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NATIONAL RAILROAD PASSENGER CORPORATION
ANNUAL REPORT 1983

Amtrak is America's Railroad



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UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN

National Railroad Passenger Corporation

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Executive Vice President, Law and Public Affairs
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Vice President, Government Affairs
Cathy A. Goldstein
Assistant Vice President, Corporate Communications
Anthony L. Mondello
General Counsel



Amtrak's management team, from left, are Don R. Brazier, executive vice president, finance and administration; Thomas P. Hackney, Jr., executive vice president and chief operating officer; W. Graham Claytor, Jr., president and chief executive officer; Paul F. Mickey, Jr., executive vice president, law and public affairs; and William S. Norman, executive vice president, marketing and business development.

Message From The President And Chairman

I'm proud to report to you that during fiscal year 1983 the National Railroad Passenger Corporation (Amtrak) has matured as a business entity and has made great strides toward providing improved transportation services to the traveling public.

We have made substantial progress toward two key goals I set when I joined Amtrak in 1982: improving the quality of our intercity passenger service and at the same time reducing the costs of rendering that service. The ratio of the revenue we earn to the cost we incur is a useful measure of our ability to control expenditures as we improve our service and increase our sales. Increase in the ratio means that Amtrak has become more self-sufficient and less dependent on public funding for its operations. In FY83, we covered 54 percent of our total operating costs with revenues, and we expect that figure to continue to improve.

Our success in controlling costs was made possible in part by capital programs undertaken over the last few years, as well as by an intensive effort to improve labor productivity and to identify and implement service modifications that will improve the financial performance of each route.

Modern maintenance facilities and new or completely rebuilt passenger cars have also enabled us to improve productivity. With a better maintained fleet we are able to utilize our equipment more efficiently and serve more customers in greater comfort than ever before.

A prime example of our effort to improve operating efficiency is the change we made in July 1983 to reroute the *California Zephyr* from southern Wyoming to a more scenic and marketable route through the Colorado Rockies. With direct service to major ski resorts and recreational areas in the West, the *Zephyr's* ridership and financial performance have substantially improved.

We are continuing to examine each of our routes to determine the most competitive fares, the best schedules, the most efficient use of equipment, the most appropriate on-board and station services, and the advisability of route changes or extensions. We will implement those changes that will result in better service and a net financial improvement. One of our most important goals is to cover 100 percent of short-term avoidable costs with operating revenues. In 1983, on a systemwide basis, operating revenues covered 79.7 percent of short-term avoidable costs.

Our volume, as measured by revenue passenger miles, increased by 1.8 percent in FY83, and transportation revenues grew by 8.1 percent. These improvements are noteworthy given the sluggish pace of the U.S. economy and the intense competitive environment in transportation, which was heightened by numerous price-cutting actions by the airlines. Our performance was particularly gratifying in light of data collected by the U.S. Travel Data Center showing that from 1982 to 1983 there was a drop of nearly 4 percent in total trips—that is, intercity trips on all transportation modes that cover more than 100 miles or more than one day.

Our success is due largely to a more aggressive and comprehensive marketing approach in 1983. One important step we took was establishing the All Aboard America Fare, a promotional program that offers discretionary travelers the opportunity to experience a long-distance trip at a significantly discounted price. Another step was the commencement of negotiations to allow travel agents access to Amtrak schedules, fares and services through a direct connection between the airlines' and Amtrak's reservation systems. By increasing our sales outlets, we will have greater exposure in the marketplace, and we will provide a more convenient service to our customers.

Our efforts to become more productive and efficient would be inadequate without an equal emphasis on improving the quality of the service we offer. In FY83, we made further significant progress toward a consistently high quality of service. The on-time performance of our trains systemwide reached a record high of 81.5 percent. Express Metroliner Service in the Northeast Corridor for the same fiscal period achieved 85.8 percent on-time. Better supervision on board the trains and in our maintenance facilities not only improved productivity and accountability, but it also improved the quality of the equipment and service we provided our customers. Further modifications to our dining car menus and service procedures boosted passenger demand for food and beverage services.

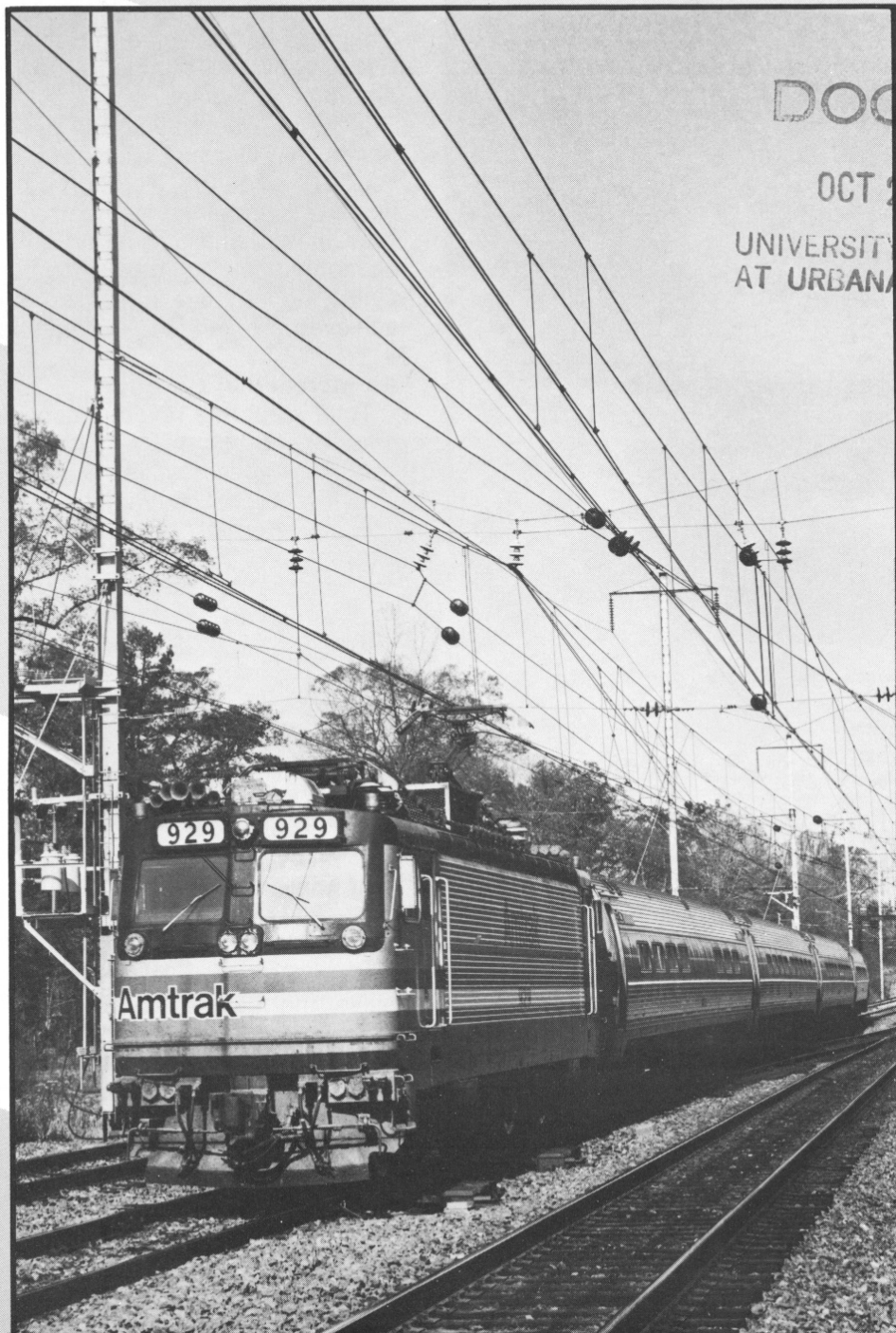
As a result of these and other improvements, customer complaints decreased again in FY83, this time by 8 percent. The corporation is providing a better overall service today than at any other time during its 13-year history.

Our objectives remain the same in FY84. I am committed to running as efficient a railroad as any in the country, and to providing the best transportation service offered by any carrier in the United States.

W. Graham Clayton

President and Chairman

Highlights of the Year 1983



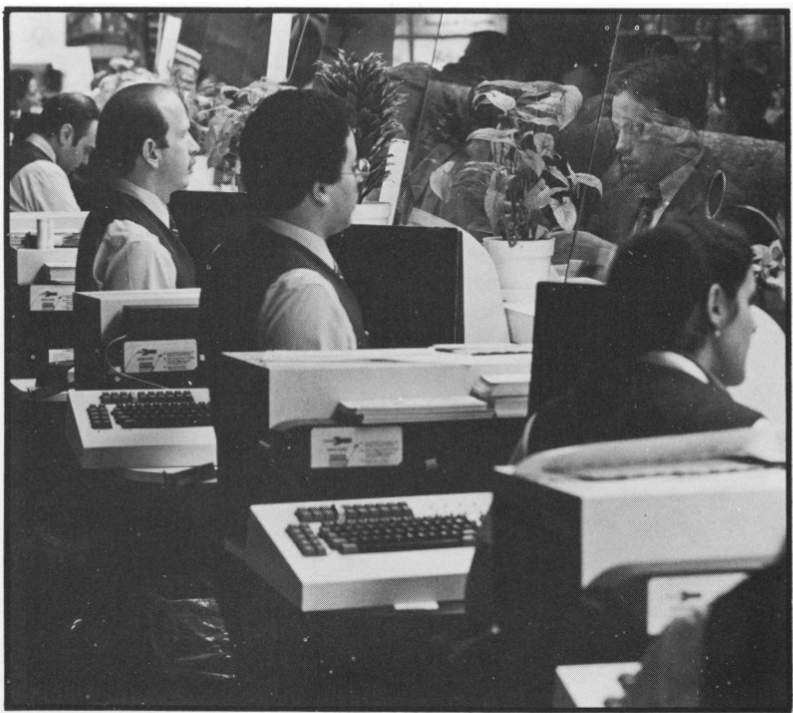
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UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

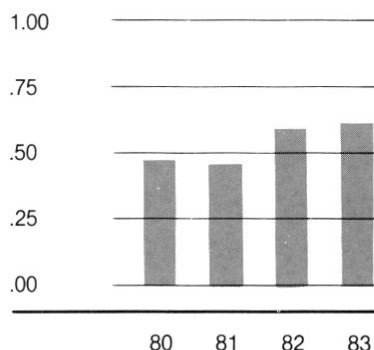
A Metroliner Service train speeds through the Northeast Corridor at 100-plus mph over continuous welded rail laid on concrete ties. The Northeast Corridor is the busiest and fastest segment of railroad in America.

1983 was a year of significant growth for Amtrak. The corporation achieved significant progress as it improved the quality of its service and at the same time reduced its dependence on federal grants.



Courteous and friendly reservation sales personnel serve passengers efficiently.

Improvement in Revenue-to-Cost Ratio



Revenue to Cost, a Measure of Success

While we recognize that no passenger rail system in the world operates totally at a profit, it has been our goal for some time to reduce as rapidly and responsibly as possible the level of support we require from the federal government. And to do so while steadily increasing the quality of our service to riders.

