Description of document:	Amtrak's Board of Directors Meeting Minutes, 2005-2006 as provided to the Bureau of National Affairs under the FOIA
Requested date:	05-May-2012
Released date:	16-May-2012
Posted date:	02-July-2012
Titles of documents:	National Railroad Passenger Corporation Board of Directors Minutes of Meeting (various dates)
Dates of documents:	See release letter
Source of document:	FOIA Request Sharon H. Hawkins National Railroad Passenger Corporation Freedom of Information Office 60 Massachusetts Avenue, NE Washington, DC 20002 Fax: (202) 906-2169

NATIONAL RAILROAD PASSENGER CORPORATION
60 Massachusetts Avenue, NE, Washington, DC 20002

AMTRAK

May 16, 2012

Re: Freedom of Information Act Request

Your May 5, 2012 request for information made under the Freedom of Information Act (FOIA) was received by Amtrak's FOIA Office on the same date.

Your request seeks "a digital/electronic copy on a CD or DVD of the large package of material released this year in response to the request received in 2006 and mentioned in the Chief FOIA Officer's Report."

Please find enclosed on CD, the above-referenced response to the 2006 FOIA request submitted by the Bureau of National Affairs (BNA), which sought copies of Amtrak's Board Minutes.

Summaries of briefings provided by Amtrak executive staff to assist Board Members in their decisions of strategic choices and business issues as well as Board deliberations concerning policy issues, legal matters and the corporations business strategy, is considered to be deliberative and pre-decisional in nature. Information of this type has been redacted from the enclosed records and is being withheld pursuant to exemption 5 based on the deliberative process privilege.

Information considered commercially sensitive, and used to enhance Amtrak's financial and operating performance has been withheld based on the commercial privilege of exemption 5. The disclosure of this information would give Amtrak's competitors insight into its negotiating and business strategies.

Privileged and confidential information between the Board Members and Amtrak legal counsel has been withheld under the attorney-client privilege of exemption 5.

Internal information relating solely to Amtrak's personnel- related matters has been withheld under exemption 2 of the FOIA.

Exemptions have been noted at each location where redactions have occurred.

AMTRAK

Pursuant to Amtrak's FOIA regulations (49 CFR 701.10), if you wish to appeal Amtrak's decision to withhold the above-mentioned information, you may file an appeal with Eleanor D. Acheson, Vice President, General Counsel and Corporate Secretary, within thirty days of the date of this letter, specifying the relevant facts and the basis for your appeal. Your appeal may be sent to Ms. Acheson at the above address. The President and CEO of Amtrak have delegated authority to the General Counsel and Corporate Secretary for the rules and compliance to the FOIA.

As noted in Amtrak's Chief FOIA Officer's Report 2012, instances whereby we have chosen to release information that could have fallen under one of the above-referenced exemptions, we have elected to make a discretionary disclosure. It should be noted that discretionary disclosure does not prohibit Amtrak from withholding similar information in the future

Your request has been classified as category IV – that is, a request made other than for commercial-use, from a representative or the news media, or from an educational non-scientific institution. Requesters in this category are provided the first 100 pages of reproduction and the first two hours of search time free of charge. Thereafter, requesters are charged $38 per hour for search time and 25 cents per page for reproduction of documents. Since the processing of your request did not exceed the minimum costs, there will be no charge.

If you have any questions regarding your request, please feel free to contact me at (202) 906-3741 or via e-mail at Hawkins@amtrak.com. For ease of reference, your request has been assigned tracking number 12-FOI-00119.

Sincerely,

Sharron Hawkins
FOIA Officer

Enclosure

NATIONAL RAILROAD PASSENGER CORPORATION
60 Massachusetts Avenue, NE, Washington, DC 20002

November 10, 2011

AMTRAK

Mr. Derrick Cain
The Bureau of National Affairs
1801 S. Bell Street
Arlington, VA 22202-4519

Re: Freedom of Information Act Request

Dear Mr. Cain:

This letter is in reference to your March 1, 2006 request for information made under the Freedom of Information Act (FOIA), which was received by Amtrak's FOIA Office on March 6, 2006.

Your request seeks minutes from all meetings of Amtrak's Board of Directors for calendar years 2005 and 2006.

Your request was initially received by Medaris Oliveri of Amtrak's FOIA Office. We note in your file that you were provided with an interim response on December 7, 2007, which included the records described below:

- Minutes of the February 11, 2005 Board of Directors meeting.
- Minutes of the February 15, 2005 Board of Directors meeting.
- Minutes of the September 22, 2005 Board of Directors meeting.
- Minutes of the November 7, 2005 Board of Directors meeting.

Please find enclosed the remaining records that have been reviewed and determined to be responsive to your request, which are described below:

Board Minutes 2005	Board Minutes 2006
February 3, 2005	January 17 & 18, 2006
March 17, 2005	February 17, 2006
April 14, 2005	March 2, 2006
April 19, 2005	March 9, 2006
May 26, 2005	March 14, 2006
June 23, 2005	April 5 & 6, 2006
July 12, 2005	May 9, 2006
July 21, 2005	June 13 & 14, 2006
November 16, 2005	July 27, 2006
December 5, 2005	August 29, 2006
December 21, 2005	September 21, 2006
	November 6, 2006
	November 15, 2006
	December 14, 2006

There were no Board Meetings in August 2005, October 2005, and October 2006.

AMTRAK

Under cover of Amtrak's December 7, 2007 letter, you were informed that the Board Minutes contain summaries of briefings provided by Amtrak executive staff to assist Board Members in their decisions of strategic choices and business issues as well as Board deliberations concerning policy issues, legal matters and the corporations business strategy, all of which are considered to be deliberative and pre-decisional in nature. Information of this type has been redacted from the above-referenced records and is being withheld pursuant to exemption 5 based on the deliberative process privilege.

Information considered commercially sensitive, and used to enhance Amtrak's financial and operating performance is being withheld based on the commercial privilege of exemption 5. The disclosure of this information would give Amtrak's competitors insight into its negotiating and business strategies.

Privileged and confidential information between the Board Members and Amtrak legal counsel is being withheld under the attorney client privilege of exemption 5.

Internal information relating solely to Amtrak's personnel- related matters is being withheld under exemption 2 of the FOIA.

Exemptions have been noted at each location where redactions have occurred.

Pursuant to Amtrak's FOIA regulations (49 CFR 701.10), if you wish to appeal Amtrak's decision to withhold the above-mentioned information, you may file an appeal with Eleanor D. Acheson, Vice President, General Counsel and Corporate Secretary, within thirty days of the date of this letter, specifying the relevant facts and the basis for your appeal. Your appeal may be sent to Ms. Acheson at the above address. The President and CEO of Amtrak have delegated authority to the General Counsel and Corporate Secretary for the rules and compliance to the FOIA.

Please be advised, in some instances whereby we have chosen to release information that could have fallen under one of the above-referenced exemptions, we have elected to make a discretionary disclosure. It should be noted that discretionary disclosure does not prohibit Amtrak from withholding similar information in the future.

If you have any questions regarding your request, please feel free to contact me at 202/906-3741 or via e-mail at Hawkins@amtrak.com.

Sincerely,

Sharron H. Hawkins
FOIA Officer

Enclosures

IM-72921v2

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

February 3, 2005

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, February 3, 2005.

Members of Amtrak's Board of Directors attending the meeting were David L. Gunn (President and Chief Executive Officer), Floyd Hall, David M. Laney (Chairman), Enrique Sosa, and Jeffrey Rosen (representing the Secretary of Transportation).

Mark Yachmetz and Robert Jamison of the Federal Railroad Administration (FRA) attended the meeting.

Bill Crosbie, Gil Mallery, Joe McHugh, Michael Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present.

John Carten, Lisa Frace, Gordon Hutchinson, and Medaris Oliveri of Amtrak's staff were present.

Mr. Laney chaired the meeting and called it to order at 8:03 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

Mr. Rosen introduced Robert Jamison, Acting FRA Administrator.

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to minutes of the December 8, 2004; December 17, 2004; and December 29, 2004 meetings of Amtrak's Board of Directors. Upon motion made by Mr. Sosa and seconded by Mr. Hall, the minutes were approved as submitted.

