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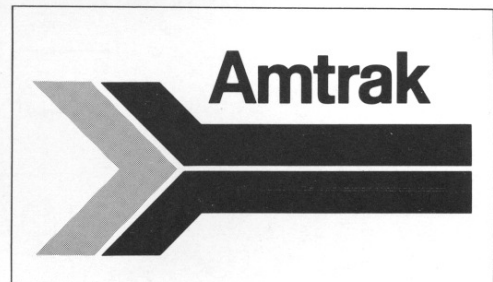
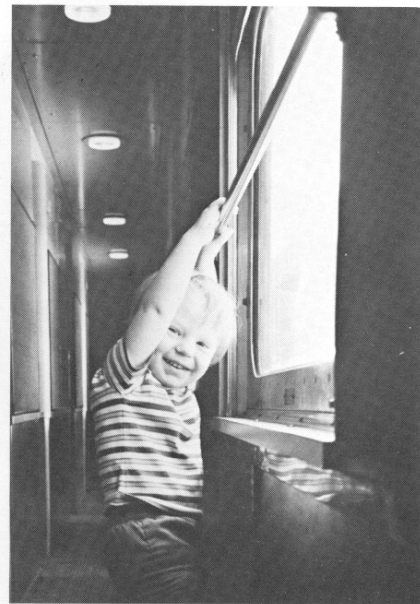
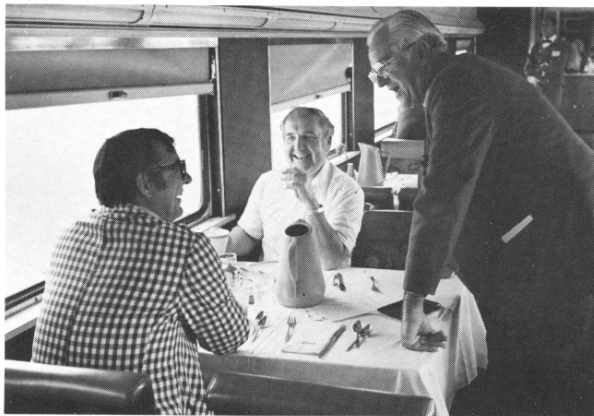
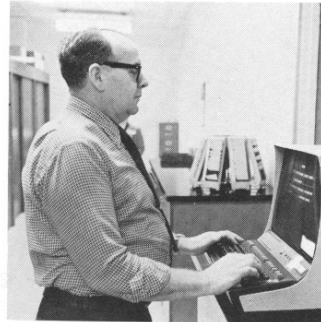
1976 ANNUAL REPORT

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Amtrak is People



1976 AMTRAK ANNUAL REPORT

Submitted on February 15, 1977,
to the President of the United States,
the President of the Senate,
and the Speaker of the House of Representatives,
pursuant to Sections 308 and 805
of the Rail Passenger Service Act,
Public Law 91-518,
as amended.

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94-25, to end on September 30 to coincide with the fiscal year adopted by the federal government. Previous annual reports encompassed the calendar year. In order to provide comparable 12-month periods, the months of October through December 1975



PRESIDENT'S REPORT

I am pleased to report that 1976, the year of this country's Bicentennial, was a year of historic proportions for Amtrak, the National Railroad Passenger Corporation.

In 1976 Amtrak became a full-fledged member of the railroad community when, on April 1, it took over direct control of trains and track forces, dispatching, signaling and maintenance of the high-speed Northeast Corridor from Washington, D.C. to Boston, Massachusetts. This acquisition from Conrail, in accordance with the provisions of public law, was the result of long planning and coordinated preparation. Not only did this conveyance double the size of our organization but it added many responsibilities not previously the concern of Amtrak, including the management and direction of train operations—passenger, commuter and freight—in the most complex railroad region in North America.

Continuing the good progress which I was able to report to you in 1975, after my first ten months with Amtrak, I have witnessed a growing satisfaction on the part of the public with Amtrak.

At the same time, from some areas, 1976 was a year of contention. Many people, some of them in high office, have evidenced impatience and concern over Amtrak. They seem not to realize that an organization with a Congressional mandate to provide rail passenger service on a nationwide basis must begin with a very large infrastructure. Amtrak is this country's first nationwide railroad and it is a developing system. To produce sufficient revenue to cover costs, Amtrak must develop its earning capacity and earning capacity is the product of its passenger cars, trains and their effective utilization. We are doing something about this, but that takes time and money.

During 1976, we have demonstrated what can be done. For example, new Amfleet trains replaced older conventional equipment and with state participation one new train was added on the San Diego-Los Angeles route. Ridership and passenger acceptance rose significantly. In December 1976, we carried 40,972 passengers on that route compared to 22,904 in December 1975, for an increase of 79 per cent. It must be noted that this increase was achieved with new cars and frequency adjustment alone.

Similar increases have been achieved in the same manner in the Pacific Northwest and in Michigan. In all of these places we have been able to demonstrate positively that the business is there. The American public likes to ride trains. In fact, the American public appears to be more ready for trains than most people have thought. They want good trains and we will give them what they want.

Almost 400, out of a total order of 492, of the new Amfleet cars are in service as of the end of calendar 1976. We have an additional 284 Amtrak-designed and Pullman-built bi-level cars on order for delivery beginning in the summer of 1977 for western service. These new cars will make up the finest trains ever seen in this country.

These new cars are a great asset. They are more reliable and comfortable and they make it possible for our on-board employees to provide better service. We like these new cars because they have more seating capacity and that means more earning capacity. All of this looks better on the bottom line.



Paul H. Reistrup

This year was notable because of that factor. Although these new cars came in as inventory replacements for old cars and did not increase total fleet numbers, they did produce the beginning of an upward trend in earnings. We saw a substantial ridership increase in 1976. We handled more than one and one quarter million additional riders in calendar 1976 over 1975 and revenues were up slightly over 13 per cent, an increase of \$34 million. In other words, new equipment and small, but highly successful, frequency improvements have brought about financial improvements forecasting better things ahead. Speed improvement must await track improvements. All of this will do more to moderate the fears of our critics than anything else. We all want to see Amtrak close the gap between costs and revenues and reduce the call upon federal funds.

This is the meaning of the enthusiasm for the Northeast Corridor project. It will produce dollars. A June 1976 report from Peat, Marwick & Mitchell forecast 31 million rail passengers in the NEC by 1990, about a threefold increase with estimated gross revenues of \$300 million. I believe this to be a modest and conservative estimate judging from what I have learned during my recent travels to Europe and Japan. We know there are many eligible corridors in this country where the same potential exists.

In terms of the long history of railroads in America, Amtrak is very young, but now Amtrak is much more certain of where it is going and what must be done to get there. Congress and the Administration sensed correctly the mood of the people when they created Amtrak. What has happened in those intervening years is summed up in this report. It makes an interesting and, may I add, an encouraging commentary on the benefits of public and private cooperative enterprise.

Nowhere is this better demonstrated than in the membership of the Amtrak Board of Directors. Without their hard work, understanding and guidance, this task would be impossible. And sometimes when all of us thought we had encountered something really difficult, we found strength in the support of the Congress and the American public. We are all dedicated to the promise of making the Amtrak concept a success.

A handwritten signature of Paul H. Reistrup in dark ink. The signature is stylized, with a large, looped 'P' and 'R'.

1976 HIGHLIGHTS

1976 was a milestone year for Amtrak, one that made the Corporation an operating railroad for the first time in its history and put over 75 per cent of its short-distance passengers into new train equipment.

With the takeover of the Northeast Corridor, Amtrak was soon dispatching its own trains between Boston and Washington and maintaining its own track and equipment.

New Equipment For Travelers

The scope of Amtrak's new equipment deliveries began to make dramatic changes in the way the traveling public perceived train travel. Amfleet equipment first went into service in the Northeast Corridor, then spread out to other sections of the country, and newly-purchased turbine trains replaced old equipment in New York State.

Construction began on 284 bi-level, long-distance cars, the first of which are scheduled for delivery in mid-1977. In the busy Northeast Corridor, Amtrak tested an advanced Swedish electric passenger locomotive in regular service. A similar locomotive of French design was due to arrive in January 1977 for similar testing. Experiences gained from these European units will be used in writing specifications for future Amtrak locomotives.

Four new trains were inaugurated during the year linking communities between Washington and Cincinnati, New York and Savannah, New York and Newport News and Los Angeles and San Diego. Before calendar 1976 had ended, Amtrak and Auto-Train had begun joint service between Louisville and Sanford, Florida, on Amtrak's Floridian.

Another new route—Seattle to Salt Lake City via Boise—was announced with service to begin in mid-1977.

Ridership Grows

The combination of new equipment, new services and an aggressive marketing program began to generate ridership growth. Amtrak's U.S.A. RAIL Pass, and a series of round-trip excursion fares, brought impressive numbers of new patrons to the system. Ridership

increased dramatically on most of the routes that received new equipment.

Amtrak's station program included restoration, refurbishment and new construction. Substantial projects were under way or completed at stations across the country, and additional plans to upgrade smaller city stations this coming year, with matching fund programs for local governments, were announced.

Takeover Of Maintenance Facilities

As part of a steady move toward independence, Amtrak took into its own hands a much larger share of responsibility for maintenance, repair and overhaul of its rolling stock. Control was assumed of major maintenance facilities in Chicago, Detroit, Buffalo and cities in the Corridor. Ground was broken for a \$14.8 million maintenance base at Rensselaer, New York.

More detailed information on various Amtrak projects follows in the departmental sections.

The Year in Brief

- Acquired Northeast Corridor and took over its operation.
- Amfleet cars put on most short-distance trains.
- Rohr Turboliners arrive, go into Empire service.
- Construction begins on long-distance, bi-level cars.
- Shenandoah, Palmetto, Colonial begin service.
- Fourth San Diego-Los Angeles train put into operation.
- Testing starts on Swedish electric locomotive, also lease French electric locomotive for Corridor testing.
- Ridership goes up.
- More shops, yards taken over by Amtrak.
- U.S.A. RAIL Pass offered to domestic customers.

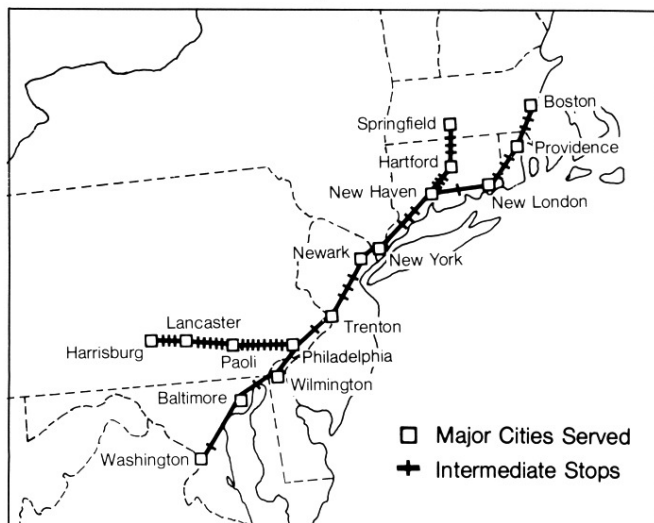
NORTHEAST CORRIDOR

With the acquisition of the Northeast Corridor from the Consolidated Railroad Corporation (Conrail), Amtrak acquired property consisting of 456 route miles from Boston to Washington, 62 miles from New Haven to Springfield, Massachusetts, and 103 miles from Philadelphia to Harrisburg, for a total of 621 route miles.