Our success in this effort can best be measured by our revenue-to-cost ratio, the percentage of total operating costs covered by our revenues. By the end of FY82, we had surpassed a revenue-to-cost ratio of .50. Congress had directed that this target be achieved by FY85, yet we were able to reach it a full three years ahead of schedule.

In FY83, we continued to exceed Congressional expectations. Our projected revenue-to-cost ratio for the year had been .53. Through a program of cost reductions, revenue enhancement, and productivity improvements, and despite an unfavorable national economy and continued price competition from the airline industry, we surpassed our revenue goal and achieved a revenue-to-expense ratio of .54.

An Increase in Revenue

Total corporate revenue continued to rise in FY83, to a total of \$664.4 million. This figure represents a 5.3 percent increase over FY82 revenue.

Transportation revenues grew at an 8.1 percent rate. A combination of fare increases and selected discounts produced a 6 percent rise in Amtrak's yield: 10.9 cents per passenger mile in 1983, compared to 10.2 in 1982. Mail and package express revenues totaled \$16.7 million, up 10.7 percent from FY82, and revenue from real estate increased by 13.6 percent to \$20.7 million for the year.

Amtrak's revenue enhancement program, our effort to use support services and ancillary resources to earn additional revenues through activities other than rail passenger transportation, earned \$23.1 million in FY83.

All Aboard Amtrak

Market research studies conducted prior to FY83 had revealed that much of the traveling public did not perceive Amtrak as a transportation mode that could deliver the features and services they wanted. Surprisingly, the public often did not credit Amtrak with the level of service and reliability we had already attained. So in early FY83, Amtrak unveiled an aggressive new advertising campaign called All Aboard Amtrak, aimed at capitalizing on the vast improvements in the system and the company's ability to meet the needs of potential passengers.

Amtrak's marketing campaigns have tended to reflect the specific stages of the company's growth and development as well as the current dictates of the marketplace. In 1976, Amtrak introduced its We've Been Working on the Railroad campaign, which was designed to call attention to the improvements in equipment and services that had recently begun.

Then in 1979, America's Getting Into Training became Amtrak's theme. At that stage we were seeking to expand the railroad's consumer base, while still attempting to market Amtrak's services to a public that was in large part unfamiliar with the corporation.

By FY83, however, Amtrak found that the public knew more about Amtrak and was becoming more favorably disposed toward it. Increased public acceptance justified the more assured tone of the All Aboard Amtrak campaign. Television, radio and print promotions stressed rail travel's comfort, reliability and convenience, emphasizing that "Amtrak takes you where you want to go—in style."

The All Aboard Amtrak campaign was accompanied by the introduction of a major promotional fare program called All Aboard America. That program produced a systemwide increase in volume, as measured in passenger miles, of 1.8 percent in FY83.

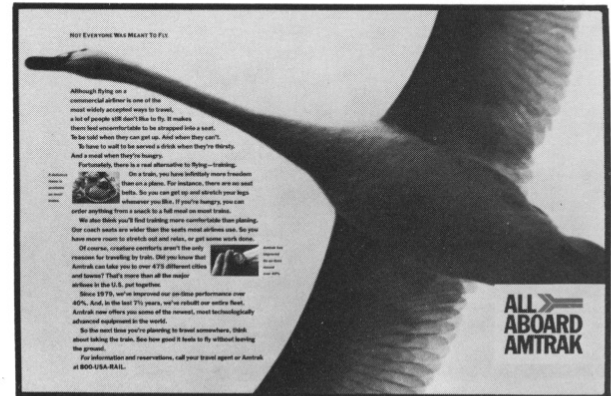


Each year thousands of passengers purchase tickets at New York's Pennsylvania Station, the busiest in the Amtrak system, and rush to their trains.

Routes to Success

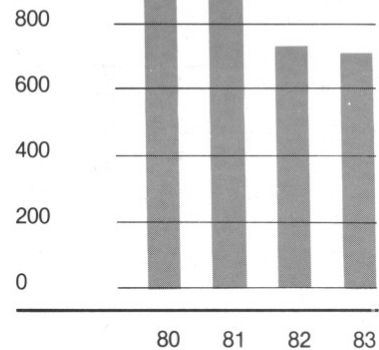
Through cost reductions, promotions and service modifications, Amtrak continued to improve the financial performance of individual routes. Our long-term route performance goal is to cover on a systemwide basis 100 percent of short-term avoidable train operating costs with passenger train revenues.

In 1983, operating revenues covered 79.7 percent of short-term avoidable costs, the highest percentage in the corporation's history. The most dramatic success occurred along the Northeast Corridor. For the first time since the creation of Amtrak, corridor routes passed the break-even mark and posted a revenue-to-short-term avoidable cost ratio of 1.23.

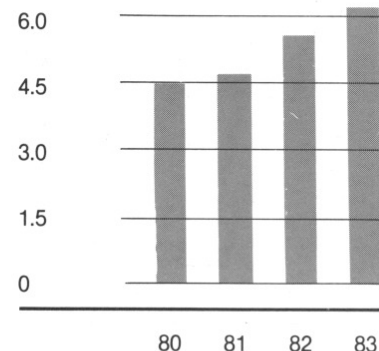


All Aboard Amtrak, a new and highly aggressive national advertising program, was introduced to the traveling public in 1983.

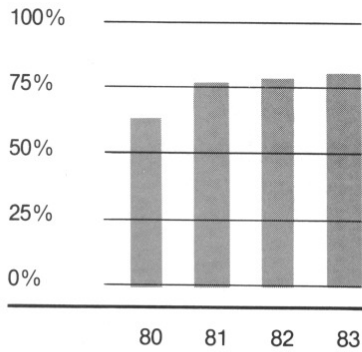
Reduction in Subsidy
(in constant 1983 dollars, in millions)



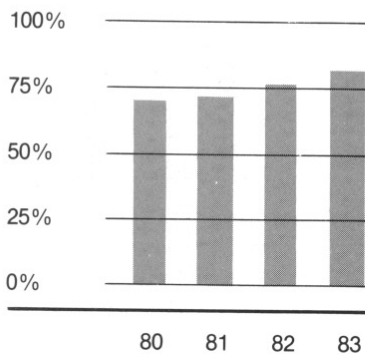
Passenger Miles per Dollar of Federal Support
(in constant 1983 dollars)



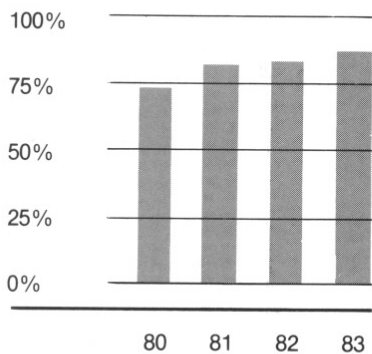
**On-Time Performance, Systemwide
(Route Basis)**
(percent of trains on schedule)



**On-Time Performance, Northeast
Corridor (Carrier Basis)**
(percent of trains on schedule)



**On-Time Performance, Contract
Railroads (Carrier Basis)**
(percent of trains on schedule)



“We’ll be There on Time”

Establishing an outstanding record of on-time performance is one of the corporation’s most important priorities. On-time performance is an important factor in the public’s evaluation of any transportation system. Reliable performance against schedules is essential if we are to earn even greater public acceptance.

Amtrak’s record is good and improving steadily. Our on-time performance rate for the year was an impressive 81.5 percent, thanks to new and rebuilt equipment, the efforts of thousands of individual employees, and the cooperation of our contract railroads—the freight railroads over whose tracks we operate outside the Northeast Corridor. The Northeast Corridor, drawing on the benefits of major capital investment over the past several years, had an on-time performance record of 79.6 percent.

Contract railroads’ on-time performance for the year was 87.8 percent. Individual routes throughout the system showed even higher rates. The New Orleans-to-Los Angeles route, over Southern Pacific trackage, had a 91 percent rate. And the Chicago-to-Portland route, via the Milwaukee Road and Burlington Northern, reached 89.9 percent on time.



Amtrak trains made it through when a major snowstorm enveloped the eastern seaboard in February. All other transportation stopped.

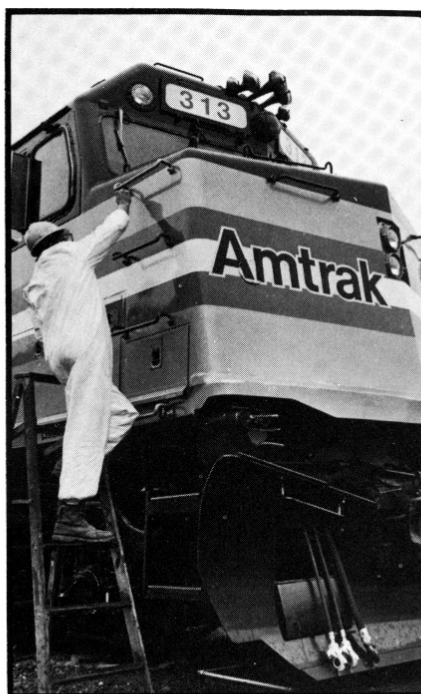
Where a service cannot be operated with a high degree of on-time reliability, Amtrak must be willing to take prompt action to resolve the problem. Our handling of New England Metroliner Service confirms our commitment to high standards of performance. Metroliner Service is Amtrak's premium, high-speed, top-of-the-line passenger service. In FY83, Amtrak expanded its Metroliner Service, which then included routes from Washington, D.C., north to New York City and New Haven, to include a New York-to-Boston route on an experimental basis.

It became apparent, however, that this new route was not achieving the level of performance associated with Metroliner Service. Recurrent delays were caused by commuter train inspections (a problem over which we had no control), as well as by the fact that Amtrak does not own or dispatch important segments of railroad between New York and Boston and thus can do little to guarantee adherence to tight schedules. These difficulties led the corporation to suspend the New York-to-Boston experiment and convert the Metroliner Service frequencies into conventional trains, operating far more reliably on somewhat longer schedules.

403(b) Service

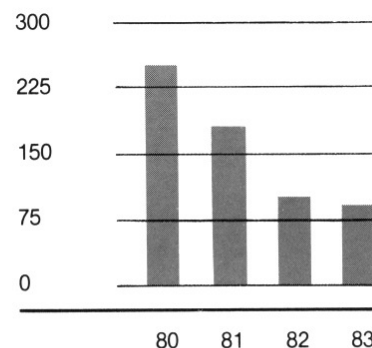
Section 403(b) of the Rail Passenger Service Act, the statute that created Amtrak, allows the corporation to add additional train service to its basic system where state and local governments agree to share the net costs of additional trains with Amtrak. Amtrak's periodic efforts to expand and modify its route system depends heavily on this type of cost-sharing arrangement. When a state wishes to initiate a train and share in its support, the state government makes its request to Amtrak. Amtrak, in turn, decides whether the proposed service is likely to succeed and whether the necessary resources are available.