(4-0)

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

ACTION ITEMS

Confidential and Proprietary
Trade Information
Provided for Board Deliberation

[redacted]

Mr. Laney directed the Board's attention to resolutions approving a sublease and purchase option for eight surplus P40 locomotives. [redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

[redacted]

AGREEMENT WITH ABOVENET COMMUNCIATIONS, INC. ("ABOVENET")

Mr. Laney called the Board's attention to resolutions authorizing the execution of an agreement with Abovenet Communications, Inc. Ms. Serfaty reported that the lease agreement will grant Abovenet the right to [redacted]

Exemption 5
Commercial Privilege

[redacted] In response to an inquiry from Mr. Laney, Ms. Serfaty stated that in the future, Management will provide the Board with the basis for the financial terms reached in communications transactions. Mr. Crosbie said that he would also provide Mr. Laney with the market average for this type of transaction from the Federal Communications Commission (FCC).

LEASE OF COMMERCIAL SPACE IN THE HAVERFORD STATION TO ROBERT BALBIRNIE T/A ROBERT BRUCE REALTY NORTH

Mr. Laney directed the Board's attention to resolutions authorizing the lease of commercial space in the Haverford Station in Pennsylvania to Robert Balbirnie t/a Robert Bruce Realty North. Ms. Serfaty informed the Board that the current lease is due to expire in April 2005 and that the tenant wishes to lease space in the station for a real estate office, antique store, and photographic studio. She indicated that the proposed lease (which will goes into effect on May 1, 2005) will generate $770,000 over the five year term and five year option period.

SUBMISSION OF A PROPOSAL FOR OPERATION OF COMMUTER RAIL SERVICES TO NEW MEXICO'S MID-REGION COUNCIL OF GOVERNMENTS

Mr. Laney called the Board's attention to resolutions authorizing Amtrak's submission of a proposal to operate commuter services for New Mexico's Mid-Region Council of Governments (MRCOG). Mr. Mallery advised the Board that Amtrak has been invited to participate in the MRCOG's bid process to operate start-up commuter service between Belen-Albuquerque-Bernalillo, New Mexico, which is slated to begin in November 2005. He noted that MRCOG is negotiating to buy a portion of the line that Burlington Northern (BN) is planning to abandon. He stated that if awarded the contract for operating commuter services, Amtrak will supply train and engine (T&E) crews from the Albuquerque crew base and subcontract maintenance-of-way and maintenance-of-equipment services. He indicated that Management plans to price its services consistent with Amtrak's commuter pricing standards. He reported that the second phase of the MRCOG project calls for extension of service to Santa Fe, New Mexico, which is expected to occur in three years.

DISCONTINUANCE OF *ADIRONDACK* SERVICE

Mr. Laney directed the Board's attention to resolutions authorizing the discontinuance of *Adirondack* service. Mr. Gunn informed the Board that the FY04 state-supported service agreement with the State of New York for operation of *Adirondack* service expired on September 30, 2004 and that the parties signed a 60 day extension, which expired on November 30, 2004. He stated that Management has been unable to successfully negotiate a service agreement for FY05 and has operated the service without payment since December 1, 2005 while negotiations continued.

Mr. Gunn reported that all contractual issues have been resolved with the exception of a setoff provision that would permit the State Comptroller to apply payments due under the state-supported service agreement to any other debt or obligation that Amtrak might have with the State. Mr. Gunn stated that for policy and business reasons, there is no setoff provision in any FY05 state-supported service agreement other than for a tax delinquency.

Mr. Gunn informed the Board that on December 17, 2004, Amtrak notified the Commissioner of the New York State Department of Transportation (DOT) that unless the State executes a state-supported service agreement by January 17, 2005, Amtrak will be forced to begin the process of discontinuing *Adirondack* service. He stated that due to the fact that the State paid for October and November 2004 service, Amtrak extended the due date for execution of the FY05 agreement to February 18, 2005. Mr. Gunn requested Board approval of resolutions authorizing the discontinuance of *Adirondack* service if Amtrak does not receive an executed agreement for FY05 service and full payment by February 18, 2005.

Following discussion, upon motion made by Floyd Hall and second by Enrique Sosa, the Board voted to approve the following resolutions:

RESOLUTIONS APPROVING THE SUBLEASE AND A PURCHASE OPTION FOR EIGHT P40 LOCOMOTIVES

WHEREAS, In part, because of the cessation of the mail and express business, Amtrak's fleet of forty-one (41) P40 Locomotives are surplus and in storage; and

WHEREAS, The State of Connecticut has expressed an interest in obtaining eight (8) of the P40 Locomotives for use in its Shore Line East Service, which is operated by Metro-North Commuter Railroad ("Metro-North"); and

WHEREAS, The P40 Locomotives are the subject of a leveraged lease pursuant to which Amtrak has the right to sublease the Locomotives and to exercise a one-time early buyout option to be exercised on July 1, 2007; and

WHEREAS, Management has negotiated the terms of a sublease and purchase option for eight of the P40 Locomotives with the State of Connecticut and Metro-North as set forth in the attached Executive Summary (the "Sublease and Purchase Option Agreement"); therefore, be it

RESOLVED, That Amtrak is authorized to enter into the Sublease and Purchase Option Agreement with the State of Connecticut or Metro-North for eight of the P40 Locomotives; and

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President-Procurement and Materials Management is authorized to execute on behalf of the Corporation the Sublease and/or Purchase Option Agreement and all other documents and instruments necessary to effectuate the foregoing Resolution.

(4-0)

RESOLUTIONS AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH ABOVENET COMMUNICATIONS, INC. ("ABOVENET")

WHEREAS, Amtrak is the owner of certain railroad right-of-way property along an approximate seven mile route in the Commonwealth of Pennsylvania between Levittown and Morrisville, located between railroad mile posts 58.16 and 65.47; and

WHEREAS, Abovenet has requested the right to install, operate, and maintain a conduit, fiber optic cable, and 15 hand holes along an approximate seven mile route, which installations are to be used by Abovenet as part of its telecommunications network; and

WHEREAS, Management has negotiated with Abovenet the terms and conditions summarized in the Executive Summary; and

WHEREAS, Such terms and conditions are acceptable to Management; and

WHEREAS, Management recommends that the Corporation execute and deliver to Abovenet, an agreement authorizing Abovenet, under the terms and conditions set forth in the Executive Summary, to install, operate, and maintain a conduit, fiber optic cable, and 15 hand holes along an approximate seven mile route along Amtrak's Pennsylvania right-of-way between Levittown and Morrisville, Pennsylvania, between railroad mile posts 58.16 and 65.47; therefore be it

RESOLVED, That the Corporation is authorized to execute and deliver to Abovenet an agreement, which under the terms and conditions set forth in the Executive Summary, granting Abovenet the right to install, operate, and maintain a conduit, fiber optic cable, and 15 hand holes, along an approximate seven mile route along Amtrak's Pennsylvania right-of-way between Levittown and Morrisville, Pennsylvania between railroad mile posts 58.16 and 65.47; and

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President-Real Estate Development (or their designee) is hereby authorized, directed, and empowered to take any and all actions to execute and deliver, in the name and on behalf of the Corporation, the agreement, together with any and all other necessary documents and instruments to effectuate the transaction contemplated by the foregoing.

(4-0)

RESOLUTIONS AUTHORIZING THE EXECUTION OF THE LEASE OF COMMERCIAL SPACE IN THE HAVERFORD STATION TO ROBERT BRUCE BALBIRNIE T/A ROBERT BRUCE REALTY NORTH

WHEREAS, Amtrak is the owner of the Haverford Station in Haverford, Pennsylvania; and

WHEREAS, Amtrak leases certain space within the Haverford Station to a commercial tenant; and

WHEREAS, Robert Bruce Balbirnie t/a Robert Bruce Realty North has expressed interest in leasing commercial space in the Haverford Station for a commercial operation; and

WHEREAS, Management has negotiated a five year lease with a five year option with Robert Bruce Balbirnie (the "Lease"), the essential terms and conditions of which are set forth in the attached Executive Summary; and

WHEREAS, Management recommends that the Lease with Robert Bruce Balbirnie be approved; therefore, be it

RESOLVED, That the Board of Directors authorizes Management to execute and deliver the agreement for certain commercial space in the Haverford Station on the terms and conditions set forth in the Executive Summary; and

FURTHER RESOLVED, That the President or Vice President-Real Estate Development is hereby authorized, directed, and empowered to take any and all actions to execute and deliver in the name of and on behalf of Amtrak the Lease, together with any and all other necessary documents and instruments, to effectuate the transaction contemplated by the foregoing.

