19 years of service; assumed current position in 1988.

Suzann Lupton, Assistant Corporate Secretary (part-time), four years of service; assumed current position in 1992.

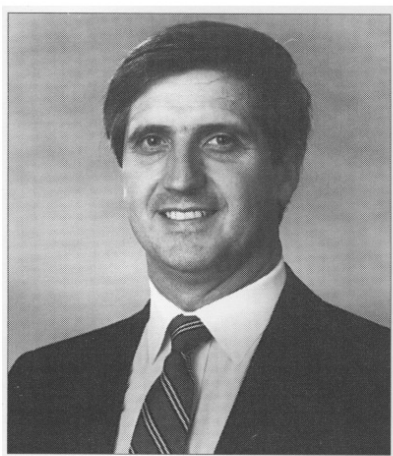
Medaris W. Oliveri, Assistant Corporate Secretary (part-time), nine years of service; assumed current position in 1986.

* Member of Management Committee

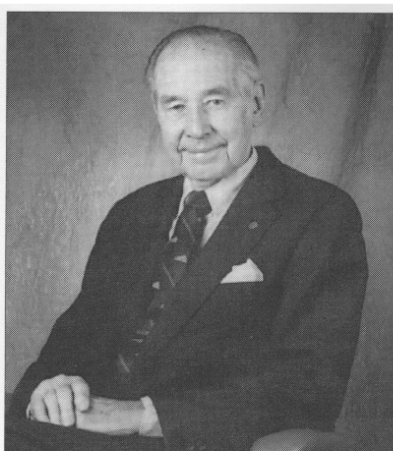
Board of Directors



Haley Barbour
Partner
Barbour and Rogers
Yazoo City, Miss.

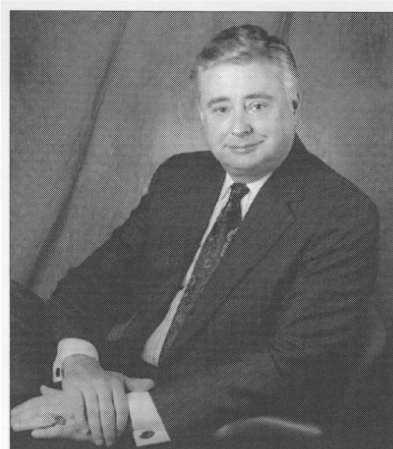


Andrew H. Card, Jr.
United States
Secretary of
Transportation
Washington, D.C.

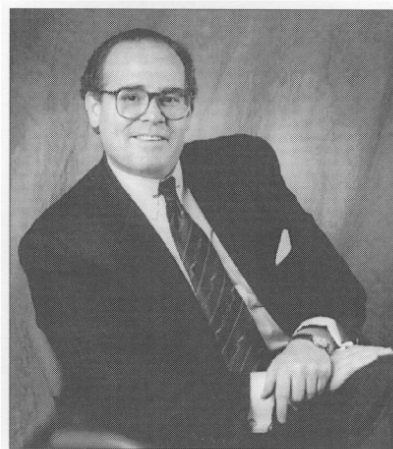


W. Graham Claytor, Jr
Chairman
National Railroad
Passenger Corporation
(Amtrak)
Washington, D.C.

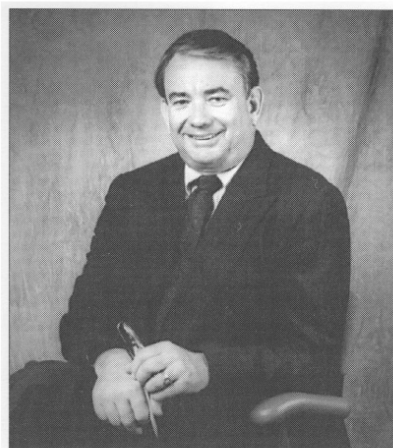
NOT PICTURED: Carl W. Vogt
Resigned July 1992, to become Chairman,
National Transportation Safety Board.



Eugene R. Croisant
Executive Vice President
Human Resources and
Administration
RJR Nabisco, Inc.
New York, N.Y.



David F. Girard-diCarlo
Managing Partner
Blank, Rome, Comisky
and McCauley
Philadelphia, Pa.



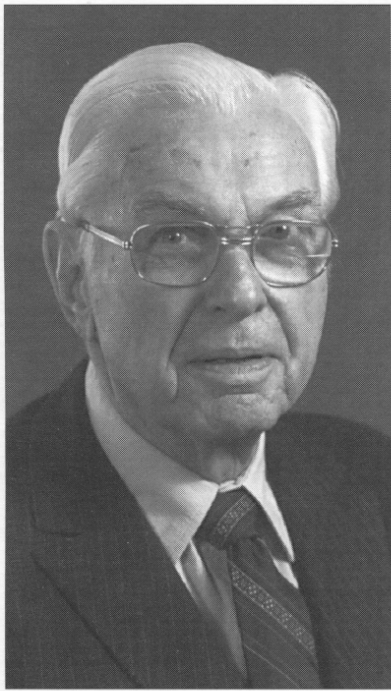
Tommy G. Thompson
Governor
State Of Wisconsin
Madison, Wis.



Paul M. Weyrich
President
The Free Congress
Research and Education
Foundation, Inc.
Washington, D.C.



It is the policy of the National Railroad Passenger Corporation (Amtrak) to be an Equal Opportunity Employer. We pledge our support to enhance growth opportunities for minorities and women, and to ensure they are effectively represented throughout our work force.



Charles Luna

Former President of the
United Transportation Union
Incorporator of Amtrak
Dallas, Texas

1906 - 1992

WHEREAS, Charles Luna worked in the railroad industry for more than 60 years, holding several union leadership positions, including President of the United Transportation Union and Chairman of the Congress of Railway Unions; and

WHEREAS, Mr. Luna was appointed by President Nixon as one of the National Railroad Passenger Corporation's eight Incorporators in 1970; and

WHEREAS, Mr. Luna as an Incorporator participated in the designation of the original Amtrak route structure and in other important decisions attendant to the activation of the Corporation; and

WHEREAS, Mr. Luna played a key role in the creation and approval of Amtrak's logo; and

WHEREAS, Mr. Luna was subsequently appointed by President Nixon as a charter member of the Amtrak Board of Directors, reappointed by Presidents Ford, Carter, and Reagan, and had faithfully and creatively served in that capacity for 21 years, the longest of any Director; and

WHEREAS, Mr. Luna provided the Corporation with the benefit of his wisdom, wit and guidance as Chairman of the Railway Operations Committee; and

WHEREAS, Mr. Luna played a key and innovative role in providing focus and encouragement to Amtrak's Safety Program, thus directly influencing the Corporation's improved safety performance; be it

RESOLVED, That the Board of Directors of the National Railroad Passenger Corporation expresses its sense of profound loss and grief to Mrs. Luna and the Luna family on the occasion of the death of Mr. Luna on Oct. 1, 1992; and

FURTHER RESOLVED, That the Board and all Amtrak employees express strong commendation for Mr. Luna's many valuable years of service to the Corporation.

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**National Railroad
Passenger Corporation**

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