States which participated in the 403(b) program in FY83 are California (*San Diegans*, three round-trips per day; *San Joaquins*; and *Spirit of California*, discontinued September 1983); Florida (*Silver Palm*); Illinois (*Illini*, discontinued between Champaign and Decatur July 10, 1983; *Illinois Zephyr*; *State House* northbound and *Eagle* southbound, Chicago to Springfield); Michigan (*International*, Chicago to Port Huron; and *Michigan Executive*); Missouri (*Mules*; *Ann Rutledge*, between St. Louis and Kansas City); New York (*Adirondack*, Albany to Montreal; and *Niagara Rainbow* and *Mohawk*, both Syracuse to Niagara Falls); Pennsylvania (*Pennsylvanian*, between Philadelphia and Pittsburgh; *Keystones*, partial service; and *Ft. Pitt*, discontinued January 31, 1983); and Minnesota (*North Star*).

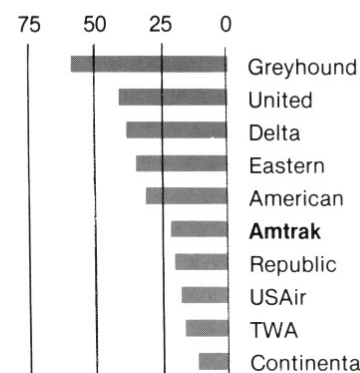


Keeping nearly 300 locomotives in prime condition is a full-time job. Here employees finish repainting and cleaning an F-40PH diesel unit, the mainstay of Amtrak's motive power fleet.

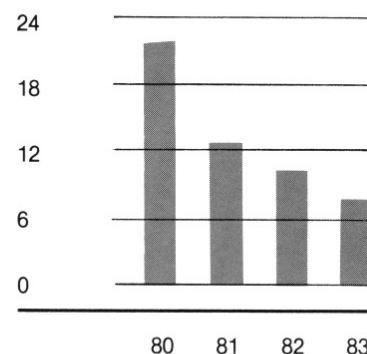
Equipment-Related Delays (average hours per month)



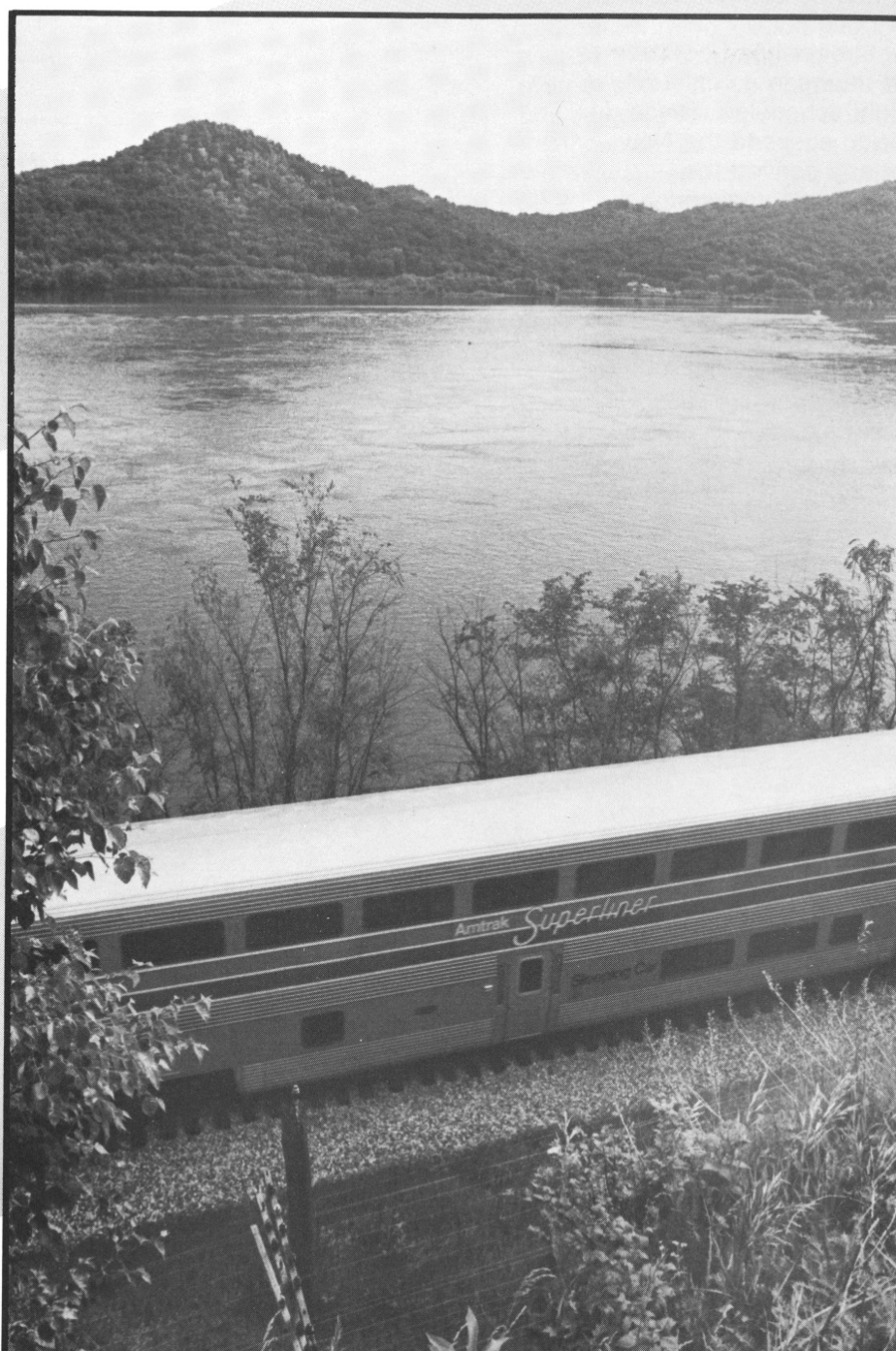
1983 Passenger Totals (millions of passengers carried, domestic travel only)



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



Making our own way



The *Empire Builder*, enroute from Chicago to Seattle and Portland, parallels the scenic Mississippi River near Winona, Minn.

Providing Jobs for Americans

In the spring of FY83 Congress passed the Emergency Jobs Bill, appropriating hundreds of millions of dollars to put Americans back to work in areas of the country hard hit by high unemployment.

Many of these individuals went to work on the railroad.

Congress acknowledged the federal role in maintaining America's rail passenger infrastructure and appropriated \$70 million to Amtrak for labor-intensive projects to improve this country's rail passenger system. Prior to enactment of the Jobs Bill, Amtrak identified eligible projects and established hiring procedures to insure that these projects could be initiated quickly. Immediately after the legislation was signed into law by the President, Amtrak went right to work hiring hundreds of men and women to perform jobs ranging from replacing communication cables to bridge painting to installing concrete ties in the Northeast Corridor.

Revenue Enhancement

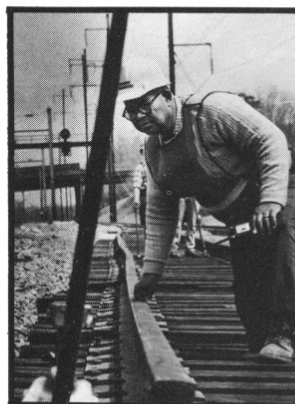
In recent years Amtrak has identified many opportunities to utilize corporate resources not already committed to basic railroad functions in order to generate additional revenues. These non-transportation activities resulted in gross revenues of \$23.1 million in fiscal year 1983. Profits generated by these efforts are used to reduce our need for federal funding.

In early FY83, Amtrak and MCI signed a 20-year lease under which MCI will install and operate a fiber optics communications system on the right-of-way between Washington, D.C., and New York City. Part of the compensation is Amtrak's free use of four fiber pairs. These fibers contain enough circuits to meet all of Amtrak's communications needs between Washington and New York, as well as significant additional capacity which Amtrak may resell. Amtrak will save approximately \$1 million a year in communications costs because of its use of the free circuits, and in addition it will realize another several million dollars a year in revenue from the resale of surplus circuits.

Amtrak is also a subcontractor for Breda, an Italian car manufacturer which is supplying the Washington Metropolitan Area Transit Authority with 294 rapid rail vehicles. The vehicles are currently being assembled at Amtrak's Beech Grove, Ind., Maintenance Facility. Amtrak will continue to seek contracts for the overhaul of commuter agency rail and rapid transit equipment, but only to the extent needed to fully utilize repair shops and to maintain their highly trained workforces.

One of the most promising opportunities for the generation of long-term revenues is cogeneration of electrical and steam energy. Amtrak has contracted for the construction of its first cogeneration plant in New Haven, Conn., in order to provide steam and electrical energy at a lower cost for its own facilities, and in addition to

Amtrak's management is committed to improving its performance record in the years to come. Passenger miles are projected to increase even further, and the corporation is dedicated to reducing the level of support it requires from the federal government.



Ollie M. Head, engineer-track, inspects upgraded track in the Northeast Corridor, part of the Northeast Corridor Improvement Project, as work continues through its seventh year.



Part of the corporation's revenue enhancement is the subcontracted assembly of 290 Italian-made subway cars for the Washington, D.C., Metropolitan Area Transit Authority.

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

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

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

generate supplemental revenue through the sale of excess energy to other entities. The New Haven facility will become operational in FY85 and will produce \$4 million in additional revenues during its first full year. The corporation is also exploring the feasibility of constructing a cogeneration facility in Philadelphia in collaboration with the University of Pennsylvania.

Where the Work Gets Done

A successful railroad needs to be able to maintain and repair its own equipment economically and skillfully.