(4-0)

RESOLUTIONS AUTHORIZING A RESPONSIVE PROPOSAL FOR THE OPERATION OF COMMUTER SERVICES FOR NEW MEXICO'S MID-REGION COUNCIL OF GOVERNMENTS

WHEREAS, New Mexico's Mid-Region Council of Governments (MRCOG) is expected to issue a Request for Proposal (RFP) for start-up commuter service in early February 2005; and

WHEREAS, Amtrak intends to submit a proposal in response to the RFP as set forth in the attached Executive Summary; and

WHEREAS, If selected by MRCOG, Amtrak expects to negotiate favorable terms for such work; therefore, be it

RESOLVED, That the Board of Directors hereby authorizes Management to submit a proposal in response to the MRCOG RFP, and if selected by

MRCOG, to negotiate pricing for the services consistent with Amtrak's commuter pricing standards; and

FURTHER RESOLVED, That the President and Chief Executive Officer (or his designee) or the Vice President-Strategic Planning and Contract Administration are each authorized to execute, make, and deliver in the name of the Corporation all documents, instruments, agreements, and certificates as may be required or necessary; to take any other action necessary to submit a responsive proposal; to execute any resulting contract; and to perform the work necessary to operate MRCOG's commuter service as required by such contract.

(4-0)

RESOLUTIONS AUTHORIZING THE DISCONTINUANCE OF *ADIRONDACK* SERVICE

WHEREAS, Since 1978, New York State has supported *Adirondack* Service between New York and Montreal; and

WHEREAS, Despite the lack of an executed FY05 state-supported service agreement and corresponding payment from the State, Amtrak has continued in good faith to operate the *Adirondack* in FY05; and

WHEREAS, Despite frequent communications, the State has not executed the FY05 state-supported service agreement; therefore, be it

RESOLVED, That the Board of Directors hereby approves Management's recommendation to terminate the *Adirondack* Service, unless the State executes the FY05 state-supported service agreement and pays the full amount required to operate the train; and

FURTHER RESOLVED, That the President and Chief Executive Officer and the Vice President-Strategic Planning and Contract Administration are authorized to take all actions and execute on behalf of the Corporation all documents and instruments necessary and required to terminate the *Adirondack* Service.

(3-1-0)

Mr. Rosen stated that he wished to maintain a position of neutrality in regard to the discontinuance of *Adirondack* service and was abstaining from the vote on these resolutions.

Steve Barry, Tracy Kenny, and Chris Xystros of KPMG joined the meeting.

REPORT ON THE AUDIT OF AMTRAK'S FY04 FINANCIAL STATEMENTS

OVERVIEW

Mr. Xystros briefed the Board on the roles of key members of KPMG's audit team. Ms. Kenny called the Board's attention to information regarding required communications under SAS 61 and KPMG's audit responsibilities in the Board book. She also discussed significant accounting policies that will appear in the footnotes of Amtrak's FY04 Consolidated Financial Statements. She reviewed significant Management accounting judgments and assumptions evaluated by KPMG during the course of the audit and reported that the amounts recorded by Amtrak were deemed to be reasonable. Ms. Kenny and Mr. Barry then presented a report on each of the significant areas of the FY04 audit.

LIQUIDITY, GOING CONCERN, AND IMPAIRMENT ANALYSIS

Ms. Kenny reviewed key assumptions and other factors that will be considered by KPMG in determining Amtrak's liquidity and ability to continue as a going concern through the end of FY05. Mr. Xystros noted that this judgment will be made by KPMG based upon input from Management, the Board, and DOT officials. Ms. Kenny indicated that Management has provided KPMG with the revised FY05 budget forecast. Mr. Smith commented that the FY05 revised budget calls for a cash balance of $75 million at year end and that a cash balance of $80 to $90 million is currently forecasted. Mr. Xystros advised the Board that a significant change in the level of federal funding from what Amtrak has historically received could trigger an impairment analysis. Mr. Gunn remarked that the Administration's FY06 budget proposal provides no federal funding for Amtrak. Mr. Yachmetz suggested that as had been done in previous years, KPMG should discuss Amtrak's anticipated FY06 funding levels with DOT officials.

Ms. Kenny informed the Board that KPMG has tested Management's key assumptions regarding asset impairment. She reported that asset impairment charges include $82.4 million for the discontinuance of Amtrak's mail and express operations and $20.5 million for network assets prematurely taken out of service. She commented that the mail and express impairment charge is pending final reconciliation. Mr. Smith responded that additional adjustments may occur; that Management is completing a report for review by KPMG; and that a more comprehensive report will be submitted to KPMG, the Board, and Congress.

CAPITAL ADDITIONS AND DEPRECIATION

Mr. Barry informed the Board that significant adjustments and material weaknesses were identified in the capital area in previous audits and that KPMG focused on these areas of concern during the FY04 audit. He reported that KPMG tested a sample of 61 work elements/ projects and that only immaterial errors in coding project expenses were found. He noted that Management has made significant progress in implementing controls and that no significant adjustments are anticipated for FY04. He stated that an anomaly was identified during the audit, which was investigated by Amtrak's Office of Inspector General (OIG), and subsequently determined to be inconsequential. He indicated that implementation of additional controls will be recommended for this area. Ms. Kenny commented that Amtrak is still highly subject to manual controls.

Mr. Barry reported that KPMG also tested the accuracy of Amtrak's group depreciation calculations for road, equipment, and track assets. He stated that no adjustments will be required in FY04. In response to an inquiry from Mr. Sosa, Mr. Barry indicated that Amtrak engages engineering consultants every three to five years to perform a depreciation study. Mr. Barry then briefly discussed Amtrak's methodology for calculating depreciation. Mr. Barry reported that KPMG also tested capitalized overhead and that Management identified a $5.2 million adjustment to decrease expense related to the year-end true-up of overhead costs. He stated that testing of disposals/retirements/sales was also carried out and that no adjustments will be required.

Exemption 5
Commercial Privilege

PERSONAL INJURY CLAIMS RESERVE

Ms. Kenny described the audit approach used to evaluate personal injury claims and advised the Board that [redacted] Ms. Serfaty provided the Board with a brief overview of Amtrak's indemnification of the freight railroads and the claims reserve process. Mr. Xystros suggested that Management provide the Board with a briefing on personal injury claims. Ms. Serfaty indicated that she would make arrangements for a presentation on this subject.

Exemption 5
Attorney-Client Privilege

[redacted]

[redacted]

Exemption 5
Attorney-Client Privilege

REVENUE/ACCOUNTS RECEIVABLE

Ms. Kenny informed the Board that there were no significant findings in the areas of revenue and accounts receivable. She reported that Management made $8 million in adjustments in this area subsequent to closing the books for FY04.

PENSION/POST-RETIREMENT BENEFITS AND HEALTH PLAN LIABILITIES

Ms. Kenny reported that Management's estimates of pension and other post-retirement benefits were deemed to be reasonable. Mr. Hall and Mr. Sosa requested that Management provide the Board with a report on pension/post-retirement benefits on a quarterly basis. In response to questions from Mr. Hall and Mr. Sosa, Mr. Hutchinson briefly discussed Amtrak's obligations under the corporation's pension and retirement plans as well as the management of this fund. He advised the Board that some of

Amtrak's medical post-retirement benefits will be covered by the Medicare Prescription Drug Improvement and Modernization Act of 2003. Mr. Hall and Mr. Sosa requested that Management provide a report on Amtrak's retirement fund on a quarterly basis.

ENVIRONMENTAL REMEDIATION COSTS

Ms. Kenny advised the Board that there were no significant environmental findings. She reported that Amtrak has accrued $41.6 million for clean-up costs that Amtrak did not cause. Mr. Crosbie commented that Amtrak's environmental clean-up costs average about $20 million annually and briefly described Amtrak's remediation program. Ms. Serfaty provided a briefing regarding the history of the Paoli site and the recent settlement of litigation concerning allocation of clean-up costs.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Ms. Kenny reported on the audit of accounts payable and accrued liabilities concerning: (1) the Bombardier settlement executed in March 2004; and (2) the current dispute with New York State over the Turboliner project and related infrastructure improvements.

OTHER ADJUSTMENTS

Ms. Kenny discussed the impact of adjustments to the Income Statement. She stated that 21 adjustments were posted subsequent to closing the books, many of which were proposed by Management. She reported that the overall impact of these adjustments is a credit of $7 million. She also discussed significant adjustments to the Balance Sheet, which included an $83 million adjustment for the reclassification of the DOT loan to long-term liability and a $11 million adjustment for reclassification of a portion of the environmental reserve to current liability. She indicated that the impact of adjustments for prior periods is immaterial.