The Corridor continued to be operated for the most part by Conrail employees under contract to Amtrak after takeover until agreements could be negotiated between Conrail, Amtrak and the various labor organizations.

Acquisition of the new employees was done by direction of Public Law 94-210 (RRRR Act) which directed that Conrail transfer the Corridor to Amtrak "by purchase or lease" and that Amtrak shall within 180 days after enactment "... assume (1) all operational responsibility for intercity rail passenger services ... and (2) control and maintenance of the properties transferred." The law also said that Amtrak, as an acquiring railroad "... shall offer such employment ... to employees of a railroad from which it acquires properties or facilities (including operating rights) pursuant to this Act."

The first labor contracts negotiated were with the maintenance of way and signalmen's organizations and a total of 1,704 people were transferred to Amtrak by



mid-summer. Further labor negotiations resulted in Amtrak assuming 262 train dispatchers, movement directors and power directors, plus almost 2,000 clerical craft employees. An additional 877 employees were acquired through contracts covering tower and block operators, station personnel and policemen. Approximately 2,600 employees in the maintenance of equipment department had been employed by Amtrak prior to the April 1 takeover of the Northeast Corridor. By September 30, 1976, over 7,600 people were employed by Amtrak in the Corridor, including management personnel.

The last major labor organization contract yet to be negotiated is for train and engine personnel. The contract for this group, numbering about 1,300 people, is expected to be signed sometime in early 1977.

In addition to the right-of-way from Boston to Washington, Amtrak also purchased, as part of the Corridor acquisition, 128 railroad stations plus numerous maintenance shops and yards at key points along the route. These shops not only perform work on Amtrak equipment but do contract work for Conrail and several transportation agencies.

The Corridor is responsible for an average of 960 trains a day, including over 120 Amtrak intercity passenger trains, nearly 660 commuter trains operated under contract for transportation authorities in Massachusetts, New Jersey, Pennsylvania and Maryland, and more than 170 Conrail freight and mail trains.

Emergency track work in the Corridor totaled \$6.3 million, while an additional \$2.1 million was spent for station rehabilitation. Those funds were made available by the U.S. Department of Commerce for exterior and interior refurbishing of stations in Baltimore, Wilmington, 30th Street Station Philadelphia, Newark, New London, New Haven, Providence and Boston's South Station. Major station renovations totalling \$115 million are scheduled to be done under the Northeast Corridor Improvement Project.



The Colonial, with a GE E60CP locomotive and Amfleet cars, makes a stop at Capital Beltway station.

FINANCE

Enactment of the Railroad Revitalization and Regulatory Reform Act of 1976 (RRRR Act) demonstrated continued strong federal support of intercity rail passenger service and is the most significant legislation in Amtrak's history.

Following the provisions of this Act, Amtrak acquired ownership and control of the Northeast Corridor on April 1, 1976. With this action Amtrak became, for the first time, a fully operating railroad, with control over train movements, construction and railway maintenance activities, and the performance of railroad operating and maintenance activities for the benefit of Conrail and commuter agencies. The RRRR Act also provided for major federal assistance over five years to rehabilitate and improve the acquired properties.

The Congress continued to support rail passenger service with authorizations and appropriations for operations and capital improvements. To minimize the amount of assistance required, while at the same time providing a high quality of service on a nationwide system, management continued its aggressive cost reduction program which was initiated in 1975.

In 1976, Amtrak's fiscal year-end for accounting purposes was changed, pursuant to Public Law 94-25, from December 31 to September 30 to coincide with the fiscal year adopted by the federal government and used in providing federal assistance to the Corporation.

Accordingly, operating changes, discussed in this financial section and shown in the accompanying graphs, reflect comparisons of calendar years through

1975 and the fiscal year ended September 30, 1976. In order to provide comparable 12-month periods, the months of October through December 1975 are included both in 1975 and in fiscal 1976. Operating results for fiscal 1976 include the effects of ownership and control of the Northeast Corridor for six months.

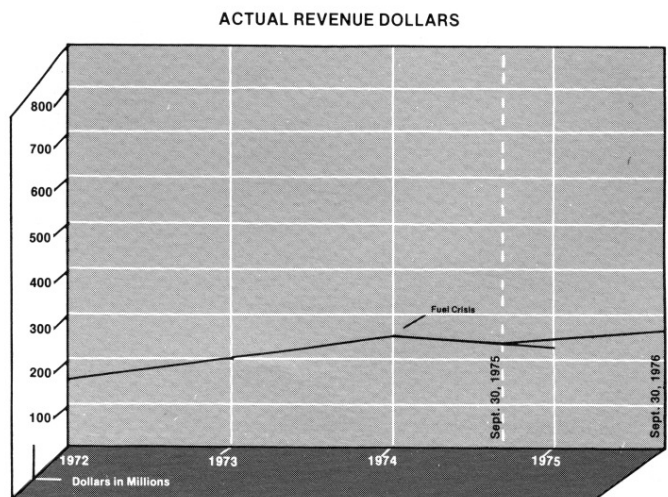
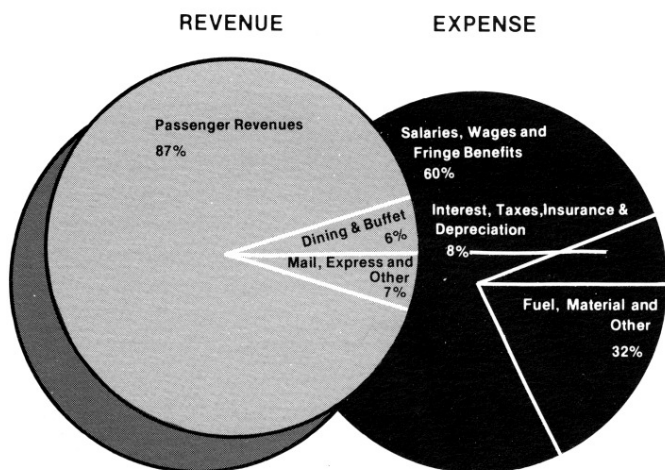
Revenues

Overall revenue for the Corporation has increased from \$163 million in 1972 to \$278 million in 1976, for an average annual increase of 15 per cent. This has been accomplished in spite of a temporary decline during the recent recession and is a dramatic reversal of the continuing downward trend in rail ridership during the decades that preceded Amtrak's inception.

Expense

In 1976, total expenses amounted to \$719 million. Approximately 60 per cent of this amount was required for salaries and fringe benefits to Amtrak and railroad personnel, with the remaining 40 per cent attributable to fuel, materials, interest, depreciation and other expenses. With the assumption of ownership and operation of the Northeast Corridor, Amtrak expenses in the last six months of 1976 reached a new plateau. Establishment of a Northeast Corridor management organization, along with the costs related to ownership of the properties, is expected to increase Amtrak's operating expense levels by approximately \$75 million annually.

The impact of inflation continued to widen the gap



between actual and constant 1972 dollars.

Operating Deficit

In spite of a 10 per cent increase in revenue over 1975, the increase in expenses of 19 per cent resulted in a rise in the deficit from \$353 million in 1975 to \$441 million in 1976. Besides inflation and the ownership and operation of the Northeast Corridor, the increase in expenses, which led to the higher deficit, resulted from addition of new routes and services, and continuing increases in the cost of equipment maintenance and overhaul.

Inflation

Although there was some moderation of the impact of inflation in 1976 as compared to the prior year, these first years of the Corporation's operation have been heavily burdened by wage and price increases. Over 66 per cent of the inflation since 1960 has taken place in just the last five years when Amtrak's formation and growth required heavy financial investment to overcome decades of neglect. Revenue through fare increases could not reasonably be expected to offset the rate of cost growth.

Route Profitability System

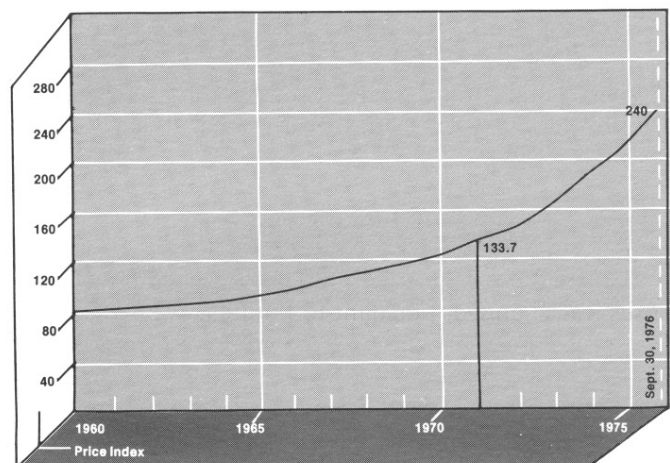
In 1976, major improvements to the Route Profitability System were developed. This system is designed to report regularly to the Congress on the financial performance of each train and route in

Amtrak's nationwide network. It provides information that is essential in the application of the Route Criteria and Procedures for Evaluating Routes which were adopted by the Congress in March 1976.

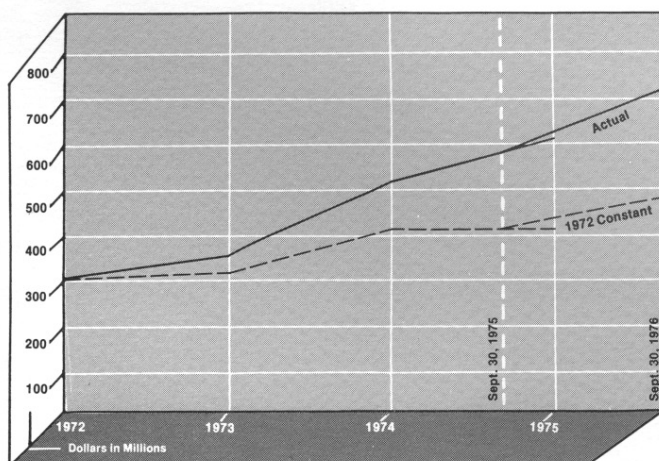
Capital Funding

The RRRR Act authorized federal assistance for the acquisition and improvement of properties in the amount of \$1.89 billion, with established goals to be met within five years. This is in addition to some \$1.1 billion of financing authority provided to date for equipment acquisitions and other capital improvements, and represents a milestone in federal support of intercity rail passenger operations.