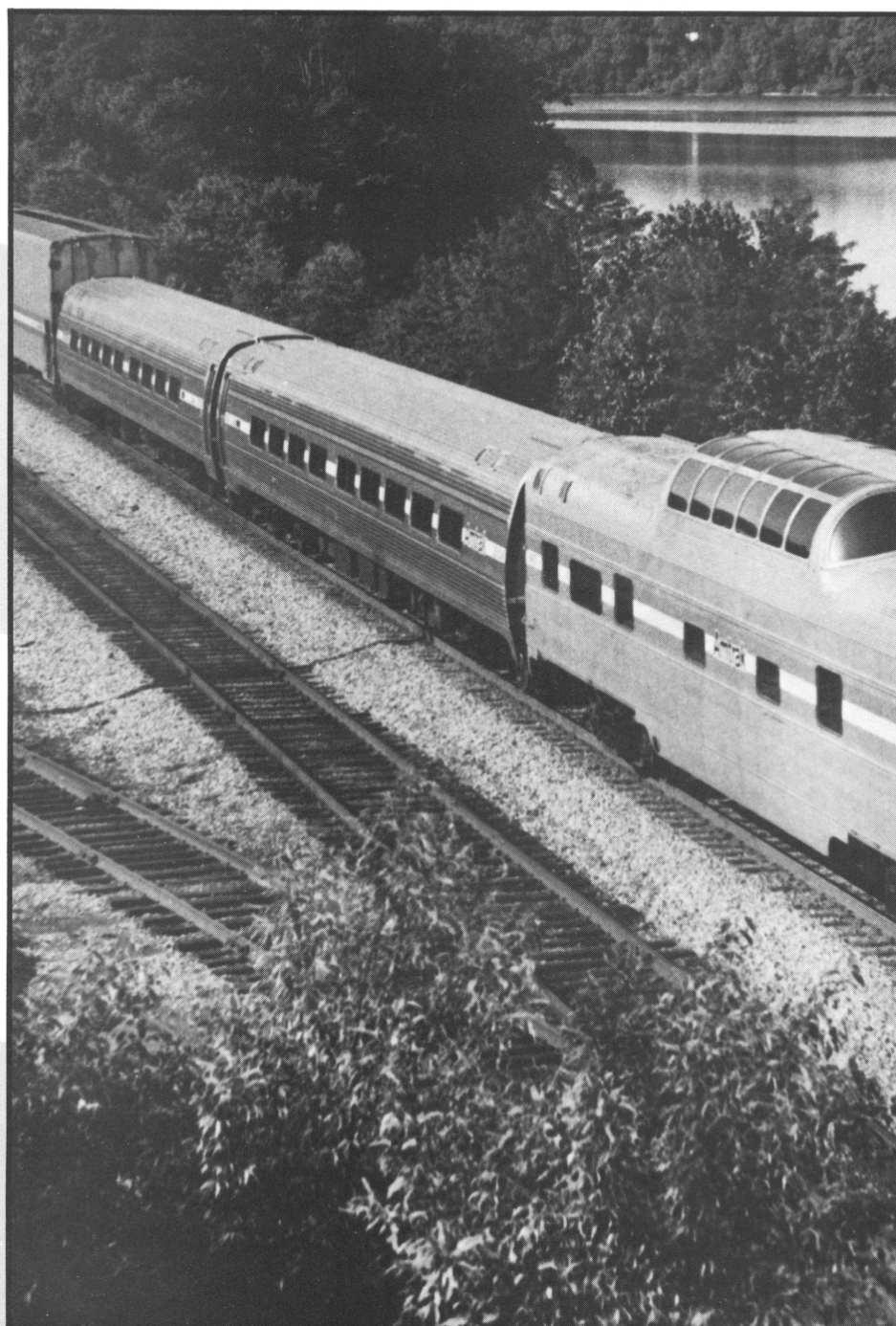
Amtrak owns extensive yard and maintenance facilities placed at strategic locations throughout its route system where they can serve the greatest number of trains. These facilities include yards and shops in Los Angeles, Chicago, New Orleans, Boston, New Haven, Albany-Rensselaer, New York, Philadelphia, Wilmington and Washington. Together these facilities are responsible for preventive-maintenance programs on over 270 locomotives, 63 self-propelled units and 1480 locomotive-hauled cars, and must ensure the quality of equipment dispatched on 260 trains each day.

The Beech Grove Maintenance Facility is Amtrak's heavy maintenance and repair center, spread over 62 acres of tracks and shops in a southeast suburb of Indianapolis. Approximately 1200 skilled personnel work at Beech Grove, where they perform the majority of Amtrak's heavy car and locomotive maintenance. Beech Grove has the capability to convert steam-heated passenger cars to all-electric service, and in addition can perform car repair, refurbishments, truck work, wheel and axle service, locomotive overhauls, car assembly, and wreck damage repair.

A wide variety of heavy car and locomotive maintenance is performed at the Beech Grove, Ind., Maintenance Facility by 1,200 highly skilled craftsmen.



Coast-to-Coast Border-to-Border



Auto Train now carries travelers and their autos between Lorton, Va., near Washington, D.C., and Sanford, Fla., near Orlando.

Amtrak has matured from its beginning as a contracting organization, and now owns and operates the Northeast Corridor, the busiest inter-city passenger system in the Western Hemisphere.

From Washington To Boston The Trains of the Northeast Corridor

Every day, tens of thousands of passengers travel between cities along the Eastern seaboard. And consistently, business people—passengers who depend on swift, reliable service—have come to depend on Amtrak.

In FY83, over ten million passengers rode trains along Amtrak's Northeast Corridor. On board, they were able to hold discussions, catch up on their paperwork, or simply relax amid spacious, comfortable surroundings. Best of all, they were delivered right to the heart of their destination cities.

Amtrak has a long-standing commitment to improve service along the Northeast Corridor. FY83 was the seventh year of the ambitious Northeast Corridor Improvement Project (NECIP). This effort is one of the largest railroad improvement projects ever undertaken in the United States.

The year was filled with highlights in the development of the Northeast Corridor:

- Amtrak virtually completed the track rehabilitation and replacement contemplated by NECIP. Five hundred and two track miles of continuous welded rail have been installed, and 397 miles of concrete ties—more than a million ties—have been laid.
- Speeds continued to improve. Substantial sections of track between New York and Washington qualified for operations at 120 mph, and speeds of up to 100 mph were common between New York and Boston.
- Two more maintenance-of-way facilities were opened at New Brunswick, N.J., and Odenton, Md.
- Improvements on signals and interlocking rehabilitation were begun in earnest, with major signal and interlocking work scheduled at 29 locations.
- Work was completed on the Baltimore and Potomac Tunnel and one of the East River tunnels.
- Major electric traction work (catenary replacement) was performed on the heavily traveled track between New Rochelle, N.Y., and the East River tunnel in New York City.
- The New London, Conn., station was completed in FY83, and major rehabilitation projects continued at stations in Baltimore and New Carrollton, Md.; Wilmington, Del.; Trenton; and Newark.
- A station stop at Newark, N.J., became part of every Metroliner Service train between Washington and New York.



Metroliner Service between Washington, D.C. and New York is popular for personal and business travel.

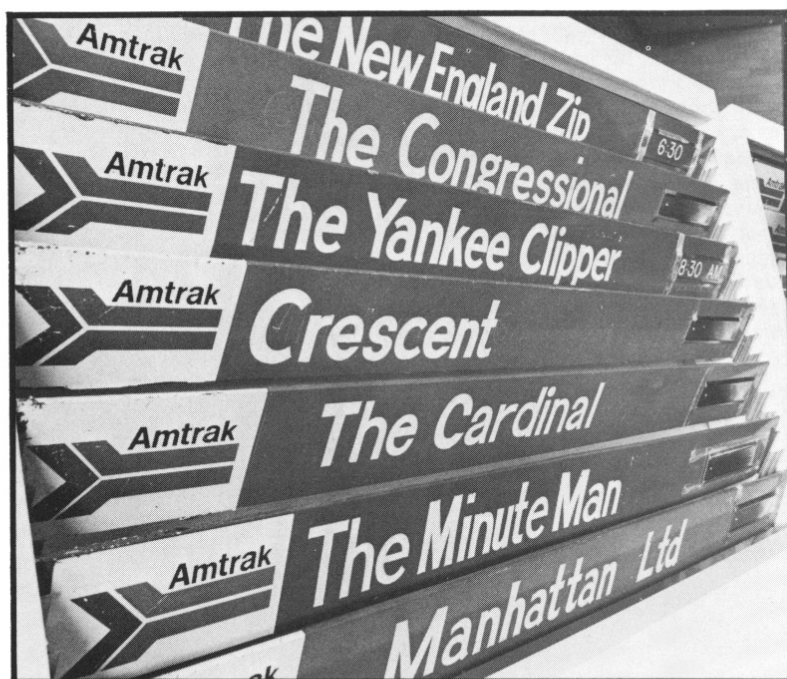
The Joint Labor/Management Productivity Council

Now that Amtrak has addressed the most urgent needs of its physical plant with new and rebuilt equipment, station renovations, and improved methods of work, we have the capacity to concentrate on longer-term issues.

An essential ingredient in our future growth will be improved productivity. The 1982 agreements with our nonoperating unions established the Joint Labor/Management Productivity Council. The Council met regularly throughout calendar year 1983 to identify areas of mutual concern, to establish task forces in the field to evaluate local working conditions, and to make recommendations for the resolution of existing problems and improvements in productivity. The Council has served as a catalyst for new ideas and has allowed employees to make recommendations and participate directly in decisions regarding physical improvements to the worksite and changes in operating procedures.

Equal Employment Opportunity and Affirmative Action

Amtrak's employees are without question its most valuable resource and the corporation recognizes the importance of fostering a diversified workforce in which employees enjoy personal and professional growth. Consequently, Amtrak reinforced its commitment to Equal Employment Opportunity (EEO) and Affirmative Action through implementation of a nationwide EEO training program directed to supervisory and management employees, including foremen. The purpose of the program is to familiarize participants with EEO guidelines which each employee is responsible for enforcing, not only as a matter of prevailing law but also as a matter of company policy. Throughout the program, representatives of the Personnel Department and the Law Department explore issues such as fairness in hiring and promotion, appropriate use of discipline, and sexual harassment. Participants view films, discuss case studies, and have an opportunity to ask questions concerning EEO obligations. This program has been well received, and to date more than half of the designated employee population has attended. Amtrak will continue to offer this program as a part of its efforts to promote Equal Employment Opportunity and Affirmative Action.



Amtrak operated approximately 250 trains per day over 24,000 route miles, serving approximately 500 communities, in FY83.



Another example of on-time performance for Amtrak.

Amtrak and Partners

Amtrak can't operate by itself. The tracks of 20 freight railroads comprise the majority of Amtrak's route system—in FY83, some 24,000 miles. These private railroads are essential for our efficient operation, now superior to most major airlines for on-time performance. Our relationship with these freight railroads is characterized by a sense of cooperation and goodwill—an attitude indicative of rail passenger service's increasing acceptance as a vital and permanent element in the national transportation picture.



Long-Distance Travel on Amtrak

Coast-to-coast, border-to-border, Amtrak carried passengers to approximately 500 cities in America.

Through the Rockies, down the coasts, across the Mississippi, many passengers first experience the glory of America's great open spaces through their Amtrak windows. In recent years, more and more Americans have taken advantage of our long-distance routes.

Because we know that there's a lot more to train travel than just "getting there," in FY83 we undertook a number of significant improvements in our long-distance service.

One of the most important decisions made in FY83 was the establishment of the On-Board Chief's program. On-board chiefs are supervisors assigned to most of Amtrak's long-distance routes. These individuals spend 100 percent of their working time on board their trains, where their responsibilities include handling customers' concerns, supervising on-board personnel, maintaining quality control, and correcting deficiencies they may discover in the train's operation.

By the end of FY83, 160 chiefs were riding the rails, supervising on-board crews that averaged as many as 40 people. The presence of these supervisors on the trains has contributed to the 8 percent drop in the number of passenger complaints registered with Amtrak from FY82 to FY83.

The Return of Auto Train

In FY83, Amtrak conducted a comprehensive feasibility study regarding the restoration of *Auto Train*. The public was invited to comment on the proposed service, and 99 percent of the comments and letters favored Amtrak running *Auto Train*. In addition to the comments, Amtrak received over 400 requests for reservations on the train before a decision had even been made to begin the service.

Amtrak's study concluded that a restored *Auto Train* would be profitable, not only because of the demonstrated public interest in the service, but also because of Amtrak's experience, equipment, maintenance facilities and marketing capacity.

In April 1983, Amtrak's board of directors authorized management to proceed with planning for *Auto Train*.