Ms. Kenny stated that KPMG will review with the Board the FY04 audit findings and recommendations outlined in the Management Letter upon completion of the audit, which is due to be completed on March 1.

Mr. Barry, Mr. Hutchinson, Ms. Kenny, Mr. Weiderhold, and Mr. Xystros left the meeting.

RESOLUTIONS APPROVING AMTRAK'S FY05 COMPREHENSVE BUSINESS PLAN AND APPROVING CHANGES TO THE FY05 CAPITAL BUDGET

Mr. Laney directed the Board's attention to the corporation's revised FY05 Capital Plan and the FY05 Comprehensive Business Plan. He indicated that resolutions approving the FY05 Capital Plan had been prepared by both Amtrak and the DOT and suggested melding these resolutions. Mr. Rosen noted that the DOT resolutions conform to resolutions approving Amtrak's revised FY05 Operating Plan approved by the Board in January. Mr. Laney suggested some changes to the resolutions.

Upon motion made by Mr. Sosa and seconded by Mr. Hall, the following resolutions were approved as amended:

> WHEREAS, The Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, Fiscal Year 2005 (the "Act"), requires Amtrak to transmit, within sixty (60 days of enactment of the Act, to the Secretary of Transportation and various Senate and House Committees a comprehensive business plan, which shall include, as applicable, targets for ridership, revenues, and capital and operating expenses (the "FY05 Comprehensive Business Plan"); and

WHEREAS, Management has restructured the FY05 Capital Budget, which is attached hereto, to incorporate the lower funding levels appropriated in the Act (the "Revised FY05 Capital Budget") and has prepared the FY05 Comprehensive Business Plan, which is attached hereto; and

WHEREAS, The Board has initiated a strategic planning review of the Corporation's mission and lines of business intended to develop an economically viable long-term vision for the Corporation and to identify those initiatives necessary to achieve that vision; therefore, be it

RESOLVED, That subject to such supplementation and revision as the Board may later request and/or approve, and in order to comply with the Act's time requirements, the Revised FY05 Capital Budget and the FY05 Comprehensive Business Plan are hereby approved; and

FURTHER RESOLVED, That the Board expresses its intent to amend the FY05 Revised Capital Budget and the FY05 Comprehensive Business Plan if necessary or appropriate to incorporate those Board-approved initiatives resulting from the strategic planning review that have the potential to impact the corporation's operations in FY05 and beyond.

(3-0-1)

Mr. Rosen indicated that he was abstaining from the vote on these resolutions since he would be participating in DOT discussions regarding Amtrak's Business Plan.

Exemption 5
Commercial Privilege

Exemption 5
Deliberative Process

FINANCIAL UPDATE

FIRST QUARTER REPORT

Mr. Smith distributed a *Summary of Financial Results* for the first quarter of FY05. He reported that revenue per train mile was [redacted] and core expense per train mile was [redacted] for the quarter. He stated that the [redacted] He noted that ridership was down by [redacted] for the first quarter of FY05. He said [redacted] In response to a request from Mr. Sosa, Mr. Smith indicated that prior year data as well as ridership data would be included in the *Summary of Financial Results* in the future. In response to an inquiry from Mr. Sosa, Ms. Frace indicated that she would provide him with information regarding the types of expenses classified as professional fees.

Exemption 5
Deliberative Process

GAP-CLOSING ACTIONS

Mr. Sosa and Mr. Rosen inquired about Management's progress in identifying gap-closing actions. Mr. Smith advised the Board that [redacted]

Ms. Frace commented that a number of initiatives will not be implemented until January or February 2005.

Barbara Richardson of the MEC joined the meeting.

FACTORS IMPACTING RIDERSHIP AND REVENUE

Ms. Richardson advised the Board of [redacted]

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

ON-TIME PERFORMANCE

Mr. Crosbie informed the Board that OTP has improved slightly to 73 percent. Mr. Smith indicated that Management plans to focus on OTP at each Board meeting in the future.

A discussion ensued concerning OTP trends, the effect of deferred maintenance-of-way work on OTP, the impact of additional Amtrak and commuter trains operating on the NEC, and the feasibility of increasing trainset capacity. Mr. Crosbie noted that Amtrak will be performing significant life cycle repairs over the next couple of years. Mr. Hall inquired about the feasibility of obtaining multi-year funding for the NEC.

Mr. Hall suggested analyzing causal factors impacting *Acela* performance and developing corrective actions. Mr. Crosbie informed the Board about the *Acela* executive committee, which is analyzing factors impacting all types of service on the NEC. He indicated that the Board will be provided with information on this subject prior to the March Board meeting.

MARKETING ACTIONS

Ms. Richardson advised the Board of actions that were being taken by the Marketing Department to generate revenue, which included fare adjustments implemented on January 11, 2005; an upgrade charge for *Acela* first class; the development of a low-fare product for families and groups to fill seats off-peak; the early launch of *Acela's Buy Two Get One Free* winter promotion; and the February 15 launch of Amtrak's system-wide advertising campaign. She informed the Board that the systemwide advertising campaign includes an added bonus of a $25 voucher for a two-night hotel stay through hotels.com, if the Amtrak ticket is purchased through the Amtrak website. She reported that the report on focus groups is being circulated to Amtrak's staff for study and follow-up action.

Messrs. Carten, Mallery, Jamison, McHugh, Rienzi, Smith, and Yachmetz as well as Madames Frace, Oliveri, Richardson, and Serfaty left the meeting.

EXECUTIVE SESSION

The Board met in executive session at 10:28 a.m. with Mr. Gunn and Mr. Crosbie to discuss confidential strategic planning matters and Amtrak's FY06 Grant and Legislative Request.

Messrs. Carten, Jamison, McHugh, Weiderhold, and Yachmetz as well as Madames Oliveri and Serfaty rejoined the meeting at 12:25 p.m. Lorraine Green of the MEC also joined the meeting.

Exemption 5
Deliberative Process

Exemption 2

PERSONNEL MATTERS

RESOLUTIONS APPROVING IMPUTED INCOME FOR EXECUTIVE LIFE INSURANCE BENEFITS

Mr. Laney directed the Board's attention to resolutions approving imputed income for executive life insurance benefits. Ms. Green informed the Board that [redacted]

[redacted]

Messrs. Hall and Mr. Sosa initiated discussion on the merits of the proposal. After reviewing the issue, the Board determined that [redacted]

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

> WHEREAS, A provision of Amtrak's executive benefits program provides for no-cost life insurance; and
>
> WHEREAS, The Internal Revenue Code requires that employers calculate imputed taxable income for life insurance coverage; and
>
> WHEREAS, Management has adopted best practices that use imputed income rates published by the Internal Revenue Service (IRS), which are higher than rates previously used; and
>
> WHEREAS, These new rates significantly increase the imputed cost of the life insurance benefit,

and in order to maintain this benefit as a no-cost item, each executive's income must be grossed up to account for the additional imputed taxable income; therefore, be it

RESOLVED, That only for those executives currently in the Amtrak executive benefits program, the Board of Directors approves Management grossing up the income reflected in each executive's earnings on an annual basis effective with 2004 calendar year as set forth in the Executive Summary.

(4-0)

ANNOUNCEMENTS

Mr. Laney announced that the Board will convene on March 16 for Management presentations on food and beverage service as well as long-distance train service. He noted that the Board meeting, originally scheduled for March 3, has been rescheduled for March 17.

LABOR UPDATE

Due to time limitations, the briefing on labor matters was not presented.

PRESENTATION ON BUSINESS DIVERSITY AND STRATEGIC INITIATIVES

Due to time limitations, this agenda item was not taken up by the Board. Background materials were provided in the Board book.

RAIL OPERATIONS UPDATE

Due to time limitations, this agenda item was not taken up by the Board. Background materials were provided in the Board book.

SECURITY AND IG UPDATE

Due to time limitations, this agenda item was not taken up by the Board. Background materials were provided in the Board book.

LEGAL UPDATE

Due to time limitations, a briefing on legal matters was not presented.

ADJOURNMENT

There being no further business before the Board, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to adjourn the meeting at 12:32 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Exemption 5
Commercial Privilege

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Lease with Option to Sell Eight (8) P40 Locomotives to the state of Connecticut

Background:
Amtrak's fleet of forty-one (41) P40 locomotives are now surplus. Most of the units are in storage at Bear, Delaware.