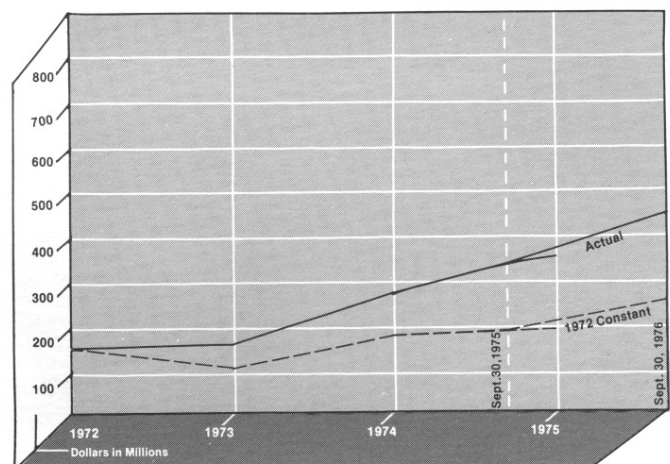
AAR COMPOSITE PRICE INDEX



EXPENSE



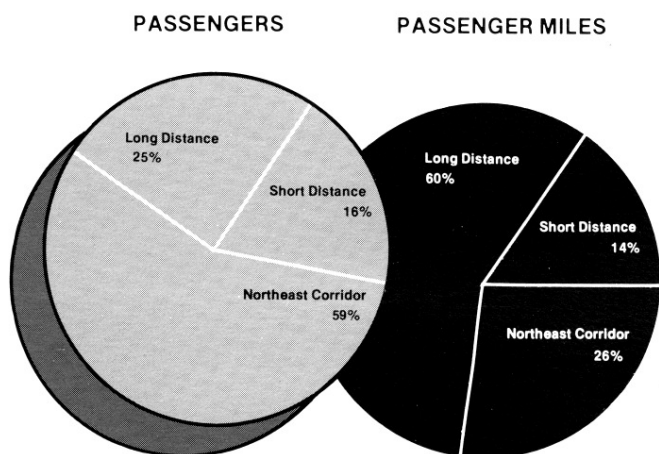
DEFICIT



MARKETING

Ridership

In fiscal 1976, 18.2 million passengers traveled nearly 4.1 billion miles over the Amtrak system. This represents nearly the record volume of passengers carried in 1974 during the gasoline shortage of that year. The 1976 data represent an increase of 4.6 per cent in passengers and 5.1 per cent in passenger miles compared to 1975. The largest number of passengers carried was in the Northeast Corridor.



Distribution of passenger miles, however, is more heavily weighted by long-distance travel. Consequently, services providing long-distance travel account for the majority of Amtrak's passenger miles.



The Palmetto, with a GE-built P30CH, at the head end, waits for passengers at Rocky Mount, North Carolina.

During 1976, Amfleet equipment was introduced on more short-distance routes. Marketing activities were keyed toward optimizing the ridership potential of this unique opportunity.

Amtrak passenger profiles during 1976, compared with the U. S. Bureau of the Census' 1972 National Travel Survey, were determined to be as follows:

	System (Non-Corridor)	Metroliner	NTS (Rail)
Male	41%	77%	53%
Female	59%	23%	47%
Married	50%	61%	—
College	57%	74%	50%
Under 18	7%	1%	17%
35-54	35%	40%	37%
65 or over	14%	3%	11%
Professional/Technical	20%	43%	50%
Managers	6%	25%	1%
Students	14%	8%	—
Retired	11%	2%	9%
Business Travel	9%	67%	30%
Vacation Travel	62%	6%	49%

Revenue

Revenue in fiscal 1976 compared to 1975 was up in all areas.

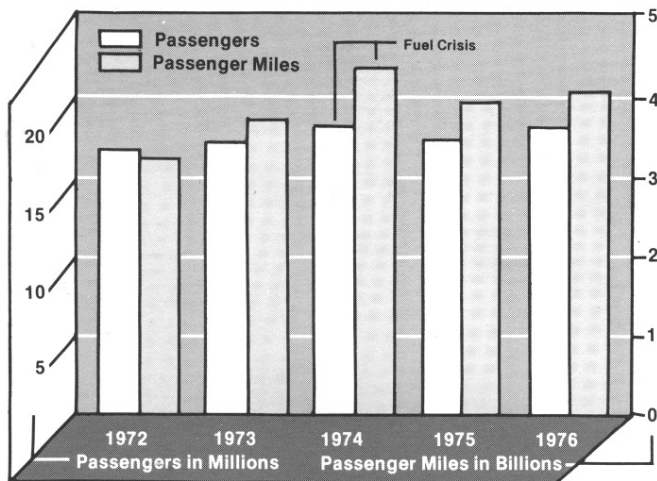
	1976	1975	Increase
Transportation	257,300,000	229,200,000	12%
Express	1,752,627	1,151,240	52%
Mail	7,600,000	7,000,000	8%

Aside from regular service, Amtrak provided several special services during the year, including the largest special move to date. That consisted of approximately 6,500 passengers who were carried to Philadelphia to attend the Eucharistic Congress in August.

Pricing

Five per cent general fare increases were implemented on both February 1 and June 15. The increases applied to many routes system-wide, but

RIDERSHIP



exceptions were made in certain cases to meet specialized market requirements. Twenty-seven such excursion and special-pricing packages were implemented including:

- 30-day off-peak round-trip coach excursion in the Northeast Corridor, established February 15.
- 30-day off-peak round-trip coach excursion on Empire Service, established April 1.
- 45-day round-trip coach excursion on the Floridian, established February 15.

U. S. A. RAIL Pass

A single pass enabling the purchaser to take unlimited coach trips for a specified period of time (14 days, 21 days, 30 days) was implemented on March 1. Price of the pass was structured to have off-season appeal, with higher rates during the summer period. The pass is available in two versions; one for U. S. residents, the other for foreign citizens.

Reservations

In 1976, training programs were instituted to improve effectiveness of reservations offices in dealing with Amtrak customers. The programs centered on conversation control, telephone technique and product

selling. Over 1,100 clerks participated in the program. All new employees are required to undergo the training prior to assuming regular duty.

Reservations activity during the year averaged 50,000 incoming calls daily. Reservations and information personnel answered some 340,000 questions and "booked" about 11,000 passengers daily, generating about \$450,000 of revenue per day.

Reservations activity in 1976 exceeded 1975 by four per cent.

	1976	1975	Increase
Calls offered	17,804,399	17,125,036	4%
Calls handled	16,580,738	16,269,691	2%

A new reservations service, designed to meet the special needs of the deaf, was installed. This service, the first offered by any national transportation company, allows deaf persons, who have access to teletypewriters, to communicate with two similar teletypewriters at Amtrak's Bensalem, Pennsylvania, reservations office. "Talking" is done through the keyboard.



An R&I clerk "talks" to a deaf customer over the teletype at Bensalem.

The Automatic Reservation and Ticketing System (ARTS) was improved to provide instant information to passengers regarding tours and bus connections, besides detailed city information and automatic

Passengers relax in an Amdinette, which is equipped with tables and chairs in one end of an Amfleet car.



manifest generation for train personnel.

ARTS now can be accessed by Amtrak reservations personnel through a network of 1,500 computer terminals at 220 Amtrak locations nationwide. With the addition of more automatic ticket printers at Amtrak stations and expanded ticketing capabilities in ARTS, 65 per cent of all Amtrak ticketing is now done automatically.

Advertising

Promotional campaigns centered on new service introduction, implementation of Amfleet equipment on short-distance daylight routes, the U.S.A. RAIL Pass and special excursion fares. Advertising expenditures were centered on the five main hub markets, plus the 28 feeder markets which together account for 76% of Amtrak business. National network television was used for the first time to reach 85 per cent of the homes in the country at least four times in the advertising period.

A total of 20,590,000 timetables was produced and distributed throughout the year.

Tours

Amtrak tour program sales increased by nine per cent. Travel agent volume continued to grow, reaching a total of 13 per cent of 1976 revenues versus 11 per cent in 1975.

This was accomplished by developing very specific agent programs, including familiarization with rail travel and productivity training.



Some 6,500 passengers were moved to attend the Eucharistic Congress at Philadelphia in August.

Rail/Bus Coordination

Agreements with Greyhound and Bonanza Bus Lines were implemented, which enable passengers to purchase through tickets via Boston and Providence to upper East Coast and Cape Cod points.

Marketing Research

The department now conducts both ongoing rider and non-rider research, analyzes consumer complaints, recommends fare changes and continuously analyzes ridership and revenue data.

New York State Transportation Commissioner Raymond Schuler addresses the crowd at Albany/Rensselaer at the Turboliner inaugural.



New Services Begin In 1976



Crowds came out to inspect the new Shenandoah at all stops along the route during its two-day inaugural on October 29-30. Athens, Ohio, produced one of the largest throngs.



A two-day special train trip, on September 18-19, preceded regular scheduled service of Turboliners in New York State. Visitors climb aboard the new train at Rhinecliff, New York.



The Colonial, first direct service from the Northeast to Tidewater Virginia, was inaugurated by a special train on June 13. Crowds view the train at Alexandria, Virginia.

Amtrak began carrying Auto-Train's cars from Louisville, Kentucky, to Sanford, Florida, on a daily basis on the rear of the Floridian, beginning October 31.



Crowds showed up even at night to see the first new Palmetto, Amtrak's Amfleet train between New York and Savannah, Georgia, arrive at Kingstree, South Carolina, on June 15.



NATIONAL OPERATIONS

With establishment of the Northeast Corridor Group in mid-March 1976, the name of the Line Operations department was changed to National Operations.

Under the new organization, all aspects of the day-to-day operations outside of the Northeast Corridor are the responsibility of National Operations, headed by its own vice president and general manager.

New Services/Changes in Service

In October 1975, the Lake Shore Limited was inaugurated between Chicago and New York-Boston via Buffalo and Cleveland. This train provided the first through service to Chicago from Boston since April 1971 and the first Amtrak service to Cleveland and Toledo since January 1972.

In June 1976, two new Amfleet trains were inaugurated — the Palmetto, a daytime train between New York and Savannah, and the Colonial, a through train between New York and Newport News. Both trains offer Amcoach and Amclub accommodations.

The Colonial replaced the lightly patronized Newport News-Richmond-Charlottesville section of the James Whitcomb Riley. Passengers from the Tidewater area continued to have service to the Midwest on the Mountaineer which originates in Norfolk.

During 1976, a concerted effort was made to adjust train service to meet seasonal demands. In September 1975, the Champion and the Silver Meteor were consolidated between New York and Jacksonville. The two operated as a consolidated train between

Amfleet equipment makes its way toward California to initiate service on the San Diego-Los Angeles run.