Charles J. Fike, an on-board chief, reviews trip information with a service attendant. The chief supervises on-board personnel and works with the conductor for smooth, safe train operation.

Dining in Style

In 1982, Congress required Amtrak to undertake stringent cost-cutting measures that prevented food from being freshly prepared on board trains. Amtrak experimented briefly with more limited and budget-conscious food service, generally with mixed results. When Congress afforded Amtrak somewhat greater flexibility to determine the proper level of amenities on dining cars, the traditional gracious service the public had come to expect was promptly restored.

On Amtrak's full-service dining cars, plastic knives and forks were replaced with stainless steel flatware. Silk flowers were placed on every full-service dining car table, and fresh breakfasts cooked to order were offered on long-distance routes.

Menus have since been expanded to include popular entrees such as New York strip steak, chicken Kiev and regional favorites. Snack bar and lounge car menus have also been expanded nationwide. Now passengers can choose from a wider selection of light meals and healthy snacks.

The Best Way to See America

One thing that hasn't changed since the early days of American railroading is the lure of seeing America up close. And one of the best ways to do it is from Superliner lounges or the exciting dome coaches of the 1950s called Vista-Domes.

Superliner lounges are available only on Amtrak's western trains, but in FY83 rehabilitated Vista-Domes reappeared on some of the most scenic routes in both the East and the West. Today, Vista-Domes are part of the Amtrak *Auto Train* and the *Capitol Limited*, which follows the C&O Canal and passes through the Alleghenies.

In an attempt to provide passengers with a more scenic trip, Amtrak rerouted the *California Zephyr* so that it now traverses the Rockies, affording passengers some of the most spectacular views available in the U.S.

Making it Easier to Get There

Amtrak continued to improve its ticket-purchasing and reservation system during FY83.

We enlarged our training opportunities for ticket agents and continued to refine the new ARROW computer reservation system. And we set up a toll-free number, 1-800-USA-RAIL, that makes it possible for anyone, anywhere in the United States, to make a reservation or find out information about any Amtrak train 24 hours a day.

The number of travel agents within the U.S. who can sell Amtrak tickets topped 10,000 for the first time, and Amtrak intensified programs to increase agents' knowledge of the system.



The popular Zephyr Burger, served with assorted trimmings aboard the *California Zephyr*, is displayed by its creator David B. Marshall, chief, on-board services.



Putting the finishing touches on an *Auto Train* carrier car. Marianne Carter/The New York Times



A special tune from the service attendant for a special lady.

Working with the American Society of Travel Agents, Amtrak sponsored a continuing "School on Rails" program in which groups of agents in different parts of the country received their education while traveling on Amtrak trains. Amtrak participated in these programs along with representatives of the Britrail and Eurail systems.

To make it easier for travel agents to sell the Amtrak system, we also initiated negotiations with major airlines aimed at providing information, reservations and ticketing access through the airlines' computer systems installed in travel agency offices.

Amtrak also increased its sales efforts overseas, boosting the number of authorized travel agencies abroad from 52 in 30 countries to 74 agencies in 38 countries. And Amtrak strengthened its sales ties with its Canadian counterpart, VIA Rail Canada.

Amtrak is committed to making travel more accessible for everyone, and programs of special fares for senior citizens, military personnel and the handicapped proved very popular in FY83. And in scores of instances, Amtrak worked with communities, associations and other groups to work out special trips and events.

One service that required no special request took place during February 1983. Amtrak trains kept on moving when a tremendous blizzard struck the Northeast, shutting down airlines, car and bus traffic and other forms of transit.



Enthusiastic crowds gathered at intermediate stops to cheer the "Real People Express," carrying the cast and crew of Real People who filmed train segments for three television programs.

Starring Amtrak

For the second year in a row, the NBC television program Real People took its show on the road, filming an Amtrak journey east from Chicago to Washington, D.C., including 36 intermediate stops. The trip, which was broadcast on the first three shows of Real People's new season, was met at every stop by enthusiastic crowds who filled the Amtrak stations. It is estimated that approximately 40 million viewers saw the cast and crew of Real People enjoying train travel on national television.

Safety First

Amtrak's lost-time injury rate dropped significantly in FY83, down 34 percent from the previous year. This accomplishment is part of a steady decline in injuries that began in 1980, the year Amtrak's ambitious System Safety Program was launched.

The System Safety Program targets major areas of the corporation for improvement through extensive training of employees under the direct supervision of line management.

Currently, attention is being paid to teaching safety responsibility to employees, developing and implementing comprehensive training and education programs, improving workplace safety, providing adequate safety equipment, and conducting regular reviews of safety rules and guidelines. A direct result of these activities in FY83 was a drop in the employee injury rate to 4.3 lost-time injuries per 200,000 manhours, compared to 6.1 in FY82.

Drawing a Crowd

We are aware at Amtrak of the special appeal trains and railroads have for so many Americans. Some of our most gratifying moments come from helping railroad lovers enjoy their hobby.

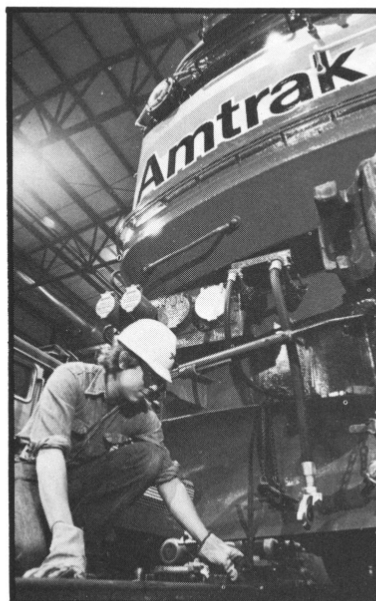
And then there are those Americans who, thanks to the special events we hold from time to time, get introduced to the romance and adventure of railroading. We welcomed thousands of these people during FY83 to events like "The Great American Rail Roadshow."

The Roadshow is a traveling exhibit, sponsored by Amtrak and America's freight railroads, that displays modern equipment, private rail cars, and modern trains offering excursion rides. In FY83, visitors in Washington, D.C., Denver and Albany-Rensselaer had the chance to examine our new equipment, walk through the cab of a 3,000 horsepower diesel locomotive, and meet the railroad employees from their area.

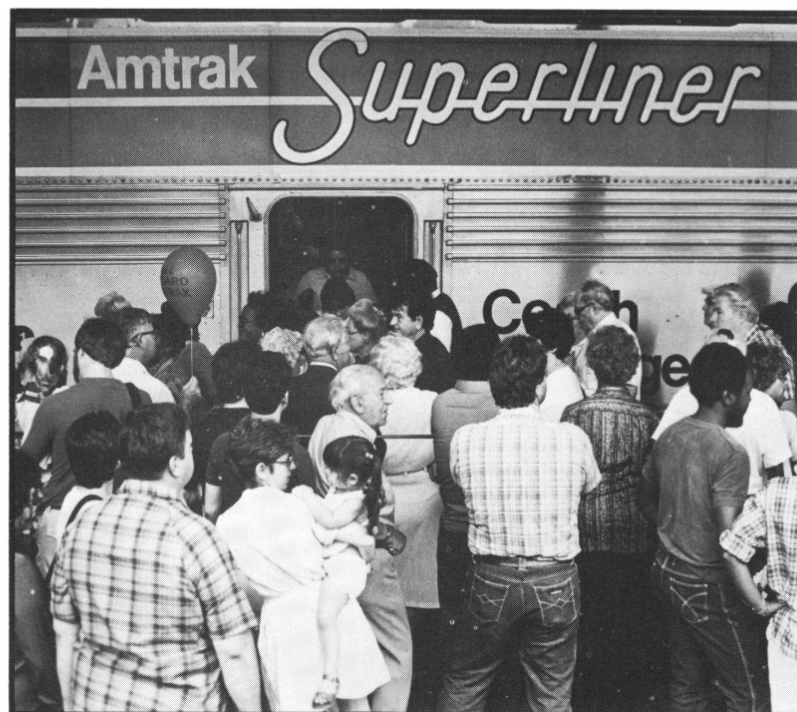
Putting Our Best Foot Forward

Not so long ago, a traveler looking for the busiest, most lively neighborhood in a community would in most cases head right for the city's train station. These structures, often vast in size and ornate in design, were centrally located and central to the economic life of their communities.

Over the past several decades, many of these stations have fallen on hard times. But in recent years, Amtrak has launched an ambitious campaign to revitalize those most in need of repair. In some cases, we're restoring the stations' former grandeur; in others, sometimes with financial assistance at the local or state level, we're building completely new stations.



Michael J. Duffy, boilermaker at Wilmington Shops, checks durability of a locomotive snowplow he designed.



Amtrak welcomed thousands of people to its popular Great American Rail Roadshow events in FY83.

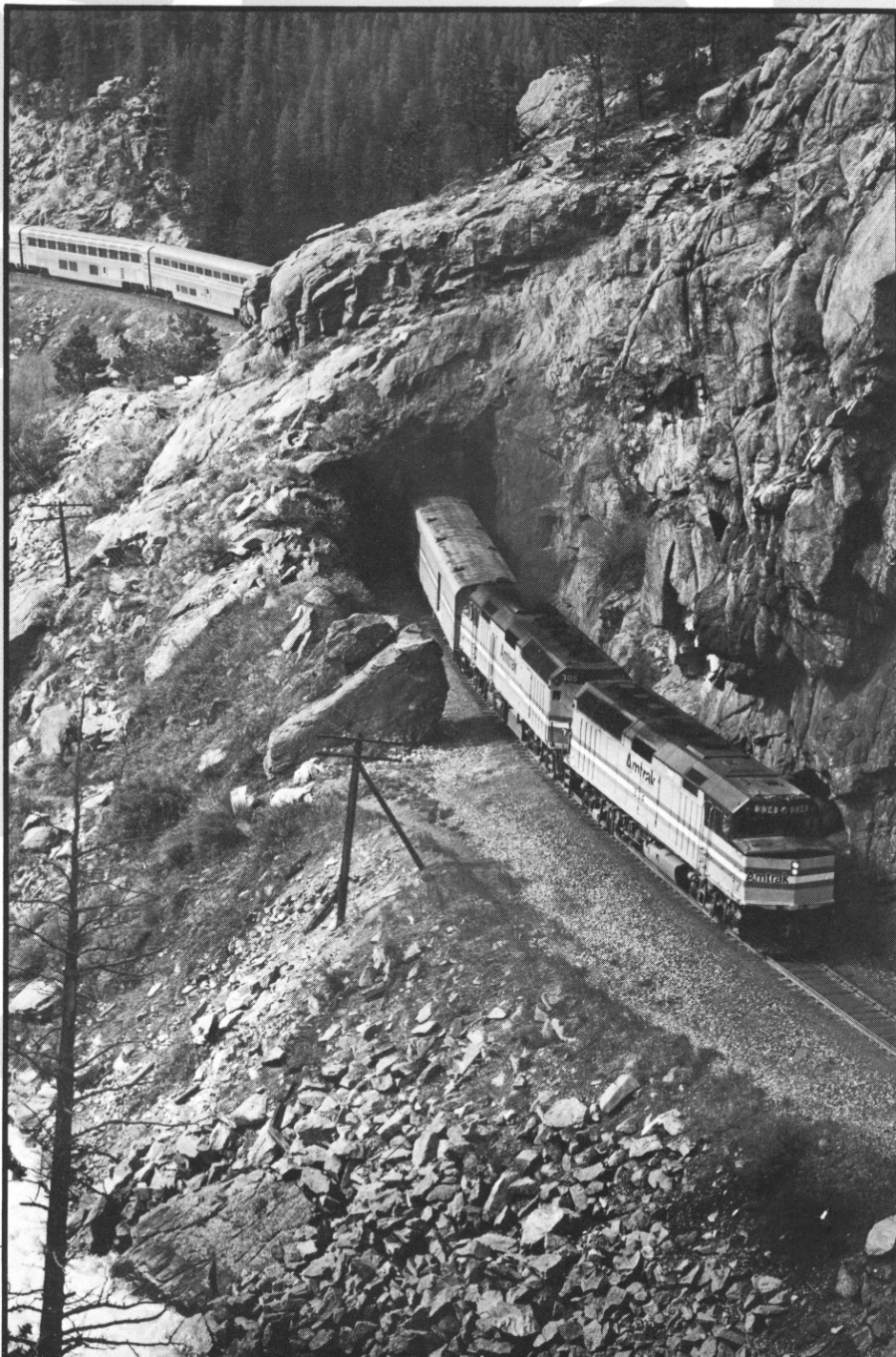


Baltimore's Pennsylvania Station underwent complete interior refurbishment, including restoration of the leaded stained glass skylight.