[redacted]

Status:

[redacted]

Recommended Action:
Management recommends that the Board approve the attached resolutions authorizing an agreement with the state of Connecticut providing for the state to sublease eight (8) P40 locomotives [redacted] with the [redacted] on July 1, 2007.

Exemption 5
Commercial Privilege

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Authorizing the Execution of a Lease in Haverford, Pennsylvania to Robert Bruce Balbirnie, t/a Robert Bruce Realty North

Background:
Amtrak is the owner of the Haverford Station located in the City of Haverford, County of Montgomery and Commonwealth of Pennsylvania ("Station"). Amtrak leases commercial space to Bruce Balbirnie t/a Robert Bruce Realty North ("Tenant") in the Station. Management was recently contacted by Tenant about the renewal of the existing lease for commercial space in the Station that will expire on April 30, 2005. Management has negotiated the terms and conditions of a new long-term lease with the Tenant for the leasing of approximately 5,703 square feet of commercial space on the inbound and outbound sides of the Station.

Terms of Lease:
The proposed lease will have a term of five years with one five-year option commencing on May 1, 2005. [redacted] Tenant, at its sole cost and expense, shall obtain and pay for all utility costs and maintain the space in constant good order and repair, both inside and outside, structural, mechanical and otherwise including the yards or other open areas, fences, railings, sidewalks, driveways, curbs, parking spaces, mechanical, electrical, plumbing, fixtures, pest control, doors, windows and roof.

Impact on Business Plan:
The lease will generate an [redacted] commercial revenues over the five-year term and five-year option.

Recommendation:
Management recommends that the Board approve the attached resolutions authorizing Amtrak to enter into a lease with Robert Bruce Balbirnie, t/a Robert Bruce Realty North at the Haverford Station.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Response to Request for Proposal (RFP) to Provide Commuter Services for New Mexico's Mid-Region Council of Governments (MRCOG)

Background:
The Board Statement of Policy requires Management to seek Board approval prior to responding to an RFP for a new contract with a commuter agency. Amtrak has been invited to participate in MRCOG's RFP process for the operation of a start-up commuter service between Belen-Albuquerque-Bernalillo, New Mexico. Service between Belen and Bernalillo is the first phase of the new commuter service, slated to begin operation in November 2005. The second phase is anticipated to begin in three years, and will extend the commuter service to Santa Fe, New Mexico. In the initial phase of service, the MRCOG plans to operate 3 trains to Albuquerque during the peak morning commute and 3 trains from Albuquerque during the peak evening commute, with one mid-day train. MRCOG has already procured locomotives and coach cars and is proceeding with 100% state funding. MRCOG has budgeted $8 – 12 million for the first year's operations.

Management is currently considering participation in MRCOG's RFP process, and expects that the RFP will be issued in early February 2005 with a very short (30-45 day) response period. Management will update the Board as additional information becomes available. The selected contractor will be invited to negotiate a contract with MRCOG for operation of the new start-up.

If selected for negotiation of the new commuter contract, Management would seek to price the services consistent with our commuter pricing goal of 6.04% G&A and 10% profit, while ensuring that contractual provisions are acceptable to Amtrak. Amtrak's Office of the Inspector General will review any applicable price proposal to be submitted by Amtrak to: (1) confirm that Amtrak's bid for services under the contract reflects our cost of performance as measured under Generally Accepted Accounting Principles; and (2) recommend adjustments to the cost basis for the proposal as needed. Management's proposal will likely provide for subcontracting of mechanical, turnaround servicing and maintenance of way services.

Recommended Action:
Management recommends that the Board approve the attached resolutions authorizing the President & Chief Executive Officer (or his designee), or the Vice President-Strategic Planning and Contract Administration to execute all documents required in connection with Amtrak's participation in the submission of a responsive proposal to an RFP expected to be issued by New Mexico's Mid-Region Council of Governments. If accepted, Management would be authorized to execute and deliver the final contract and related documents and to take any other actions necessary to execute the Agreement and perform the services.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: FY05 Comprehensive Business Plan and Revised FY05 Capital Budget

Background:
At the Board meeting on September 23, 2004 the Board approved the FY05 Operating and Capital Budgets. The Budget assumed that Amtrak would receive appropriations equivalent to $1.494 billion. On December 8, 2004, PL108-447 ("FY05 Appropriations Act") was signed, which included the appropriation for Amtrak for FY05 of $1.201 billion, net of rescission and holdbacks. The reduced funding level results in the requirement to revise the Capital Budget. The Operating Budget does not require change, as the appropriated operating support is nearly the same as the budgeted levels. Amtrak has prepared a revised Capital Budget that fits within the appropriated funding levels. The Capital Budget has been reduced from $985 million to $840 million, and anticipates using higher funding from external sources, cash on hand at the beginning of the year, and carryover grant funding from FY04. The overall Operating and Capital Budgets along with a cash flow analysis is presented in the attached FY05 Comprehensive Business Plan.

On December 29, 2004, the Board of Directors approved the Comprehensive Operating Business Plan in order to allow Amtrak to enter into an operating grant agreement and recognized that the capital budget had to be revised to reflect the appropriation levels. The Comprehensive Business Plan has been updated to incorporate the Revised FY05 Capital Budget, which also must be approved by the Board of Directors. The FY05 Appropriations Act requires that Amtrak submit, within 60 days of enactment of the legislation, a Comprehensive Business Plan for FY05 to Congress and the Department of Transportation that has been approved by the Board of Directors.

This action requests approval of the Comprehensive Business Plan and the Revised FY05 Capital Budget.

Recommended Action:
Management recommends the Board approve the attached resolutions authorizing approval of the Comprehensive Business Plan and the Revised FY05 Capital Budget.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

March 17, 2005

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, March 17, 2005.

Members of Amtrak's Board of Directors attending the meeting were David L. Gunn (President and Chief Executive Officer), Floyd Hall, David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa..

Robert Jamison and Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Joe Bress, Bill Crosbie, Gil Mallery, Barbara Richardson, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present.

John Carten, David Hughes, Gordon Hutchinson, Medaris Oliveri, and Ed Walker of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:07 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to minutes of the February 3, 2005; February 11, 2005; and February 15, 2005 meetings of Amtrak's Board of Directors. Upon motion made by Mr. Hall and seconded by Mr. Rosen, the minutes were approved as submitted.

(4-0)

ACTION ITEMS

RESOLUTIONS AUTHORIZING THE SUBMISSION OF A RESPONSIVE PROPOSAL FOR OPERATION OF COMMUTER RAIL SERVICE FOR NORTH COUNTY TRANSIT DISTRICT

Mr. Laney directed the Board's attention to resolutions authorizing Amtrak's submission of a proposal to operate commuter rail service for North County Transit District (NCTD). Mr. Mallery advised the Board that NCTD has issued a request for proposals (RFP) for the operation and maintenance of *Coaster* service for a five-year term beginning July 1, 2006. He indicated that services to be provided will include train and engine (T&E) crews, train operations, maintenance of way and signals, maintenance of equipment, and administrative support.

Mr. Mallery informed the Board that Amtrak has been the operator of *Coaster* service since its inception in 1995, and this service has been profitable since its first year of operation. He indicated that Amtrak currently operates between 22 and 26 weekend trains and eight trains on Saturday over a 43-mile route between Oceanside and San Diego, California. He reported that *Coaster* ridership has grown by 215 percent since its first full year of operation and currently averages 5,000 passengers per day.

Mr. Mallery advised the Board that Amtrak also maintains 87 miles of NCTD-owned track and indicated that Amtrak, Burlington Northern Santa Fe, NCTD, and *Metrolink* trains operate over this strategic corridor. He stated that Amtrak has subcontracted with Wabtec for mechanical services and intends to continue this arrangement if awarded the NCTD contract.

Mr. Mallery informed the Board that Management intends to price its services consistent with Amtrak's commuter pricing standards. He indicated that Management has requested clarification from NCTD regarding contractual liability and indemnification to ensure that Amtrak's risk is appropriate relative to the anticipated financial return. A Board-led discussion ensued in which Amtrak's pricing structure was discussed.

Following further discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolutions:

> WHEREAS, North County Transit District (NCTD) has issued a Request for Proposal for operation of the *Coaster* service; and
>
> WHEREAS, Amtrak intends to submit a proposal in response to the RFP; therefore, be it
>
> RESOLVED, That the Board of Directors hereby authorizes Management to submit a responsive proposal for operation and maintenance of NCTD's *Coaster* commuter service, and if Amtrak succeeds in obtaining the award, to perform the work; and
>
> FURTHER RESOLVED, That the President and Chief Executive Officer (or his designee) and the Vice President-Strategic Planning and Contract

Administration are each authorized to execute, make, and deliver in the name of the Corporation all documents, instruments, agreements, and certificates as may be required or necessary, to take any other action necessary to participate in submission of a responsive proposal and any resulting contract award, and to perform the work necessary to operate and maintain the *Coaster* commuter service.