September 1975 and December 1975, and again between mid-April 1976 and December 1976. In the West, the North Coast Hiawatha, which operates tri-weekly for most of the year, operated on a daily basis between June and September 1976.

Amfleet Expansion

During 1976, most short-haul trains were equipped with Amfleet equipment. In December 1975, Amfleet operations were expanded to the Midwest and in May 1976, operations were further expanded to the West Coast. All short-haul trains on the West Coast now operate with Amfleet equipment. Similarly, all short-haul trains radiating from Chicago are now equipped with either Amfleet cars or with the three-year-old French Turboliners. Amclub service, which proved popular in the East, was also expanded to the Chicago area and Turboclub service was established on selected Turboliners.

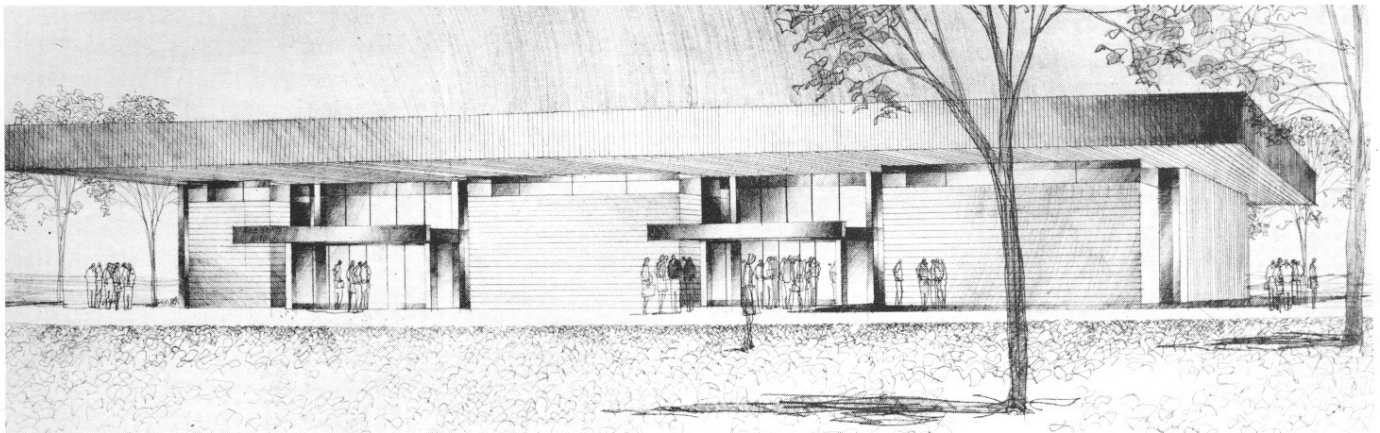
Running Maintenance

During the past year, significant strides were made in taking over running maintenance from the participating railroads. In January 1976, running maintenance was assumed at the former Penn Central 12th Street Coach Yard in Chicago. National operations also took over maintenance forces at Albany-Rensselaer, Buffalo and Detroit.

Station Services/Mail, Baggage and Express

On September 30, 1976, Amtrak served 495 stations, of





New stations, of similar design, were announced for Minneapolis/St. Paul and St. Louis.

which 263 were Amtrak operated. This compares to 484 stations total at the end of 1975, only 226 of which were Amtrak operated.

During the year a new route was established for the Shenandoah which operates from Washington to Cincinnati, via Cumberland, Maryland, over the Chessie System. Eight stations along the route were upgraded. Work consisted of platform construction, lighting, waiting shelters and signals. At Cumberland, Maryland, and Parkersburg, West Virginia, new stations were constructed while at Cincinnati, the station size was doubled, platforms lengthened and maintenance and servicing facilities constructed.

Capital improvements were made at 110 stations during the past year, at a total cost of \$4,293,170.

Amtrak also conducted a joint station upgrading program with New York State which included eight stations on the Empire Service route. In cooperation with the State of Illinois, 21 existing stations were rehabilitated on lines between Chicago and Dubuque, Chicago and Galesburg, and Chicago and Springfield.

On the Southwest Limited route, rehabilitation work on 21 stations is approximately 70 per cent complete.

The Sacramento, California, station was upgraded, along with six additional stations on the West Coast. Upgrading of the Oakland station is presently underway. At Detroit, the improvement of the station facility is now in progress. Platforms have been completed, fueling facilities for turbos have been constructed and rehabilitation of track is now in progress. Also, platforms were extended at 20 stations throughout the system to eliminate double-stopping.

At Pennsylvania Station, New York, nine elevators and six escalators have been renewed while nine more escalators are currently being rehabilitated. All exterior doors leading to the building have been replaced, the air conditioning system improved, new seating and carpeting installed, all waiting room and restroom areas painted, all structures on five platforms painted and platform lighting upgraded.

A new crew base facility has been constructed in Jacksonville, Florida, and work is presently being performed for a major new crew facility in Chicago's Union Station.

Facilities at four stations on the Floridian route were modified and expanded to accommodate the new joint Amtrak/Auto-Train service.

New station planning was conducted at Miami, St. Louis, Minneapolis/St. Paul and Columbus.



A San Diegan, Amfleet-equipped after May, gets ready to leave Los Angeles Union Station.



New London, Connecticut, passenger station was "re-dedicated" after an extensive refurbishment program.



Design, engineering work and construction of the station projects were performed by the engineering section of the Operations Support department.

Mail, baggage and express revenues continued to climb. Mail service was added between Chicago and

Denver and Chicago and Los Angeles. Amtrak also experimented with containerized "roll on-roll off" mail between Boston and Washington.

On-Board Services

National Operations continued to stress the importance of improved on-board service, while attempting to hold down costs. Despite an increase in the number of trains operating over the system, on-board crew levels remained the same or dropped below the level of the previous year. Operating expenses for on-board service crews are being closely monitored on a day-to-day basis.

During the year, the position of on-board service inspector was established, with a minimum of 13 such inspectors assigned to each region. Their chief responsibility is to monitor crew performance to insure compliance with Amtrak's nationwide service standards. All inspectors have been provided with extensive supervisory and technical training.

Contracts

In 1976, we began operating contract negotiations with eight of our participating railroads (Burlington Northern, Milwaukee Road, Seaboard Coast Line, Richmond, Fredericksburg and Potomac, Grand Trunk Western, Boston and Maine, Delaware and Hudson, and the Louisville and Nashville). Agreements were reached late in the fiscal year with the Burlington Northern and the Milwaukee Road.

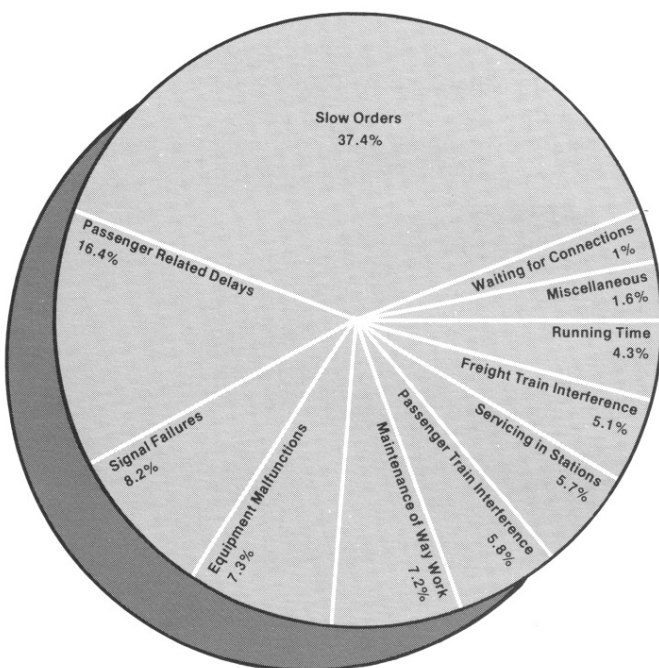
Operating Performance

For 1976, 74 per cent of all Amtrak trains operated on time. Short-distance trains operated 76 per cent on time, while long-distance trains operated 69 per cent on time.

Of the long-distance routes, New York-Miami had the highest on-time record (95.2 per cent), while the Chicago-New Orleans and the Chicago-New York (via Buffalo) routes had the poorest (40.4 and 37.3 per cent respectively). For short-haul routes, the Oakland-Bakersfield train had the highest (98.0 per cent) while the Chicago-Champaign train, the Illini, had the poorest (46.5 per cent).

Comparing railroad to railroad, the top performers

CAUSES OF DELAYS



were the Missouri-Kansas-Texas, the Norfolk and Western, the Richmond, Fredericksburg and Potomac, the Seaboard Coast Line and the Union Pacific. Each had on-time performances above 90 per cent for the fiscal year. Poorest performers were Penn Central-

Conrail (outside the Northeast Corridor) and the Illinois Central Gulf, where on-time performance was 53.2 per cent and 59.6 per cent respectively. Slow orders, caused primarily by deteriorated track, forced most of the delays.

PER CENT ON TIME

Railroad	Calendar Year 1975	Fiscal Year 1976
Atchison, Topeka and Santa Fe	86.0	87.7
Boston and Maine*	97.4	65.3
Burlington Northern*	90.3	87.2
Chessie System	70.8	61.9
Canadian National	73.4	73.5
Delaware and Hudson*	84.5	80.1
Grand Trunk Western*	93.0	89.8
Illinois Central Gulf	51.9	59.6
Louisville and Nashville*	76.3	78.4
Milwaukee Road*	90.5	85.8
Missouri-Kansas-Texas	91.4	97.2
Missouri Pacific	69.2	80.0
Norfolk and Western*	91.8	91.9
PC-Amtrak (Corridor)	78.2	76.0
PC-Conrail (Non-Corridor)	54.8	53.2
Richmond, Fredericksburg and Potomac*	89.3	91.1
Seaboard Coast Line*	94.2	93.9
Southern Pacific*	83.3	82.8
Texas and Pacific	84.9	71.0
Union Pacific	94.4	94.7
Amtrak System Averages	77.4	74.4

*Railroads with incentive contracts

OPERATIONS SUPPORT

Amtrak's capital and general procurement activity continued to be a force in the nation's economy.

Procurement activity for the 12 months ending September 30, 1976 totaled \$225,680,092, as follows:

General Procurement	\$ 82,198,512
New Equipment Purchases	70,261,996
Maintenance Facilities	20,665,217
N.E.C. (Mechanical & Maintenance of Way)	33,030,952
Regional/Commissary	19,523,415
	<u>\$225,680,092</u>

A separate office was established to handle the direct sale of scrap metal and old equipment, including retired passenger cars and locomotives. Total revenue attributable to this function amounted to \$1,587,647.

The real estate department assumed over 600 commercial leases and began collecting rent from them beginning September 1, 1976. These leases alone will generate over \$8 million annually. Additional agreements are being pursued for advertising space, wire and pipe lines, easements and other real estate interests assumed from the Penn Central after takeover of the Northeast Corridor.