Some of the highlights of our progress in FY83 include:

- The renovation of Baltimore's Pennsylvania Station. Funded by the Federal Railroad Administration as part of Amtrak's Northeast Corridor Improvement Project, the station underwent a complete interior refurbishing, characterized by painstaking attention to detail and faithful adherence to the original design of the station, which first opened in 1911. A highlight of the renovation was the restoration of the three-domed, leaded stained-glass skylight above the main hall, which had been blacked out since World War II.
- Implementation of plans to re-open Washington's historic Union Station. Transportation Secretary Elizabeth H. Dole announced an agreement between her department, the District of Columbia and Amtrak to restore basic passenger train service to the 75-year-old station and develop opportunities for retail shops and other commercial enterprises. Amtrak will provide \$70 million in funds saved from previous federal grants. The District of Columbia will commit \$40 million to complete the large parking garage adjacent to the facility.
- Construction or renovation of stations in Alexandria, Va.; Grand Forks, N.D.; Ann Arbor, Mich.; Hammond/Whiting, Ind.; and others.

1983 Financial Report



The California Zephyr, en route from Chicago to San Francisco, travels through the heart of the majestic Rocky Mountains on the Denver and Rio Grande Western Railroad.

National Railroad Passenger Corporation (Amtrak)

Balance Sheet (Thousands of dollars)
As of September 30, 1983 and 1982

Assets	1983	1982
Current Assets:		as adjusted
Cash, including short-term investments of \$146,429,000 and \$147,583,000 in 1983 and 1982, respectively	\$ 164,728	\$ 161,581
Receivables-		
Railroads and commuter agencies (Note 8)	18,523	17,224
Commercial	22,454	18,178
Other	15,470	20,229
Materials and supplies, at average cost	120,562	121,594
Total current assets	341,737	338,806
Property and Equipment (Notes 1,2,4,5, and 7):		
Passenger cars and locomotives	1,374,386	1,355,556
Northeast Corridor	1,760,597	1,400,129
Other	188,251	195,039
	3,323,234	2,950,724
Less - Accumulated depreciation and amortization	(466,315)	(344,126)
	2,856,919	2,606,598
Other Assets and Deferred Charges:		
Long-term budget advances to railroads	9,508	30,651
Union Station development fund (Note 12)	59,747	—
Deferred charges and other (Note 11)	108,342	97,461
	177,597	128,112
Total assets	\$ 3,376,253	\$ 3,073,516

Liabilities and Capitalization	1983	1982
Current Liabilities:		as adjusted
Railroad accounts payable (Note 1)	\$ 51,390	\$ 71,411
Accounts payable	87,863	57,465
Accrued expenses	73,193	68,163
Current portion of long-term obligations (Note 5)	1,446	7,168
Federal Railroad Administration advances	33,558	31,640
Total current liabilities	247,450	235,847
Long-Term Obligations (Notes 4,5, and 7):		
Notes payable, 8.0% to 9.9% in 1983	880,000	811,604
Deferred interest payable	238,691	150,750
Equipment obligations	5,050	61,504
Mortgage notes payable	1,618,318	1,311,835
	2,742,059	2,335,693
Other Liabilities and Deferred Credits:		
Casualty reserves (Note 1)	19,607	18,823
Deferred credits (Note 11)	118,997	100,865
	138,604	119,688
Total liabilities	3,128,113	2,691,228
Commitments and Contingencies (Notes 1,4,5,7,8,9, and 12)		
Capitalization (See Statement of Changes in Capitalization)	248,140	382,288
Total liabilities and capitalization	\$3,376,253	\$3,073,516

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

National Railroad Passenger Corporation (Amtrak)

Statement of Operations (Thousands of dollars)
 For the Years Ended September 30, 1983 and 1982

	1983	1982 as adjusted
Operating revenues (Note 2)	\$ 664,422	\$ 630,725
Operating expenses:		
Train operations	373,005	370,169
Maintenance of equipment	301,217	292,603
Maintenance of way	112,382	112,656
On-board services	102,148	86,714
Stations	90,198	78,235
Marketing and reservations	101,575	98,062
General support	101,157	88,990
Taxes and insurance	32,366	38,434
Depreciation and amortization (Notes 1,2, and 4)	135,431	114,720
Total operating expenses	1,349,479	1,280,583
General and administrative expense	26,416	24,943
Interest expense, net of capitalized interest for 1983 and 1982 of \$272,000 and \$1,947,000, respectively (Note 1)	93,460	120,251
	1,469,355	1,425,777
Net loss	\$ (804,933)	\$ (795,052)

The accompanying notes are an integral part of this statement.

Statement of Changes in Financial Position (Thousands of dollars)
For the Years Ended September 30, 1983 and 1982

	1983	1982 as adjusted
Uses of funds:		
Operations		
Net loss (Note 2)	\$ 804,933	\$ 795,052
Depreciation and amortization	(135,431)	(114,720)
Total funds used for operations	669,502	680,332
Northeast Corridor improvements	360,468	379,590
Other purchases and refurbishments of property	25,284	152,396
Increase in other assets	49,485	90,234
Decrease in equipment obligations	62,176	7,156
Increase (decrease) in receivables	816	(59,568)
Other	—	2,343
Total uses of funds	1,167,731	1,252,483
Sources of funds:		
Federal and state capital payments and Federal operating payments	670,726	718,382
Mortgage notes payable	306,483	371,079
Notes payable	156,337	197,614
Increase in casualty reserves and other deferred credits	18,916	97,415
Increase (decrease) in accounts payable and accrued expenses	15,407	(49,707)
Other	3,009	—
Total sources of funds	1,170,878	1,334,783
Increase in cash and short-term investments	\$ 3,147	\$ 82,300

The accompanying notes are an integral part of this statement.

Statement of Changes in Capitalization (Thousands of dollars)
For the Years Ended September 30, 1983 and 1982

	Balance September 30, 1981	Year Ended September 30, 1982	Balance September 30, 1982	Year Ended September 30, 1983	Balance September 30, 1983
Preferred stock issued to the Federal Government, \$100 par value; 50,000,000 shares authorized, 21,876,842 shares outstanding in 1983 and 15,281,842 shares outstanding in 1982 (Note 3)	\$ 810,484	\$ 717,700	\$ 1,528,184	\$ 659,500	\$ 2,187,684
Common stock, \$10 par value; 10,000,000 shares authorized, 9,385,694 shares outstanding	93,857	—	93,857	—	93,857
Other paid-in capital:					
Railroad capital payments	108,938	—	108,938	59	108,997
Federal and state capital payments	85,883	682	86,565	11,226	97,791
	194,821	682	195,503	11,285	206,788
Accumulated deficit before Federal operating payments, as previously reported	(4,645,922)	(770,708)	(5,416,630)		
Adjustment for the effect of applying retroactively the change in accounting for track structure (Note 2)	(40,874)	(24,344)	(65,218)		
Accumulated deficit before Federal operating payments, as adjusted	(4,686,796)	(795,052)	(5,481,848)	(804,933)	(6,286,781)
Federal operating payments	4,046,592	—	4,046,592	—	4,046,592
Accumulated deficit, as adjusted	(640,204)	(795,052)	(1,435,256)	(804,933)	(2,240,189)
Total capitalization	\$ 458,958	\$ (76,670)	\$ 382,288	\$ (134,148)	\$ 248,140

The accompanying notes are an integral part of this statement.

Notes to Financial Statements

(September 30, 1983 and 1982)

25

Note 1: Summary of Significant Accounting Policies

Adjustments of Railroad Reimbursements

Amounts due the contracting railroads are recorded based on reported and estimated expenses, which are subject to audit and adjustment by the railroads and the National Railroad Passenger Corporation (Amtrak). Amtrak's continuing program for auditing monthly costs reported by railroads has resulted in numerous adjustments proposed and settled or under current negotiations. At September 30, 1983 and 1982, accrued estimated recoveries for proposed adjustments were \$1,609,000 and \$7,534,000, respectively.

Capitalized Interest on Advances for Equipment in Production

It is Amtrak's policy to capitalize that portion of incurred interest costs on advances related to equipment in production and facilities under construction which could have been avoided had the advances not been made. The rates used to capitalize interest correspond to the rates for borrowed capital funds.

Track Structure

In 1983, the Interstate Commerce Commission (ICC) directed that the railroad industry standard of accounting for track structure be changed from "retirement-replacement-betterment" (RRB) to depreciation accounting (see Note 2) for ICC reporting purposes. Amtrak has also adopted depreciation accounting for financial reporting.

Casualty Losses

Provision is made for the uninsured portion of the estimated liability for unsettled casualty and accident claims.

Note 2: Changes in Accounting Principle and Method of Reporting

Change in Accounting Principle - Track Structure

In February 17, 1983, the ICC issued a ruling requiring railroads to use depreciation accounting for railroad track structure in reports to the ICC, beginning with the 1983 annual report. Amtrak has adopted depreciation accounting for financial reporting purposes, as well. Prior to the ICC ruling, the railroad industry followed the RRB method of accounting for track structure. Under this method, the initial

costs of installing track are capitalized, not depreciated, and remain capitalized until the track is retired. The costs of replacing track are expensed, unless a betterment occurs, in which case the current incremental cost of the new part is capitalized but not depreciated, and the current cost of the part replaced is expensed. Amtrak, with ICC approval, followed a modified version of this accounting by capitalizing, but not depreciating, the costs of improvements to the Northeast Corridor as a "first-time upgrading."