(4-0)

RESOLUTIONS AUTHORIZING ADVANCE ORDER REQUIREMENTS FOR THE FY06 CAPITAL PROGRAM

Mr. Laney called the Board's attention to resolutions authorizing advance order requirements for Amtrak's FY06 Capital Program. Mr. Rienzi advised the Board that Management is seeking authorization of a $223 million advance order plan that provides for long-lead materials and the execution of certain construction contracts in order to sustain the momentum of Amtrak's Capital Program. He explained that it is necessary for Amtrak to start the acquisition process for these items during FY05 in order to accommodate vendor lead times and comply with Amtrak Procurement policies, including federal obligations pursuant to operating and capital grant agreements with the FRA.

Mr. Mallery and Mr. Gunn called the Board's attention to multiyear construction projects in the Advance Order Material Request, which included the Baltimore Tunnel and Thames River Bridge. Mr. Mallery noted that all contracts will incorporate a "termination for convenience" clause due to the fact that federal funding for Amtrak for the FY06 through FY08 time period has yet to be determined by Congress and that certain contracts required to support Amtrak's FY06 Capital Plan will need to be executed in FY05 in advance of Amtrak's receipt of federal funding.

A Board-led discussion ensued concerning alternatives that can be pursued in the event that Amtrak's federal funding is less than anticipated. Mr. Rosen inquired whether any of the advance purchases are related to food service cars. Mr. Gunn responded that the majority of the orders for parts are not specific to car type. Mr. Crosbie pointed out that if a decision is made for Amtrak to exit the food service business, the cars will need to be in a state-of-good-repair to maximize revenue from resale. Ms. Serfaty informed the Board that Amtrak is obligated to maintain the cars under terms of the financing agreements for this equipment.

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board to approve the following resolutions:

> WHEREAS, Amtrak's five year Capital Plan is designed to promote operational stability by ensuring a state-of-good repair to Amtrak's infrastructure and rolling stock; and
>
> WHEREAS, In order to sustain the momentum achieved under the FY05 Capital Program, it is imperative that the FY06 Capital Program be in a position to commence work activities on October 1, 2005; and
>
> WHEREAS, To achieve this goal, to accommodate vendor lead times, and to comply with Procurement policies, federal requirements, and Grant Agreement obligations, including receipt of prior approval from the Federal Railroad Administration, it is necessary to begin the acquisition process for key advance orders during FY05; therefore, be it
>
> RESOLVED, That Management is authorized to proceed with the acquisition of the Advance Order Requests for the FY06 Capital Program and for construction projects included in the FY07 and FY08 Capital Program as set forth in the attached Executive Summary; and
>
> FURTHER RESOLVED, That the President and Chief Executive Officer and the Vice President-Procurement and Materials Management are auth

orized to take all actions necessary and required to effectuate the foregoing resolution.

(3-0-1)

Mr. Rosen stated that he was abstaining from the vote on these resolutions due to the fact that the FRA will be undertaking a separate review of the Advance Material Order Request.

RESOLUTIONS APPROVING THE APPOINTMENT OF KENNETH J. UVA AS INDEPENDENT DIRECTOR OF PENN STATION LEASING, LLC

Mr. Laney called the Board's attention to resolutions approving the appointment of Kenneth J. Uva as Independent Director of Penn Station Leasing, LLC (PSL). Ms. Serfaty informed the Board that PSL was created as part of a financing transaction pursuant to which certain assets of New York Penn Station were mortgaged in June 2001 for $300 million. She reported that PSL was designed as a bankruptcy remote entity whose purpose is to hold assets that were mortgaged in the Penn Station transaction. She noted that David Gunn and the Secretary of Transportation currently serve as directors of PSL.

She stated that the LLC agreement requires Amtrak, as the sole controlling member of PSL, to appoint an Independent Director as long as indebtedness from the transaction exists. She indicated that Amtrak has contracted with CT Corporation to designate an Independent Director, and that Mark A. Ferrucci, who was the original Independent Director, has left the employment of CT Corporation. She said that CT Corporation is prepared to designate Kenneth J. Uva to serve in this capacity subject to formal appointment by Amtrak.

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolutions:

> WHEREAS, Penn Station Leasing, LLC ("PSL") was created as a limited liability special purpose entity as part of a financing transaction in June 2001 pursuant to which some of the assets of Penn Station in New York were mortgaged in order to raise $300 million in cash (the "Penn Station Transaction"); and
>
> WHEREAS, Pursuant to Section 1.5 of the Limited Liability Agreement of PSL dated June 20, 2001 (the "LLC Agreement"), Amtrak is the sole controlling member of PSL; and
>
> WHEREAS, Section 4.3 of the LLC Agreement requires PSL to maintain at least one Independent Director at all times so long as indebted-

ness resulting from the Penn Station transaction is outstanding; and

WHEREAS, Section 4.3 of the LLC Agreement requires Amtrak to appoint such Independent Director; and

WHEREAS, Mark A. Ferrucci of CT Corporation, who was appointed as the Independent Director of PSL when the Penn Station transaction closed in June 2001, has left employment with CT Corporation; and

WHEREAS, CT Corporation is prepared to designate Kenneth J. Uva to serve in the capacity of Independent Director of PSL subject to formal appointment by Amtrak pursuant to Section 4.3 of the LLC Agreement; therefore, be it

RESOLVED, That Amtrak as the sole member of PSL approves the appointment of Kenneth J. Uva of CT Corporation as the Independent Director; and

FURTHER RESOLVED, That PSL and the officers of PSL are authorized and directed to take any and all actions necessary to effectuate the foregoing resolution.

(4-0)

LEGAL MATTERS

Privileged and Confidential
Attorney-Client Communication

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

[redacted]

Exemption 5
Attorney-Client Privilege

Tracy Kenny, Elizabeth Lawson, and Chris Xystros of KPMG joined the meeting. Messrs. Mallery and Walker left the meeting.

UPDATE ON THE AUDIT OF AMTRAK'S FY04 FINANCIAL STATEMENTS

LIQUIDITY AND GOING CONCERN ISSUE

Ms. Kenny advised the Board that KPMG has completed the audit of Amtrak's FY04 financial statements with the exception of the "going concern issue." She indicated that KPMG has had discussions with Amtrak Management, Mr. Laney, and Department of Transportation (DOT) officials concerning Amtrak's FY06 Grant Request, the Board's plan to restructure Amtrak operations, and the Administration's decision not to fund Amtrak in FY06. She stated that KPMG has been advised by Amtrak Management that additional information is expected in the next few weeks. She suggested a meeting of key parties to further discuss the Letter of Representation. Discussion concerning Amtrak's FY06 Grant Request, the Administration's budget request, and the Representation Letter ensued. Mr. Hutchinson, Mr. Smith, and Ms. Serfaty explained the ramifications of the "going concern issue."

Exemption 5
Deliberative Process

REPORT ON AMTRAK'S CONTROL ENVIRONMENT

Ms. Kenny advised the Board [redacted]

[redacted]

Exemption 5
Deliberative Process

REPORT ON AUDIT ADJUSTMENTS AND AUDIT FEES

Mr. Hutchinson distributed a report on audit adjustments and audit fees for the FY01 through FY04 time period. He reported that the number of adjustments and the value of the net audit adjustments have dramatically decreased during this period. He pointed out that audit fees have also declined over this period.

AMTRAK FINANCIAL SYSTEMS

Mr. Hutchinson informed the Board that Amtrak's financial system [redacted]

Exemption 5
Deliberative Process

[redacted] Mr. Laney requested that Management provide information regarding the current status of this strategic plan along with the budget and timeline for completing the plan at the April Board meeting.

FOOD AND BEVERAGE SERVICE

A Board-led discussion ensued concerning food and beverage (F&B) service. Mr. Weiderhold estimated that Amtrak incurs $7 to 10 million in losses annually in this area. Mr. Hall commented on the need for a strategic plan for tracking F&B revenues and costs. Mr. Hall requested an action plan for improving food and beverage service controls and recommended that Management develop a strategy to reduce the loss on food and beverage service. He also requested information regarding Amtrak's policy on tip boxes.