Equipment Maintenance

Passenger Cars
(October 1, 1975 to September 30, 1976)

Type of Work	Beech Grove Shop	All Other Contract Shops	Total Repairs
Heavy Overhaul	75	184	259
Two Year Overhaul	89	195	284
Special Projects (Including Wreck Damage)	108	101	209
TOTAL	<u>272</u>	<u>480</u>	<u>752</u>

The initial heavy overhaul program has been completed on the entire conventional car fleet. The two-year overhaul program is now underway to maintain the cars at a high level of reliability.

Average age of the 1,981 cars in Amtrak's fleet is now 20.3 years, a reduction of 4.4 years from the 1975 figure. New deliveries of 324 Amfleet cars have helped to reduce the daily out-of-service ratio from 17.5 per cent in 1975 to the present figure of 15.6 per cent. Amtrak has assumed operational control of 20 maintenance

points since 1973 and 65 per cent of the maintenance labor force are now Amtrak employees. This factor, along with improved material control, has helped to improve the daily out-of-service ratio.

Locomotives

In 1976, Amtrak overhauled 27 of the SDP40F locomotives which were acquired in 1973. Many of those units had accumulated over 500,000 miles of service.

A total of 30 F40PH locomotives has been received from General Motors Corporation and placed in service with the new Amfleet equipment. These locomotives are equipped with a 500 KW alternator driven by the main engine to provide electric power to the cars.

Amtrak also completed acceptance of the 25 General Electric-built P30CH diesel-electric and the 26 E60CP electric locomotives.

Amtrak's 352-unit locomotive fleet averaged 10.2 years of age in 1976, a reduction of 4.2 years due to the acquisition of new locomotives and retirement of units built between 1950 and 1955. The daily locomotive out-of-service ratio increased from 13.0 per cent in 1975 to 13.7 per cent during 1976. Although older units were retired and new units added, problems with testing and demonstrating stability at high speeds resulted in excessive out-of-service time due to the testing program and subsequent modification work.

Operating Safety

Although Amtrak does not directly operate most of its trains, the Corporation is responsible for ensuring the safety of its passengers. Amtrak continues to hold the railroads responsible for a safe operation and continues to spot-check their operations.

During fiscal 1976 there were 23 derailments: thirteen were caused by track conditions, five at highway grade crossings as a result of colliding with a vehicle, two by car components failing, one by vandalism, one by carrier employee negligence and one for unknown causes.

Capital Improvements — Passenger Equipment

Delivery of Amfleet cars continued throughout the year. The types of cars included:

Ground was broken on June 7 for the \$14.8 million maintenance base at Rensselaer, New York, for Turboliners and conventional locomotives. By the end of 1976, three-fourths of the building was under roof. Track work for the facility will begin in the spring.

- Short-distance Amcoach — Seats 84 passengers.
- Long-distance Amcoach — Coaches of the Amfleet intended for longer distances were equipped with 60 seats that had both foot and leg rests. More leg room is also provided.
- Amcafe — Seats 56 with food service counter in center of car.
- Amdinette — On certain long-distance Amfleet-equipped trains, the need for sit-down dining and lounge facilities was met by building a diner section of eight tables into one-half of a conventional Amfleet food service car.
- Amclub — This car features coach seating in one-half of car, a standard Amfleet food service unit in the center and two-and-one club car seating in the other end. A few Amclubs have been built with club car seating in each end.

A critical shortage of baggage cars made it necessary to convert surplus Army kitchen cars to this service.

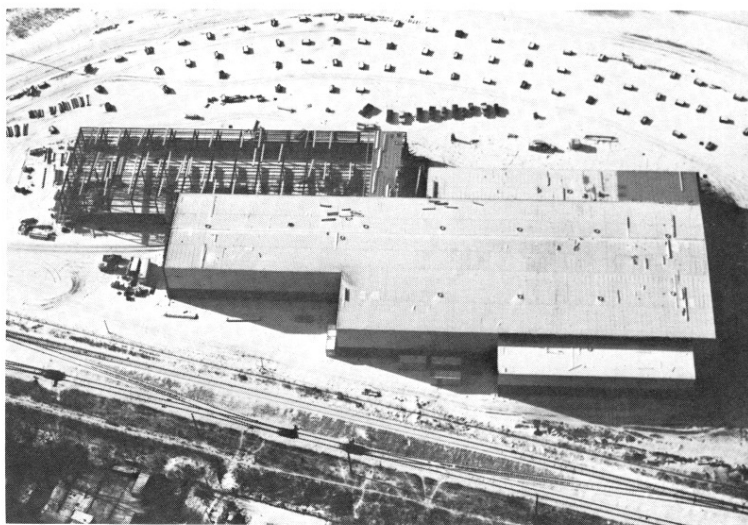
The Bi-level car program for long-distance routes continued as follows:

- Coach — Final interior designs were completed for these cars and by year's end, the builder, Pullman Standard, had fabricated 12 carbody shells.
- Diner — Design and engineering details of the diner progressed during the year, including the first kitchen mock-up.
- Sleeper — Full scale working design models of the economy bedrooms, the family bedroom and the handicapped traveler's bedroom were completed and released for production.

By the end of 1976, Rohr Industries, of California, had delivered all seven Americanized versions of the French turbine train. Following completion of modifications to the equipment for operation on third rail power while in the Grand Central Terminal tunnel, the trainsets went into revenue service with a high level of performance and reliability not usually found in new equipment.

All six French-built turbine trains were modified to meet Amtrak interior standards, which included parlor car seating in a two-and-one arrangement. In addition, the first two turbine trains Amtrak acquired are being modified with automatic vestibule and inter-car doors similar to the latest powered sliding doors on the rest of the Turboliners.

Specifications have been completed and released for bids to cover heavy overhaul and general upgrading of



the Metroliners. In addition to bringing interior design of the cars up to current Amtrak standards, all electrical components, running gear and carbodies will receive major heavy overhaul to restore Metroliner reliability and performance to the level experienced when cars were new.

With the introduction of the Amfleet all-electric cars and the turbine trains, facilities were required at servicing points, yards and layover terminals to provide standby electric power for inspections, cleaning and pre-cooling or pre-heating trainsets prior to departure. Specifications were first developed for portable engine-driven standby electric power sets. The equipment was purchased and delivered to eight locations. The first two of 12 mobile, trackside window washers were also delivered.

Locomotives

Engineering modifications were completed on a Swedish-built, ASEA Rc4a electric locomotive, which had been leased by Amtrak for a six-month evaluation period. The locomotive was delivered to the Northeast



Swedish-built ASEA Rc4a electric locomotive is worked on at the Wilmington, Delaware, shops prior to testing in the Corridor. At left is a General Electric E60CP.

Corridor in July 1976. Intensive testing was then carried out on various classes of track, including the special high-speed test track in New Jersey.

A second lightweight locomotive to be evaluated has also been leased from the French National Railroads. The builders' consortium of Alsthom-MTE carried out the engineering modifications at their plant in Belfort, France, to make the locomotive suitable for service in the United States. All modifications were completed during December 1976, and the locomotive was being prepared for shipment to the United States in early 1977.

Specifications were developed and sent to various locomotive builders for a new generation of lightweight diesel locomotives to be equipped with head end electric power generating plants. Principal features include low weight, improved adhesion characteristics, minimum unsprung weight to reduce and control the impact forces on track when operating at higher speeds, and the capability to operate bi-directionally with one locomotive at each end of a train.

Maintenance Facilities

The acquisition of the former Penn Central passenger car and locomotive servicing facilities in the Chicago area was the initial step in consolidating all of Amtrak's maintenance and servicing facilities there at one location under direct control and operation of Amtrak. Extensive planning has been performed to upgrade these facilities and thus improve efficiency and reduce operating expenses.

The initial phase of a five year program to modernize the Beech Grove car heavy overhaul facility was begun in 1976. This phase has provided for rehabilitation of buildings, new or upgraded repair equipment and the initiation of a program to make the facility capable of maintaining all cars in the Amtrak fleet.

Construction also started on a new turbo maintenance facility at Rensselaer, New York, to maintain the Turboliners, as well as diesel-electric locomotives and other equipment assigned to New York State's Empire Service. Anticipated completion date of this facility is the fourth quarter of 1977.

Maintenance of Way

Besides acquiring the Northeast Corridor on April 1, 1976, Amtrak became the owner of approximately 83 miles of line between Kalamazoo, Michigan, and Michigan City, Indiana. This trackage represents a portion of Amtrak's Chicago-Detroit service.

With approval of the Board of Directors, the Company is now implementing a two-year track upgrading program in this area. Upon completion, track speed will be increased to 79 mph, improving current service between Chicago and Detroit by approximately 20 minutes.

In conjunction with the building of the new maintenance facility at Rensselaer, Amtrak's engineering department is preparing for construction of the necessary support tracks. That is now set for spring 1977.



On January 16, Amtrak assumed control of its first major maintenance bases, the ex-Penn Central 12th Street coach yard and 16th Street locomotive shop in Chicago.

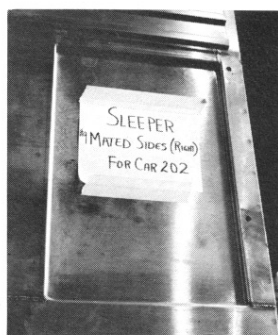
Bi-levels To Highlight Upcoming Year



Amtrak's new bi-level, long-distance cars, to go into service in 1977, begin to take shape at Pullman Standard's Hammond, Indiana, plant.



(Left) Welder works on the underside of a new bi-level car. The car rests temporarily on PS shop trucks. (Above) Pullman Standard employee installs insulation, for heat retention and sound deadening, on the PS assembly line.



One of Pullman Standard's workers assembles sections that will make up the roof portion of one of Amtrak's new bi-level cars.



PERSONNEL AND ADMINISTRATION

As in other corporate departments, the personnel and administration function was dominated by the Northeast Corridor takeover and assumption of responsibility for several large maintenance facilities. Management's focus was on proper selection and screening of new employees and proper training. A formal Equal Employment Opportunity program was also established.

Employment

Total employment in the Corporation rose from 9,274 employees at the beginning of the year to 16,527 as of September 30, 1976, primarily as a result of the acquisition of the Northeast Corridor.

Employment By Region

	September 30, 1976	January 1, 1976
Corporate Headquarters	1,278	1,314
Eastern Region	1,729	2,152
Southeastern Region	1,240	1,500
Central Region	2,992	2,954
Western Region	1,656	1,354
Northeast Corridor	7,632	—
Total Corporation	16,527	9,274

Security and Loss Prevention

With the inception of the Amtrak Northeast Corridor Railroad Police Program, the Corporation now has over 325 police officers, 77 of whom are serving outside of the Corridor, the balance within it.