Under the ICC ruling, this change in accounting principle must be applied retroactively to the last track replacement on each line of the railroad. Since the only major line owned by Amtrak is the Northeast Corridor, Amtrak has applied the change in accounting principle retroactively to October 1, 1979, to coincide with the earliest placement into service of Northeast Corridor improvements. The effect of the accounting change is to increase the net loss, as presented in the Statement of Operations, by \$34,718,000 in 1983, \$24,344,000 in 1982 and \$40,874,000 for the period October 1, 1979 through September 30, 1981. The property, accumulated depreciation and accumulated deficit balances presented in the Balance Sheet have also been adjusted for the effect of applying retroactively the change in accounting principle.

Change in Method of Reporting - Gross Accounting for Revenues and Expenses

In 1983, Amtrak changed its method of reporting Northeast Corridor service agreement transactions from one of recording Amtrak's net expense after recoveries, to accounting for the gross expenses and revenues associated with the transactions. The reporting change was adopted to better reflect the new nature of the agreements reached with the commuter agencies and the global settlement with Consolidated Rail Corporation (Conrail), both effective January 1, 1983.

The old interim agreements with Conrail were predicated on the assumption that costs of operating the Northeast Corridor would be shared among the primary users. Accordingly, Amtrak's Statement of Operations prior to 1983 presented the net cost to Amtrak of Northeast Corridor operations after allocations to the other users. Pursuant to provisions of the Northeast Rail Service Act of 1981, however, Conrail ceased providing commuter services, and the commuter agencies assumed this responsibility. Those services that the com-

muter agencies could not perform themselves were contracted for from Amtrak. Since the nature of these transactions changed from a sharing of costs to the sale of a service for a flat fee, the reporting was changed accordingly. In order to achieve comparability between 1983 and 1982 operating results as presented in the Statement of Operations, 1982 revenues and expenses have been reclassified to reflect the reporting change as if it had been in effect that year. The effect of the reporting change in 1982 is to increase both revenues and expenses by \$72,913,000.

Note 3: Federal and State Funding

Funds are provided to Amtrak through Federal and state payments for operations and for capital acquisitions and improvements. Pursuant to provisions of the Amtrak Improvement Act of 1981, Amtrak has been required to issue to the Secretary of Transportation cumulative preferred stock (no stated dividends), with liquidation preference including any declared dividends prior to any payments to common stockholders, equal in par value to most Federal operating and capital payments received subsequent to October 1, 1981, as well as capital and certain operating payments received prior to that date. Through September 30, 1983, Amtrak has issued 21,876,842 preferred shares of \$100 par value stock.

Fiscal 1984 Federal funds appropriated, but not received, were \$716,400,000 at September 30, 1983.

Note 4: Property and Equipment and Related Obligations

At September 30, 1983, Amtrak had borrowed under notes payable to the Federal Financing Bank (FFB) up to its maximum Federal guaranteed loan authority of \$880,000,000. On October 5, 1983, this obligation, plus \$239,635,000 in accrued interest, was paid on Amtrak's behalf by the Federal Railroad Administration (FRA), and a new note in the amount of \$1,119,635,000 was executed as of that date between Amtrak and the U.S. Government. The note matures on November 1, 2082, and will be renewed for successive 99-year terms. Interest is payable only in the event of prepayment or acceleration of the principal. In connection with this obligation, Amtrak has reaffirmed and continued the security interest of the U.S. Government in all Amtrak rolling stock.

Property and equipment are stated at cost, and

are depreciated using the composite straight-line method over their estimated useful lives. Upon disposition, the net cost of depreciated property retired or replaced is charged to accumulated depreciation and amortization and no gain or loss is recognized. Certain major items of property acquired through capital lease agreements are recorded as assets and are depreciated over their estimated useful lives (see Note 5).

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

Note 5: Leasing Arrangements

Capital Leases

Amtrak leases certain items of rolling stock under capital leasing arrangements. At September 30, 1983, the gross amount of assets recorded under capital leases was \$20,054,000 and the future minimum lease payments under capital leases were as follows:

Year Ending September 30	Amounts (In Thousands)
1984	\$1,744
1985	1,504
1986	1,503
1987	1,503
1988	1,210
	7,464
Less amount representing interest	982

Present value of minimum lease payments at September 30, 1983 \$6,482

The present value of minimum lease payments is reflected in the Balance Sheet as current and long-term equipment obligations of \$1,432,000 and \$5,050,000, respectively.

Operating Leases

At September 30, 1983, 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)
1984	\$12,933
1985	10,938
1986	9,718
1987	8,031
1988	4,636
Later Years	16,962
	\$63,218

Rent expense for the years ended September 30, 1983 and 1982 was \$29,128,000 and \$32,568,000, respectively.

Note 6: Pension Plan

Amtrak has a fully funded, defined benefit, retirement plan covering nonunion employees and certain union employees.

The most recent complete actuarial valuation of the plan was performed as of January 1, 1982. As of that date, the actuarial present value of accumulated plan benefits was as follows:

Participants	Vested	Nonvested	Total
Active and deferred	\$6,918,317	\$3,894,813	\$10,813,130
Terminated	538,586	-	538,586
Retired	2,516,754	-	2,516,754
Total	\$9,973,657	\$3,894,813	\$13,868,470

The plan's net assets available for benefits were \$16,891,000 at January 1, 1982. Provision for pension costs was \$4,478,000 in 1983 and \$3,087,000 in 1982. The assumed rate of interest used in calculating the actuarial present

value of accumulated plan benefits was nine percent in 1982.

Note 7: Northeast Corridor

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

The Railroad Revitalization and Regulatory Reform (4R) Act of 1976, as amended, authorized an appropriation of \$120,000,000 for Amtrak to acquire the properties of the Northeast Corridor. As of September 30, 1983, Amtrak has received \$86,000,000 under this authorization. The remaining amount was financed through Federal loans (see Note 4). In addition, a total of \$2,500,000,000 has been authorized to be appropriated for the improvement of the properties. Amtrak has issued a mortgage note payable in 2975 to the Federal Government equal to the amounts expended for the acquisition and improvement of the properties acquired pursuant to the 4R Act. Interest is payable only in the event of prepayment or acceleration of the principal.

As of September 30, 1983 and 1982, Amtrak has capitalized \$1,532,246,000 and \$1,225,747,000 for improvements to the Northeast Corridor including \$617,085,000 and \$489,074,000, respectively, expended by others on Amtrak's behalf.

Note 8: Northeast Corridor Costing Methodologies

Amtrak has reached agreement with certain commuter agencies and is in the process of negotiating final agreements with all other commuter and freight operators on the Northeast Corridor. It is the opinion of management that the final determination of cost compensation will not materially change the amounts recorded under the present arrangements.

Note 9: Pending Litigation and Arbitration

In the normal course of business, Amtrak is involved with various matters involving litigation and arbitration. It is the opinion of management

that the disposition of these matters will not materially affect Amtrak's financial statements. Under an agreement dated April 2, 1975, the Pullman Standard Division, formerly of Pullman Incorporated, and presently of The Signal Companies, Inc., designed and manufactured 284 Superliner railcars. This agreement, as amended by the parties from time to time, was completed in 1981 when Amtrak received the last cars in the order. In 1983, Pullman filed with the American Arbitration Association a demand for arbitration in which it asserts generally that extensive design changes substantially contributed to an increase in the time and cost of this contract and seeks additional compensation of approximately \$200 million, plus reimbursement of interest and litigation expenses. It is the opinion of counsel that Amtrak has substantial defenses to the claim.

Note 10: Line of Credit

Amtrak has a line of credit agreement, expiring in September 1984, with commercial banks to borrow up to \$25,000,000 at an interest rate of .25% below the prime commercial loan rate of the primary bank on unsecured 90-day loans to its most responsible corporate borrowers.

Note 11: Sale of Tax Benefits

Pursuant to provisions of the Economic Recovery Tax Act of 1981, Amtrak has sold the rights to the tax benefits associated with certain qualified assets. The proceeds from most of these sales are subject to certain restrictions and, therefore, are reflected as a deferred charge and deferred credit in the Balance Sheet of \$97,548,000 and \$89,763,000 as of September 30, 1983 and 1982, respectively. A portion of the proceeds from Fiscal Year 1983 sales (\$17,207,000) is unrestricted and has been recognized as revenue in the Statement of Operations.

Note 12: Union Station Redevelopment Program

Amtrak has agreed to provide up to \$70 million over a period of approximately five years to help fund the restoration and development of the

Washington Union Station complex. To meet this commitment, Amtrak has set aside \$60,033,000 in funds as of September 30, 1983, \$286,000 of which has been disbursed to the Union Station Redevelopment Corporation (USRC), the nonprofit corporation formed to manage the redevelopment program. The committed funds are classified under "Other Assets and Deferred Charges" in the Balance Sheet. At the completion of the program, to the extent these funds have been released to USRC, they will be amortized to expense over the useful life of the station improvements.

To the Board of Directors of
National Railroad Passenger Corporation:

We have examined the balance sheets of NATIONAL RAILROAD PASSENGER CORPORATION ("Amtrak") (incorporated pursuant to the Rail Passenger Service Act and the laws of the District of Columbia) as of September 30, 1983, and 1982, and the related statements of operations, changes in financial position and changes in capitalization for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Amtrak as of September 30, 1983, and 1982, and the results of its operations and the changes in its financial position and capitalization for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the change (with which we concur) in the method of accounting for track structure as described in Note 2 to the financial statements.

Arthur Andersen & Co.

Washington, D.C.,
November 21, 1983.