Messrs. Hutchinson, Weiderhold, and Xystros as well as Madames Kenny and Lawson left the meeting.

FINANCIAL UPDATE

CASH POSITION

Mr. Smith reported a current cash balance of $268 million. He stated that Amtrak received $226 million in capital grant funding on March 4, 2005.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Mr. Smith reported that Amtrak's Directors and Officers (D&O) liability insurance, which was due to expire on February 28, 2005, was extended. He added that [redacted]

Exemption 2

MAJOR LENDERS AND LESSORS

Mr. Smith informed the Board that Management has been meeting with Amtrak's major lenders and lessors regarding the corporation's financial status as the result of elimination of Amtrak funding from the Administration's FY06 budget and recent publicity concerning potential bankruptcy. Mr. Hall, Mr. Laney, and Mr. Sosa requested a report on Amtrak debt and the Corporation's major lenders.

PENSION PLAN

Mr. Smith reported that Management has also met with the Pension Benefit Guarantee Corporation. He advised the Board that Amtrak's pension plan for management employees is fully invested and has $170 million in assets. He indicated that the plan currently covers about 1,500 retirees and beneficiaries. He briefly described the responsibilities of Amtrak Management and outside Investment Managers. Mr. Hall suggested that the Board review the performance of the pension fund and any other pension assets on a periodic basis. Mr. Smith indicated that Management will provide a report on the performance of Amtrak's pension fund on a quarterly basis. Mr. Hall also suggested a periodic review of railroad retirement benefits and requested information regarding Amtrak's contribution to the Railroad Retirement Tax Act (RRTA) program.

Mr. Weiderhold rejoined the meeting.

REPORT ON FY05 FINANCIAL PERFORMANCE

Mr. Smith reported that the adjusted loss for FY05 through February was $324.8 million, $29.7 million under budget and $33.7 million under prior year. He attributed the negative budget variance as primarily due to a shortfall in core revenue. He noted that *Acela/Metroliner* service accounted for $14.5 million of the revenue shortfall against budget. He reported that FY05 *Acela/Metroliner* ridership and ticket revenues were 9.3 and 10 percent below budget respectively through February. Mr. Smith directed the Board's attention to revenue and ridership data year-to-date through January for all trains in the system. He indicated that long-distance ridership and revenue were below budget by 8 and 10 percent, respectively. He stated that regional and *Pacific Surfliner* ridership was above budget although the revenue contribution of these trains was not as high as that of the *Acela/Metroliner* trains. Mr. Hall requested that in the future Management include prior year data in the financial and ridership reports.

Ms. Richardson indicated that part of the revenue variance was attributable to trip length. She noted that the average trip length has declined by 7 to 10 percent. She stated that Management is conducting a train-by-train review and analyzing the end point market to determine the impact of low-cost-carrier competition.

Mr. Smith reported that core expenses were unfavorable to budget by $9.9 million. He stated that salaries, wages, and benefits were $15 million below budget due to the fact that there were 19,636 active employees at the end of February compared to an approved headcount of 20,931. He indicated that these savings have been incorporated in the gap-closing budget adjustment.

GAP-CLOSING ACTIONS

Mr. Sosa inquired about Management's progress in regard to gap-closing actions. Mr. Smith indicated that in February, Amtrak received a [redacted]

Exemption 5
Commercial Privilege

FY05 BUDGETS

A Board-led discussion concerning Amtrak's original and revised budgets ensued. Ms. Richardson explained that Amtrak measures itself against the original budget and reconciles against the revised budget. Mr. Hall requested that Management provide comparative data showing Amtrak's financial and ridership performance against the revised budget as well as the original budget. Ms. Richardson informed the Board that the original budget was prepared in June 2004 and that a number of factors have impacted revenue performance. Mr. Crosbie commented that the revised revenue forecast in December took into account actuals for the first quarter of FY05.

Joe McHugh of the Management Executive Committee (MEC) joined the meeting.

REPORT ON MARKET PERFORMANCE

RIDERSHIP

Ms. Richardson informed the Board that ridership was slightly ahead of prior year and 2.6 percent better than forecast for the first five months of FY05. She stated that system-wide, low yield, short-distance trains continued to out perform the higher yield services. She reported that ridership in January and February 2005 was impacted by mud and rock slides, avalanches, and snow storms, resulting in the truncation or cancellation of 600 trains throughout the system. She stated that ridership has also been impacted by poor performance of the Florida trains as well as low-cost carrier competition on the Northeast Corridor (NEC) and at end points on long-distance trains. She indicated that weather-related service disruptions are still occurring on the west coast and that efforts are being made to rebuild west coast ridership and revenue. She reported that long-distance ridership was 12 percent below prior year and 13 percent unfavorable to budget.

TICKET REVENUE

Ms. Richardson reported that FY05 ticket revenue was $27.2 million below the original budget and $1.8 million below the revised forecast for the five-month period. She indicated that approximately $10 million of the negative revenue variance can be attributed to the *Acela*. She stated that west coast service disruptions accounted for a revenue loss of $1.2 million and that the *Florida Silver Services* missed budget by approximately $1 million.

Ms. Richardson reported that FY05 *Acela* ridership is ahead of prior year. She indicated that some of the assumptions in the forecast have been revised based on the new timetable. Mr. Crosbie advised the Board that cant deficiency on the *Acela* trainsets has been limited to 7 inches, which has eroded trip times. He stated that a test is scheduled for April 15, and a decision will be made by the FRA whether to increase the cant deficiency to 9 inches based upon performance data.

MARKETING ACTIONS

Ms. Richardson advised the Board that ridership during the second half of February was much stronger than the first half. She noted that in mid February, advertising for the *Acela Express*, the system-wide spring promotion, and Share Fares was initiated. A Board-led discussion ensued regarding ridership, on-time performance (OTP), and the Share Plan. In response to a question from Mr. Hall, Ms. Richardson indicated that the Share Fare promotion is a pilot program and may be extended to long-distance trains. Ms. Richardson indicated that Management will provide ridership data for trains operating during off-peak hours in response to a request from Mr. Hall.

Ms. Richardson informed the Board of other actions taken by Management to improve ridership and revenue performance, which included a market-by-market analysis of the long-distance trains, a five percent fare increase for West Coast trains, and restructuring Florida service along with a promotion to stimulate ridership. She advised the Board that CSX will be undertaking major track work in Florida during the March through June time period and that the promotion will not occur until after this project is completed.

GOVERNMENT AFFAIRS

Mr. McHugh called the Board's attention to the March 2, 2005 memorandum outlining key Congressional committee assignments. He informed the Board of an amendment to the Administration's FY06 budget introduced by Senator Byrd that would have provided $1.4 billion in funding for Amtrak in FY06. He indicated that the amendment was defeated by a vote of 52 to 46. He advised the Board about Congressional hearings in April at which Amtrak has been invited to testify.

Mr. McHugh informed the Board that the appropriation process is scheduled to begin in April. He urged the Board to submit Amtrak's FY06 Grant Request to Congress by April 4. Discussion concerning the timeline for submission of the Grant Request ensued.

Mr. Mallery rejoined the meeting. Messrs. Bress, Hughes, McHugh, and Rienzi left the meeting.

<u>SECURITY AND INSPECTOR GENERAL REPORT</u>

Mr. Crosbie called the Board's attention to a report on Amtrak security in the Board book. Mr. Weiderhold informed the Board [redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Mr. Bress rejoined the meeting.

LABOR RELATIONS REPORT

Mr. Bress briefed the Board on the status of the current round of labor negotiations. He advised the Board [redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Messrs. Hughes, McHugh, and Rienzi rejoined the meeting.

[redacted]

Exemption 5
Deliberative Process

STATE AND COMMUTER PRICING STRATEGY

PRICING POLICY FOR STATE-SUPPORTED SERVICES FOR FY06

OVERVIEW OF STATE-SUPPORTED SERVICES

Mr. Mallery briefed the Board on state supported services operated by Amtrak. He reported that 13 states contract with Amtrak for the operation of 127 daily state-supported corridor trains, of which fifty percent are Amtrak trains. He stated that these trains carried 8.1 million passengers in FY04, reflecting a 37 percent increase in ridership since FY99. He noted that revenues have increased from $82 million to $141 million during the FY99 to FY04 time period.