During the fiscal year, 3,053 criminal cases were investigated and 501 special security-related investigations conducted, along with 1,036 spot inspections of trains in terminals. On 271 occasions, liaison contact was established with other law enforcement and regulatory agencies. As a result, 133 arrests and prosecutions were made by Amtrak, 45 disciplinary hearings initiated, and 366 cases referred to local, state and federal agencies for appropriate action.

Minority Employment and Programs

Amtrak's Affirmative Action Program progressed further during the year.

An Equal Employment Opportunity Advisory Committee was formed to develop policies and practices that would enhance self-development and upward mobility of minority and female employees. In early 1976, goals and time-tables for the years 1976 through 1980 were completed.

EEO coordinators for each region, the Northeast Corridor and corporate headquarters have been appointed and trained. They will provide advice to both employees and management concerning EEO matters and review EEO progress, problems and complaints with regional vice presidents and personnel managers. They also will handle EEO complaints that cannot be resolved at lower levels.

Training

Amtrak training emphasis during the reporting period centered on five major areas: reservations & information, on-board service, conductors, maintenance and management development. Training courses for other major areas, such as station service and ticketing, are being developed for implementation after January 1977.



Veteran on-board service personnel met early in the year to analyze Amtrak's on-board training and make recommendations for improvements. Their suggestions were incorporated into present programs.

On-Board Service Training

Newly Appointed Training. Over 400 newly hired on-board service attendants underwent the five-day new hires training program, which is designed to impart knowledge and skills required to perform their jobs. Special emphasis is focused on proper customer relations.

Amfleet Training. Approximately 200 service attendants received the two-day Amfleet training program. This prepares attendants to serve in Amcafe cars by familiarizing them with the new equipment, proper storage and stocking procedures and good customer relations.

Upgrade Training. Some 400 service attendants and stewards received three days of upgrade training during the period. This course provides instruction in skills and procedures necessary to upgrade Amtrak on-board service in dining cars, snack cars, coaches and sleeping cars. Strong emphasis here, too, is on customer relations.

Service Inspector Training. Forty on-board service inspectors were given a seven-day training course designed to help oversee quality of on-board service and upgrade the performance of service attendants. This course consists of three days of training similar to the upgrade training described above, plus four days of supervisory training.

Passenger Car Maintenance Training

Approximately 130 maintenance personnel were given the 10-day passenger car maintenance, or train rider, training course. This covers troubleshooting and maintenance of electrical, mechanical, water and air-conditioning systems of Amtrak passenger cars so that problems that occur can be corrected either enroute or at station stops. In October 1976, Amtrak's two new technical training cars went into service as traveling classrooms. They will be visiting all major maintenance bases to provide on-the-site training.

Conductor Training

Four hundred and fifty conductors received training during the year that covered equipment orientation, customer relations, rules of conduct, crew duties, fares



On-board training stresses a review of service standards and procedures, as well as courtesy and customer relations.

and schedules, ticket lifting and revenue accounting. This training is designed to qualify new conductors and to train current conductors for Amfleet and turbo equipment as well as for new routes.

Management Development Training

Administrative Management for Supervisors. Eighty-five Amtrak supervisors received training in basic supervisory/management methods and techniques as well as Amtrak policies and procedures.

Management Skills Workshop. Two hundred and seventy-five Amtrak supervisors and managers attended this course which was conducted by the Southern Railway. It is designed to increase and improve use of middle management managerial skills as well as to provide an opportunity for Amtrak personnel to meet and exchange information and ideas with supervisors and managers from another railway.

Miscellaneous Training Courses

Sanitation Training. Six hundred food service personnel (cooks, waiters, commissary workers) underwent training during the reporting period. This covered proper cleaning procedures, insect and rodent control,

Amtrak's two new technical training cars went into service as mobile classrooms. They will visit all major maintenance bases for on-the-site training.



food protection, personal cleanliness and the understanding and importance of sanitation rules and procedures.

Amtrak Orientation. A one-day basic orientation program was given to 91 new Amtrak employees during the period (75 accounting new hires, eight sanitation new hires and eight claims employees). The program presents a basic introduction to Amtrak and covers its history, major milestones, goals and future plans.

BRAC Orientation and Discipline. Twenty-five Amtrak supervisors of employees covered by the Brotherhood of Railway, Airline and Steamship Clerks (BRAC) labor organization were given this two-day course. It is designed to familiarize such supervisors

with the BRAC agreement and to provide guidelines for handling disciplinary problems with BRAC-covered employees.

Training Scheduled For Future Implementation

Pre-Supervisory Training. A course designed for Amtrak people who aspire to become supervisors has been developed and is ready for implementation in early 1977. It will be offered as either a home-study or seminar course.

Station Service Training. A two-day training program for station service personnel is being readied for implementation in early 1977. It will upgrade skills and effectiveness of ticketing, baggage, redcap and gate-men/usher personnel. Strong emphasis is placed on customer relations and passenger assistance.

ARTS Self-Study Course. Also being developed is a self-instruction course on Automatic Reservation and Ticketing System (ARTS) procedures. It will enable current ticketing personnel to update their ARTS knowledge and capability, and also enable Amtrak employees in outlying locations to qualify for ticketing positions.

Apprentice Training. An apprenticeship program is being developed for training in crafts required for Amtrak equipment maintenance and overhaul. Amtrak is presently developing the Phase I program for electricians with a program for carmen to follow.

Phase I should be ready for implementation in early 1977.



Amtrak's new passenger station in Washington, D.C. is located directly behind what was the former Union Station and now is the National Visitor Center.

GOVERNMENT AFFAIRS

State-Supported Services

Rail passenger services provided under section 403(b) of the Rail Passenger Service Act continued to be a major factor in the growth of Amtrak operations. One additional round trip between Los Angeles and San Diego, sponsored by California, joined 11 existing services operated in cooperation with the States of New York, Michigan, Illinois, Minnesota and California, plus several additional trains operated for the Southeastern Pennsylvania Transportation Authority (SEPTA). The State of Nevada also sponsored a weekend special between Los Angeles and Las Vegas during the summer months. Proposals for additional trains are pending from Pennsylvania, Michigan, Illinois, Florida, Missouri, California, two local agencies in Northeastern Pennsylvania and the County of Los Angeles.

Route Development

1976 saw the application of local financing and planning to major upgrading of right-of-way and track conditions. New York, Michigan and California have committed major investments to routes within their states. Participation of state and local agencies will be one of the most important factors in setting priorities for future expansion and improvement of emerging rail passenger corridors.

State and Local Cooperation

Amtrak has announced a \$1 million joint station

improvement program. This program provides for Amtrak matching funds to communities which desire to upgrade their rail passenger stations. The program, stressing local initiative, is also designed to allow smaller communities to compete, for the first time, on an equal basis with large rail passenger hubs for the limited capital available for station projects.

Grade Crossing Projects

Amtrak is continuing its pilot program for grade-crossing safety improvements in cooperation with state and local governments and the various railroads. The program involves driver and public education as well as installation or improvement of warning devices at crossings. A \$1 million matching program was established in 1976 for specific crossing improvements and a similar amount has been budgeted for 1977.

The program focuses on improvements that can eliminate or modify train speed restrictions while increasing safety for motorists as well as Amtrak passengers. The first major project to show results was at Michigan City, Indiana, where a speed restriction has already been lifted. Flashing lights and gates are to be installed at four crossings in the city.

Joint education programs are already underway in Florida and Illinois while six regional grade-crossing pilot programs are in development. The regional projects will assess improvements needed over an entire route or segment of a route, rather than on a crossing-by-crossing basis.

Amtrak's Rohr-built Turboliner rolls along the picturesque Hudson river valley in Empire Service.



LEGAL

The major effort of the legal department during the first quarter of 1976 was directed towards acquisition of the rights-of-way, fixed plant and other facilities of the Northeast Corridor. Under the Regional Rail Reorganization Act of 1973, these had been designated for conveyance, first, from the Trustees of the Penn Central Transportation Company to the Consolidated Rail Corporation (Conrail) and then from Conrail to Amtrak.

Amtrak entered into an agreement, dated March 31, 1976, to purchase the Northeast Corridor properties from Conrail at a price equal to the price paid to Penn Central by Conrail, plus Conrail's cost of conveyance. Funds for the acquisition were authorized by Congress under the Railroad Revitalization and Regulatory Reform Act of 1976. Under that Act, as amended subsequent to its initial enactment, the funds have been secured by a note of indebtedness and mortgage lien on the properties running to the Secretary of Transportation. Both the note and the lien, however, are without prejudice to Amtrak's statutory right to acquire, hold, deal with and dispose of the properties.

Claims Responsibilities

The acquisition broadened the Corporation's legal responsibilities, including assumption of responsibility for administering third party liability claims against Amtrak in the Northeast Corridor. These were formerly administered by Penn Central under contract to Amtrak. The contract in question was assigned to Conrail on April 1, 1976, and will expire on February 10, 1977. Outstanding claims, and those arising subsequently, will then be administered directly by the Corporation.

Outstanding claims increased from 1,114 as of January 1, 1976, to 1,344 as of September 30, 1976. In addition, third party claims involving trespassers, which were formerly the responsibility of Penn Central as owner of the Northeast Corridor, are now the responsibility of Amtrak. Furthermore, a substantial increase in the number of Federal Employers Liability Act (FELA) claims administered by the Corporation has occurred and may be expected to continue to increase as the result of an approximate doubling of the number of personnel directly employed by Amtrak. The number of outstand-

ing FELA claims increased from 1,873 as of January 1, 1976, to 3,737 as of September 30, 1976.

As part of the reorganization of bankrupt railroads under the 1973 and 1976 legislation, the Corporation has also acquired 50 per cent of the stock ownership of both the Washington Union Terminal and the Chicago Union Station Company.

New Orleans Union Passenger Terminal

Also, under the Rail Passenger Service Act's mandate "to operate and control all aspects of its rail passenger service to the extent practicable," the Corporation now directly operates and controls all passenger-related services at New Orleans Union Passenger Terminal. The Corporation is currently negotiating assumption of control of the remaining operational and maintenance services at New Orleans, including maintenance of way and maintenance of equipment.

Exemption Petitions

In Interstate Commerce Commission matters, it continues to be necessary to file petitions for exemptions from the Commission's regulations governing adequacy of service where compliance would not be feasible for either economic or practical reasons. In 1976, fourteen such petitions were granted and none denied. The Corporation is also currently contesting a Commission decision defining terms and conditions of compensation and service for operating its trains over the Texas and Pacific Railway. In the Corporation's opinion, those terms and conditions would result in unacceptably slow schedules at substantially increased cost. The conditions could also give rise to similar adverse effects with operating services provided by other contracting carriers.