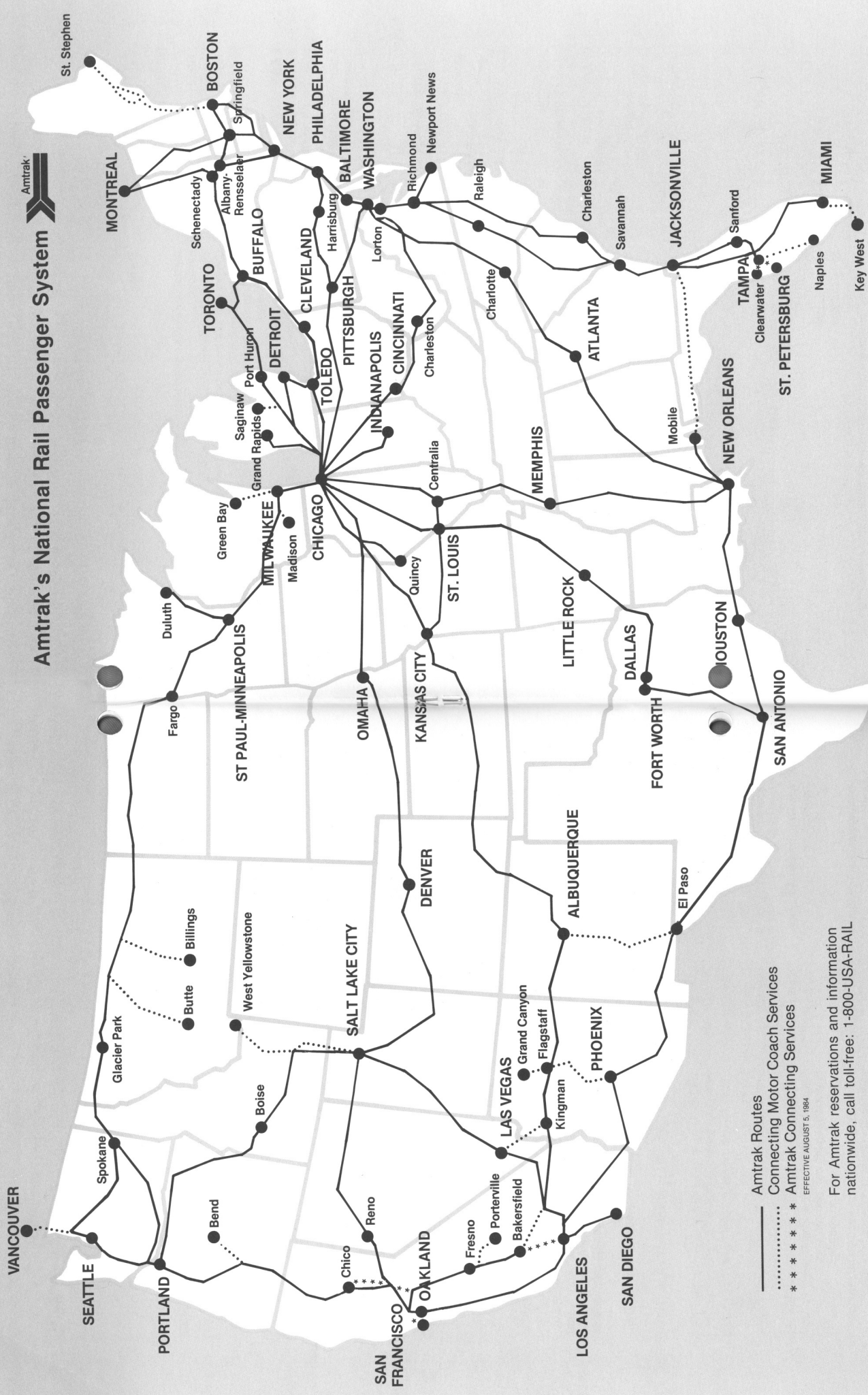
Operating Statistics

	1979	1980	1981	1982	1983
General					
System Route Miles (in thousands)	27	24	24	23	24
Stations	571	525	525	506	497
Train Miles Operated (in millions)	32.38	29.43	30.97	28.66	29.12
On-Time Performance					
Systemwide	57%	69%	77%	79%	82%
Short Distance	61%	71%	77%	79%	81%
Long Distance	48%	76%	64%	81%	82%
Ridership					
Passengers (in millions)	21.4	21.2	20.6	19.0	19.0
Northeast Corridor	11.8	10.8	10.8	10.5	10.5
Short Distance	4.1	4.6	5.0	4.4	4.3
Long Distance	5.4	5.8	4.7	4.1	4.2
Passenger Miles (in millions)	4,915	4,582	4,762	4,172	4,246
Locomotive Units					
Operating Fleet	331	301	295	278	273
Available for Service (daily average)	74.7%	82.8%	85.9%	88.4%	89.2%
Average Age (in years)	7.3	7.4	4.0	4.0	5.0
Diesel Units (new deliveries)	10	5	53	0	0
Electric Units (new deliveries)	0	7	22	18	10
Passenger Train Cars					
Owned and Leased	1,989	2,069	2,128	1,966	1,895
Operating Fleet	1,607	1,589	1,436	1,450	1,480
Superliner Cars	0	147	236	284	284
Amfleet I Cars	490	490	490	490	490
Amfleet II Cars	0	0	0	48	128
Heritage Cars	1,364	1,292	1,794	1,001	895
Turboliners (cars)	65	65	65	35	35
Self-Propelled Cars	70	70	143	108	63
Average Age (in years)	20.3	14.3	13.2	14.0	14

Amtrak is America's Railroad

LONG-DISTANCE SERVICE

Route	Train(s)	Service
New York-Washington- Miami/Tampa/St. Petersburg	<i>Silver Meteor • Silver Star</i>	Daily Northeast-Florida service through the heart of the south.
Lorton-Sanford	<i>Auto Train</i>	Nonstop Virginia-Florida service for passengers and their automobiles.
New York-Washington- Savannah	<i>Palmetto</i>	Daylight service through the Carolinas.
New York-Washington- Atlanta-New Orleans	<i>Crescent</i>	Daily service to and from the Crescent City. Carries through New York-Los Angeles transcontinental sleeping car.
Boston-New York- Washington-Newport News	<i>Colonial • Tidewater</i>	Through service between the Bay State and the Tidewater.
Washington-New York- Montreal	<i>Montrealer</i>	International service via the ever-changing Connecticut River Valley.
New York/Boston-Albany/ Rensselaer-Chicago	<i>Lake Shore Limited</i>	The Water Level Route via the majestic Hudson and Mohawk River valleys.
New York-Pittsburgh- Chicago	<i>Broadway Limited</i>	Legendary route via spectacular Horseshoe Curve.
Washington-Pittsburgh- Chicago	<i>Capitol Limited</i>	Vista-Dome service via the Chesapeake and Ohio Canal, Potomac River and Blue Ridge Mountains.
New York-Washington- Cincinnati-Chicago	<i>Cardinal</i>	Through the Appalachians, whitewater country and magnificent New River Gorge.
Chicago-St. Paul/Minne- apolis-Seattle/Portland	<i>Empire Builder</i>	Via majestic Glacier National Park.
Chicago-Denver-Salt Lake City-Seattle	<i>Pioneer</i>	Via the Rockies, Oregon's Blue Mountains and scenic Columbia River.
Chicago-Denver-Salt Lake City-San Francisco	<i>California Zephyr</i>	Via the heart of the Rockies and the legendary routes of the Forty-Niners and the nation's first transcontinental railroad. Carries through Seattle and Los Angeles cars between Chicago and Salt Lake City.
Chicago-Denver-Salt Lake City-Los Angeles	<i>Desert Wind</i>	Via the spectacular Rockies and Mormon Trail.
Chicago-Albuquerque- Los Angeles	<i>Southwest Limited</i>	Following the historic Santa Fe Trail.
Chicago-Memphis- New Orleans	<i>City of New Orleans</i>	Via the main line of mid-America. Carries through cars to and from Kansas City.
Kansas City-St. Louis- New Orleans	<i>River Cities</i>	Via the scenic Missouri River Valley and southern bayou country.
Chicago-Dallas-San Antonio	<i>Eagle</i>	Via the Sunshine Route. Carries through Chicago-Los Angeles cars.
New Orleans-San Antonio- Los Angeles	<i>Sunset Limited</i>	Via the nation's second transcontinental railroad. Carries through New York-Los Angeles transcontinental sleeping car, and through Chicago-Los Angeles sleeping car and coaches.
Los Angeles-San Francisco- Seattle	<i>Coast Starlight</i>	113 miles along the blue Pacific and through the spectacular Coast and Cascade ranges.



— Amtrak Routes
 Connecting Motor Coach Services
 * * * * * Amtrak Connecting Services
 EFFECTIVE AUGUST 5, 1984

For Amtrak reservations and information nationwide, call toll-free: 1-800-USA-RAIL

SHORT DISTANCE SERVICE

Route

Train(s)

NORTHEAST CORRIDOR

Washington-New York-
New Haven

Washington-New York-
New Haven-Boston/Springfield

Philadelphia-Harrisburg

Metroliner Service (premium, all-reserved, limited-stop express service).

Bankers, Merchants Limited, Minute Man, Night Owl, Yankee Clipper and additional trains provide fast, frequent service.

Keystone Service. Through service to and from New York provided by *Big Apple, Broadway Limited, Pennsylvanian, Susquehanna* and *Valley Forge*.

EAST

New York-Albany/Rensselaer
New York-Albany/Rensselaer-
Schenectady

Albany/Rensselaer-
Schenectady

New York-Albany/Rensselaer-
Syracuse

New York-Albany/Rensselaer-
Niagara Falls

New York-Albany/Rensselaer-
Toronto

New York-Albany/Rensselaer-
Montreal

New York-Philadelphia-
Pittsburgh

Washington-Harpers Ferry-
Martinsburg

Miami-Tampa

Bear Mountain • Hudson Highlander • Rip Van Winkle • Sleepy Hollow Electric City Express • Storm King

Bear Mountain • DeWitt Clinton

Mohawk • Salt City Express

Empire State Express

Maple Leaf

Adirondack

Pennsylvanian

Blue Ridge

Silver Palm

MIDWEST

St. Paul/Minneapolis-Superior-
Duluth

Chicago-Milwaukee

Chicago-Grand Rapids

Chicago-Port Huron-Toronto

Chicago-Detroit

Chicago-Detroit-Toledo

Chicago-Valparaiso

Chicago-Indianapolis

Chicago-Champaign/Urbana

Chicago-Champaign/Urbana-
Carbondale

Chicago-St. Louis

Chicago-St. Louis-Kansas City

Chicago-West Quincy

Kansas City-St. Louis

New Orleans-Gulfport-Mobile

North Star

Badger • LaSalle • Nicollet • Radisson

Pere Marquette

International

Twilight Limited • Wolverine

Lake Cities

Calumet • Indiana Connection

Hoosier State

Illini

Shawnee

State House

Ann Rutledge

Illinois Zephyr

Kansas City Mule • St. Louis Mule

Gulf Coast Limited

WEST

Seattle-Portland

San Francisco-Fresno-

Bakersfield-Los Angeles

Los Angeles-San Diego

Mount Rainier

San Joaquins

Metroliner Service (premium, all-reserved, limited-stop express train).
San Diegans

The Last Word

Amtrak is an American success story.

In 1970, Congress created the National Railroad Passenger Corporation, Amtrak, to resuscitate the nation's failing rail passenger service.

At that time, the railroads' share of intercity passenger traffic had shrunk to its lowest point in U.S. history. The majority of the passenger cars in use were antiquated, and many were in serious disrepair. Stations and maintenance facilities suffered from years of neglect.

And yet, the potential of America's rail passenger service remained great. Thousands of miles of track linked communities from coast-to-coast. Rail companies owned valuable rights-of-way that led to the busiest areas of our big cities. Clearly, renewed use of city-center rail terminals could be an attractive alternative to landing at out-of-the-way airports. But competition from the automobile and the airplane threatened to overwhelm rail passenger service and obscure its true potential. And the management of passenger rail service was too diffuse to respond effectively to the challenge, and the railroads were inevitably more concerned with freight service than with their money-losing passenger operations. What was needed, Congress decided, was a national rail passenger system, managed by a single centralized entity whose only goal was to provide and improve intercity rail passenger service.

So in 1970, Congress created Amtrak. And today, just over a decade later, Amtrak has transformed the massive but deteriorated rail passenger infrastructure it inherited into a dependable, high-quality national transportation system.

—A railroad that with each fiscal year grows more successful, providing better service with less dependency on federal grants.

—A railroad that in FY83 served over 19 million passengers, riding on 24,000 miles of track, serving approximately 500 communities, coast-to-coast, border-to-border.

—A railroad that is meeting its commitment to reliability, safety and financial prudence.



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