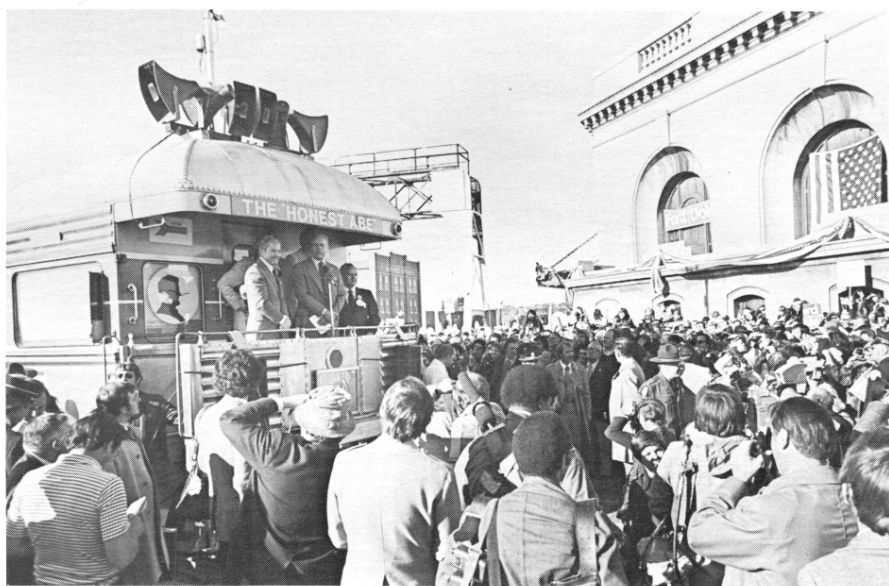
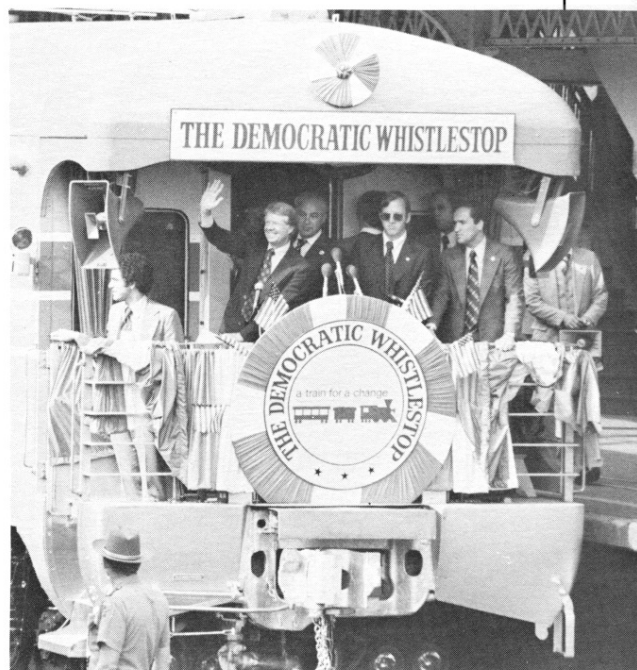
The Corporation was successful in obtaining rulings from the U. S. Customs Service to permit the importation of the Swedish and French locomotives for experimental purposes without payment of duty.

Penn Central Suit

During the period of this report litigation against the Trustees of the Penn Central Transportation Company



Amtrak's two most famous passengers last year were President Jerry Ford and then Presidential Candidate Jimmy Carter. Carter rode aboard Amtrak from New York to Pittsburgh on September 20 at the beginning of the national campaign.



President Ford used Amtrak twice to reach the electorate. He first rode Amtrak in the primaries from Flint to Niles, Michigan, on May 15. He then used the train again to bisect Illinois, on October 16, from Joliet to Alton as the campaign drew to a close.

has continued in order to obtain restoration of 360 miles of the main line track in Amtrak's basic system which traverses the entire state of Indiana. In 1974 this main line route, which acts as a major connecting link between Chicago and Cincinnati and between Chicago and Florida, was abandoned for passenger service because of neglect of maintenance. Since then, Amtrak trains have been required to detour over slow freight tracks in order to provide the passenger services required by the Rail Passenger Service Act.

In 1975 the United States District Court for the

Southern District of Indiana entered a judgment against the Trustees directing them to restore these 360 miles of line at their own cost by January 1, 1978. The Trustees have appealed this judgment claiming that the Regional Rail Reorganization Act of 1973 has excused them from this obligation. To enforce the Indiana District Court judgment, Amtrak petitioned the Penn Central Bankruptcy Court for an order directing the Trustees to comply with the judgment. This petition was denied and the matter is now on appeal in the United States Court of Appeals for the Third Circuit.

Operating Statistics

	CY 1975*	FY 1976**
General		
System Route Miles thousands	26	26
Stations Served	484	495
Train Miles Operated millions	30	30
On-Time Performance		
Systemwide	77%	74%
Short-Distance	80%	76%
Long-Distance	72%	69%
Ridership		
Passengers millions	17.4	18.2
Passenger Miles millions	3,939	4,155
Revenue Cars		
Operating Fleet	1,882	1,981
Out of Service daily avg.	17.5%	15.6%
Average Age years	24.7	20.3
Number Overhauled	490	543
New Deliveries	115	324
Locomotive Units		
Operating Fleet	362	352
Out of Service daily avg.	13.0%	13.7%
Average Age years	14.4	10.2
Number Rebuilt	11	27
New Deliveries	30	51
Turbo Trains/Units		
Operating Fleet	9	11
Out of Service daily avg.	10.0%	8.3%
Average Age years	3.7	0.9
New Deliveries	4	5
Metroliners		
Operating Fleet	61	61
Out of Service daily avg.	27.3%	27.6%
Average Age years	9.0	10.0

*January 1, 1975 — December 31, 1975

**October 1, 1975 — September 30, 1976

National Railroad Passenger Corporation

Balance Sheet

September 30, 1976 and December 31, 1975

Assets			Liabilities and Capitalization		
	1976	1975		1976	1975
	(Thousands of dollars)			(Thousands of dollars)	
Current assets:			Current liabilities:		
Cash	\$ 7,144	\$ 3,296	Due to banks	\$ 12,866	\$ —
U.S. Government securities, at cost	7,500	17,500	Accounts payable	39,976	28,620
Accounts receivable -			Railroad operations, net (Note 2)	36,403	7,206
Customers and other	29,336	17,510	Current portion of capitalized lease obligations	6,320	3,604
Federal grants (Note 4)	2,431	—	Current portion of mortgage note payable (Note 9)	10,797	—
Materials and supplies, at average cost	43,039	23,509	Accrued expenses	44,521	23,167
Prepayments and deposits	729	495	Deferred ticket revenue (Note 3)	1,485	3,478
	<u>90,179</u>	<u>62,310</u>		<u>152,368</u>	<u>66,075</u>
			Long-term debt (less current portion) (Notes 5 and 9):		
			Notes payable, 5.55% to 8.31%	533,300	377,750
Property and equipment (Note 5):			Capitalized lease obligations	127,171	103,530
Passenger cars and locomotives	653,374	473,291	Mortgage note payable	75,569	—
Northeast Corridor (Note 9)	86,366	—		<u>736,040</u>	<u>481,280</u>
Other	26,248	18,370	Capitalization (Notes 4 and 7):		
	<u>765,988</u>	<u>491,661</u>	Preferred stock, \$100 par value, 1,000,000 shares authorized	—	—
Less - Accumulated depreciation and amortization	(40,638)	(26,910)	Common stock, \$10 par value, 40,000,000 shares authorized, 9,385,694 shares outstanding	93,857	93,857
	<u>725,350</u>	<u>464,751</u>		<u>93,857</u>	<u>93,857</u>
			Accumulated operating losses before Federal operating grants	(1,368,806)	(1,026,233)
Other assets:			Less - Federal operating grants	1,095,345	817,900
Long-term budget advances to railroads	6,810	6,665		<u>(273,461)</u>	<u>(208,333)</u>
Other	3,911	4,575	Federal capital grants	14,524	2,500
	<u>10,721</u>	<u>11,240</u>	Railroad capital payments	102,922	102,922
				<u>117,446</u>	<u>105,422</u>
Total assets	<u>\$826,250</u>	<u>\$538,301</u>	Total capitalization	<u>(62,158)</u>	<u>(9,054)</u>
			Total liabilities and capitalization	<u>\$ 826,250</u>	<u>\$ 538,301</u>

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

National Railroad Passenger Corporation
Statement of Operating Loss Before Federal Operating Grants
For the years ended September 30, 1976 and December 31, 1975

	1976 (Thousands of dollars)	1975 (Thousands of dollars)
Operating revenues (Note 3)	\$ 277,769	\$ 252,697
Operating expenses (Notes 2, 5 and 8):		
Maintenance of way and structures	21,692	12,185
Maintenance of equipment	177,102	134,964
Traffic	35,471	26,840
Transportation	245,763	224,784
Dining and buffet service	52,599	50,450
General	68,931	65,272
Taxes on payroll and property	57,968	46,139
Facilities and equipment rents	6,268	6,349
Total operating expenses	665,794	566,983
General and administrative expense	20,015	16,566
Interest expense	36,391	27,591
Capitalized interest on advances for equipment in production (Note 6)	(6,706)	(5,911)
Total expenses	715,494	605,229
Operating loss before Federal operating grants and Northeast Corridor interest	(437,725)	(352,532)
Northeast Corridor interest (Note 9)	3,618	—
Operating loss before Federal operating grants (Note 4)	\$(441,343)	\$(352,532)

**Statement of Accumulated Operating Losses and Federal
Operating Grants**
For the year ended December 31, 1975 and nine months ended September 30, 1976

	Accumulated operating losses before Federal operating grants	Federal operating grants (Note 4)	Net
	(Thousands of dollars)		
Balance January 1, 1975	\$ (673,701)	\$ 472,600	\$(201,101)
Operating loss and Federal operating grants for the year ended December 31, 1975	(352,532)	345,300	(7,232)
Balance December 31, 1975	(1,026,233)	817,900	(208,333)
Operating loss and Federal operating grants for the nine months ended September 30, 1976	(342,573)	277,445	(65,128)
Balance September 30, 1976	\$(1,368,806)	\$1,095,345	\$(273,461)

National Railroad Passenger Corporation

Statement of Changes in Financial Position

For the years ended September 30, 1976 and December 31, 1975

	1976 (Thousands of dollars)	1975 (Thousands of dollars)
Uses of funds:		
Operating loss before Federal operating grants	\$441,343	\$352,532
Depreciation and amortization (Note 5)	<u>(20,995)</u>	<u>(14,116)</u>
Total cash used for operations	420,348	338,416
Purchase of Northeast Corridor (Note 9)	86,366	—
Other purchases and refurbishments of property	265,171	198,228
Increase in materials and supplies	23,326	13,606
Increase (decrease) in accounts receivable	15,972	(3,277)
Increase (decrease) in other assets	(847)	804
Increase in long-term advances to railroads	<u>145</u>	<u>—</u>
Total uses of funds	<u>810,481</u>	<u>547,777</u>
Sources of funds:		
Notes payable (Note 5)	206,300	156,850
Increase in amount due banks	3,676	—
Federal grants (Note 4)	391,838	346,800
Mortgage note payable (Note 9)	86,366	—
Increase in accounts payable and accrued expenses	81,856	25,446
Capitalized lease obligations (Note 5)	41,255	29,301
Other decrease (increase) in working capital	<u>(889)</u>	<u>1,149</u>
Total sources of funds	<u>810,402</u>	<u>559,546</u>
Increase (decrease) in cash and U.S. Government securities	<u>\$ (79)</u>	<u>\$ 11,769</u>

The accompanying notes are an integral part of this statement.

National Railroad Passenger Corporation
Notes to Financial Statements
September 30, 1976 and December 31, 1975

(1) Change in Fiscal Year —

In 1976 the Corporation's fiscal year-end for accounting purposes was changed pursuant to P.L. 94-25 from December 31 to September 30 to coincide with the year adopted by the Federal government and employed in providing Federal assistance to the Corporation. A year-end of December 31 will continue to be used for reporting to the Interstate Commerce Commission.

(2) Adjustments to Railroad Reimbursements —

Amounts due the contracting railroads are recorded by Interstate Commerce Commission account classification based on reported and estimated expenses, which are subject to audit and adjustment by the railroads and the Corporation. The Corporation's continuing program for auditing monthly costs reported by railroads has resulted in numerous adjustments proposed and settled or under current negotiation. The estimated recovery of proposed adjustments was \$8,174,000 at September 30, 1976 and \$14,796,000 at December 31, 1975.

(3) Transportation Revenue —

Passenger fares are recorded as operating revenue when the transportation is furnished. Estimated unused tickets are reflected in the financial statements as deferred ticket revenue at selling price.

(4) Federal Funding —

Funds are provided to the Corporation through Federal grants to offset operating losses and for capital acquisitions. Such grants are reflected in the financial statements as they are released to the Corporation by the Department of Transportation. Such releases are based primarily on projected cash flow of the Corporation. Federal capital grants released to the Corporation were \$12,024,000 in the nine months ended September 30, 1976, and \$1,500,000 in the year ended December 31, 1975. Federal grant funds appropriated, but not requisitioned, were \$702,631,000 at September 30, 1976 and \$255,200,000 at December 31, 1975.

(5) Property and Equipment and Related Debt —

The Corporation is authorized to borrow or enter into lease obligations for equipment and other capital purposes for up to \$900,000,000 with such obligations being guaranteed by the United States Government. Based upon this authorization, substantial commitments have been made for capital equipment. The Corporation's interest in rolling stock has been assigned to the United States Government as security in connection with the guaranty of debt. Notes payable have been classified as long-term debt in the accompanying financial statements, based on a commitment from the Federal Financing Bank to refinance the obligations for periods extending at least until October 1, 1977. See Note 9, "Northeast Corridor," for information concerning the mortgage note payable.

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives. Depreciation expense was \$20,995,000 in the year ended September 30, 1976 and \$14,116,000 in the year ended December 31, 1975. Certain major items of property acquired through lease agreements are recorded as assets and are depreciated over their estimated useful lives. Substantially all such leases are for 15-year periods beginning in 1973 through 1976.

(6) Capitalized Interest on Advances for Equipment in Production —

The Corporation's policy is to capitalize interest on advances for equipment in production to properly reflect the total cost thereof. The rates used to calculate interest correspond to the rates paid for capital funds.

(7) Capital Stock —

In October 1976, the Board of Directors approved a reduction, subject to the approval of the President of the United States of America, of the authorized but unissued preferred stock from 1,000,000 shares to 10,000 shares and of the common stock from 40,000,000 shares to 10,000,000 shares.

(8) Pension Plan —

The Corporation has a fully funded noncontributory retirement plan covering nonunion employees. Provisions for pension costs were \$1,214,000 in the year ended September 30, 1976 and \$889,000 in the year ended December 31, 1975.

(9) Northeast Corridor —

In 1976, in connection with the United States Railway Association's Final System Plan, the Corporation acquired the properties of the Northeast Corridor from Consolidated Rail Corporation (Conrail) for \$86,366,000 payable in eight annual installments and secured by a mortgage on the properties. During each year beginning October 1, Conrail has the right to offset freight service pay-

ments due the Corporation in an amount up to two annual installments on the mortgage note, plus interest. Interest on this note is from 7 1/2% to 10% depending upon triple A bond rates and is to be funded from the appropriation described below.

The Railroad Revitalization and Regulatory Reform Act of 1976, as amended, authorized an appropriation of \$120,000,000 for the Corporation to acquire the properties of the Northeast Corridor. In this connection, the Corporation has agreed to issue a mortgage note payable in 1995 to the Federal Government equal to the amounts to be expended for the acquisition and improvement of the properties acquired pursuant to the above Act. As of September 30, 1976, a total of \$1,890,000,000 was authorized to be appropriated for these purposes.

ARTHUR ANDERSEN & CO.

1666 K STREET, N.W.
WASHINGTON, D. C. 20006

To the Board of Directors
National Railroad Passenger Corporation:

We have examined the balance sheet of NATIONAL RAILROAD PASSENGER CORPORATION (incorporated pursuant to the Rail Passenger Service Act and the laws of the District of Columbia) as of September 30, 1976 and December 31, 1975, and the related statements of operating loss before Federal operating grants and changes in financial position for the years then ended, and the statement of accumulated operating losses and Federal operating grants for the year ended December 31, 1975 and the nine months ended September 30, 1976. Our examination was 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 statements referred to above present fairly the financial position of National Railroad Passenger Corporation as of September 30, 1976 and December 31, 1975, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

November 15, 1976

National Railroad Passenger Corporation

BOARD OF DIRECTORS

Donald P. Jacobs, Chairman
Mary Head, Vice Chairman (c)

Frank S. Besson, Jr.
William T. Coleman, Jr., Secretary
of Transportation (ex officio)
John W. Barnum, Deputy Secretary
of Transportation (alternate)
Robert W. Downing (s)
Robert G. Dunlop
Jervis Langdon, Jr. (s)
Charles Luna
Joseph V. MacDonald (c)
Gerald D. Morgan*
William J. Quinn (s)
Edward L. Ullman (c)**

c Consumer Representative
s Stockholder Representative

*Died June 15, 1976

**Died April 24, 1976

BOARD COMMITTEES

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Robert G. Dunlop, Chairman
John W. Barnum
Mary Head

Planning/Equipment

Frank S. Besson, Jr., Chairman
John W. Barnum
Robert W. Downing
Jervis Langdon, Jr.
Joseph V. MacDonald

Organization and Compensation

William J. Quinn, Chairman
Donald P. Jacobs
Charles Luna

Northeast Corridor

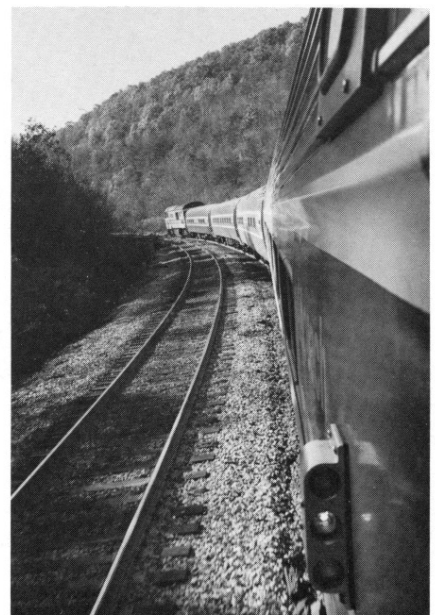
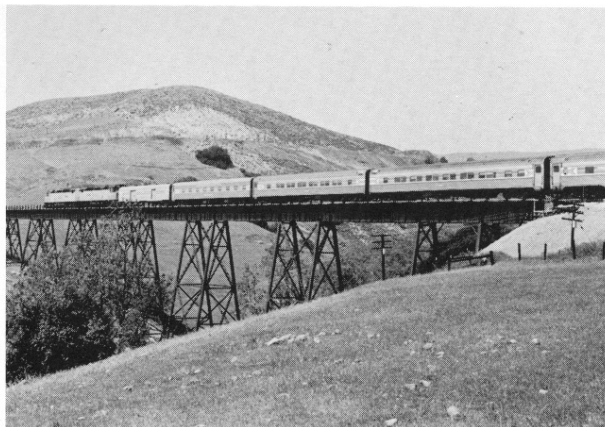
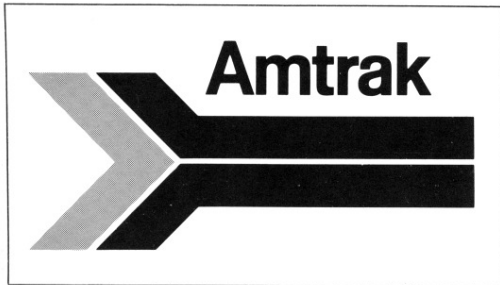
Frank S. Besson, Jr., Chairman
Robert W. Downing
Charles Luna

CORPORATE OFFICERS

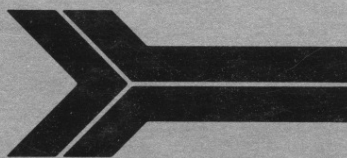
Paul H. Reistrup	President
Calvin B. Andringa	Vice President, Executive Planning
Melvin H. Baker	Controller
Charles E. Bertrand	Vice President and General Manager, Northeast Corridor
Don R. Brazier	Vice President, Finance/Treasurer
James M. Cowell	Vice President, Operations Support
Edwin E. Edel	Vice President, Public Affairs
Nathaniel H. Goodrich	Vice President, General Counsel
Harold L. Graham	Vice President, Service Planning
Kenneth A. Housman	Vice President, Personnel and Administration
F. S. King	Vice President
Alfred A. Michaud	Vice President, Marketing
Bruce Pike	Vice President, Government Affairs
David A. Watts, Jr.	Vice President and General Manager, National Operations
Elyse G. Wander	Secretary/Counsel
T. Page Sharp	Assistant Secretary

Regional Vice Presidents

Robert A. Herman	Operations, Northeast Corridor
Neal D. Owen	Western
John S. Piet	Eastern
C. James Taylor	Central



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Trains**



National Railroad Passenger Corporation, 955 L'Enfant Plaza, S.W., Washington, D.C. 20024



April 27, 1979

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To Whom This May Concern:

Copies of our 1975-1978 annual reports have been sent to you as requested. Unfortunately, we cannot supply the library with a copy of our 1974 annual report as it is out of print.

Thank you for your interest in Amtrak.

Sincerely,

Amtrak Public Affairs