PRICING POLICY FOR STATE-SUPPORTED TRAINS

Mr. Mallery informed the Board that under previous management, Amtrak's three strategic business units (SBUs) each had a pricing strategy for state-supported trains. He stated that Amtrak's current policy, which was adopted in December 2002, provides for consistency in pricing for state-supported trains. He reported that under this pricing policy, Amtrak's state partners are required to provide funding equal to 100 percent of a service's direct operating loss (direct cost not covered by revenue) for state-supported trains. He stated that this pricing policy is in effect for the FY05 contract year and provides for a transition period for all states to be fully compliant by FY07. He identified states not fully compliant with this policy as Wisconsin, Pennsylvania, North Carolina, and Vermont. He commented that if these states were fully compliant, Amtrak would realize an additional $2 million in revenue. He reported that New York State has executed the FY06 state-supported service agreement for *Adirondack* service and has provided the required payment. He commented that New York State does not compensate Amtrak for the Empire Line. He advised the Board that state financial support for Amtrak's state-supported services for FY06 will total approximately $144.2 million while Amtrak's financial contribution will total $103.7 million.

A Board-led discussion concerning this policy ensued. [redacted] **Exemption 5 Deliberative Process** **Exemption 5 Commercial Privilege** [redacted] Mr. Mallery commented that in recognition of its partnership with the states, Amtrak funds indirect overhead costs, interest, and depreciation for intercity service.

Following further discussion, it was the consensus of the Board that Management should proceed with the policy for state-supported pricing for FY06. The Board directed Management to develop a long-term strategy that provides for the elimination of operating subsidies for the states.

COMMUTER SERVICE PRICING POLICY FOR FY05-06

OVERVIEW OF COMMUTER SERVICES

Mr. Mallery informed the Board that Amtrak performs commuter service operations for seven state agencies. He indicated that the services provided for each agency may include all aspects of commuter operations or specific functions such as transportation or mechanical services.

PRICING POLICY FOR COMMUTER SERVICES

Mr. Mallery informed the Board that the pricing policy for commuter service provides that Amtrak is to be fully reimbursed for all direct costs and applicable overhead associated with work performed plus an appropriate management fee.

ACCESS FEES

Mr. Mallery advised the Board that in 1982, the Interstate Commerce Commission (ICC) ruled that agencies with a statutory right to access Amtrak infrastructure --

such as New Jersey Transit (NJT), Southeastern Pennsylvania Transportation Authority (SEPTA), and Maryland Rail Commission (MARC) -- could operate on an avoidable cost basis. He noted that all agencies seeking access after that date have been required to negotiate an access fee with Amtrak. He stated that Management has contracted with Parsons Brinkerhoff to conduct a study to determine Amtrak's direct allowable costs on the NEC so that the Corporation has a factual basis for future negotiations.

RECAPITALIZATION PROXY

Mr. Mallery advised the Board that access fees have historically been negotiated on a case-by-case basis with agencies that do not have statutory rights to Amtrak infrastructure. He noted that Amtrak provides access to its railroad infrastructure on the NEC and at Chicago Union Station to nine agencies. He stated that Amtrak recently adopted a policy for using an allocated cost methodology that requires agencies to pay a share of total infrastructure maintenance and operational costs based upon their proportional usage of the shared-use territory. He pointed out that one difficulty with this methodology is the calculation of payment toward the cost of recapitalization of Amtrak-owned assets. He noted that Management has adopted the use of depreciation and return on value of assets as a proxy for a recapitalization cost. He reported that this methodology has been presented to Rhode Island, Connecticut, and Virginia. He indicated that Rhode Island and Connecticut have requested an six-month extension of their agreements in order to evaluate the new access fee.

A Board-led discussion ensued. In response to a question regarding security costs from Mr. Jamison, Mr. Mallery indicated that such costs are pro-rated based upon the total costs of the region.

Following further discussion, Mr. Laney stated that the Board concurs with the pricing policy for commuter services and instructs Management to implement the policy.

Mr. Mallery left the meeting.

REPORT ON RAIL OPERATIONS

Mr. Crosbie called the Board's attention to a report on FY05 rail operations through January. He advised the Board that Management is conducting an analysis of OTP for all trains operating on the NEC. He briefly described factors that are being analyzed.

Mr. Crosbie updated the Board on the *Acela* Transition Plan. He stated that the plans calls for Amtrak to take over management of the Sunnyside Maintenance Facility in New York followed by the Southampton Maintenance Facility in Boston. He indicated that Transition Plan is scheduled to be completed in October 2006 if all milestones are met.

Messrs. Bress, McHugh, Rienzi, Smith, and Weiderhold left the meeting.

EXECUTIVE SESSION

The Board met in executive session to consider personnel matters. Present were Messrs. Crosbie and Carten and Madames Oliveri and Serfaty.

PERSONNEL MATTERS

RESOLUTIONS APPROVING ADJUSTMENTS IN THE SALARIES OF THE INSPECTOR GENERAL, VICE PRESIDENT-TRANSPORTATION, AND CHIEF MECHANICAL OFFICER

Mr. Gunn informed the Board that Management has evaluated the compensation of Amtrak's Inspector General, Chief Mechanical Officer, and the Vice President-Transportation and recommends increasing the base pay of each of these positions.

Following discussion, upon motion made by Mr. Sosa and Mr. Hall, the Board voted to approve the following resolutions:

> WHEREAS, The Chairman of the Board has reviewed the salary of the Inspector General and recommended a salary adjustment; and
>
> WHEREAS, Management has reviewed the salary of the Chief Mechanical Officer and the Vice President-Transportation and recommends comparable salary adjustments;
>
> RESOLVED, That the Board of Directors approves salary adjustments for the Inspector General, Chief Mechanical Officer, and Vice President-Transportation as set forth in the Executive Summary effective April 1, 2005.

(3-0-1)

Mr. Rosen indicated that he wished to abstain from voting on salary adjustments for the Vice President-Transportation and Chief Mechanical Officer. Mr. Hall suggested the development of additional criteria for salary adjustments.

The Board meeting was adjourned for lunch at 11:45 a.m. and reconvened in executive at 12:15 p.m. Board members present were Messrs. Hall, Gunn, Laney, Rosen and Sosa. Also present were Messrs. Crosbie, Carten, Hughes, Jamison, McHugh, Smith, Weiderhold, and Yachmetz as well as Madames Oliveri and Serfaty. Paul Nissenbaum of Amtrak's staff joined the meeting.

STRATEGIC AND ORGANIZATIONAL PLANNING

Mr. Laney briefed the Board on a draft proposal for Amtrak structural reforms. Discussion ensued concerning the elements of this proposal, potential risks, and legal issues. Mr. Laney indicated that he would provide Board members with a revised copy of the draft proposal. The Board requested that Management schedule a strategic planning session to further discuss the proposal in Miami, Florida on March 24.

ADJOURNMENT

There being no further business before the Board, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to adjourn the meeting at 2:00 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Authorization for Advance Purchase Orders for FY06, FY07 and FY08 Capital Program

Background:
Amtrak's Five-year Capital Plan is designed to promote operational stability by reestablishing a state-of-good-repair to plant and rolling stock.

Since the establishment of the state-of-good repair program in FY02 the Capital Program has gained significant momentum and through FY04 accomplished the following upgrades: 256,000 new concrete ties, 274 miles of new CWR, 253 Turnouts replaced, 75 miles of catenary renewal, 42 miles of signal cable replaced, 48 bridges retimbered, 229 cars remanufactured/overhauled and 172 locomotives overhauled.

To maintain the momentum achieved to date, it is important that the Capital Plan continue uninterrupted. To achieve this goal, accommodate vendor lead times and comply with Procurement polices, including Federal Procurement Requirements imposed upon Amtrak pursuant to its Capital and Operating grant Agreements with the Federal Railroad Administration ("FRA"), it is necessary that Amtrak start the acquisition process for certain materials and construction contracts during FY05. Unlike recent years, some of the advance purchase orders for which authorization is sought pertain to construction projects, such as Thames River Bridge, for which funding will be necessary in FY06, and FY07 and FY08.

Because these advance purchases are likely to occur prior to receipt of federal financial assistance and since federal assistance levels for FY06 through FY08 are uncertain at this time, the FRA will look to Amtrak, under the terms of the Grant Agreements, to provide a basis for mitigating the cost of these purchases should Federal assistance be less than anticipated. To that extent, all contracts for advance purchases will incorporate a "termination for convenience" clause. In addition, we would expect that some of the costs for certain materials such as rail, ties and turnouts could be recovered, if necessary, by resale.

Status:
The attached matrix summarizes the major programs for which Management seeks authorization to commence acquisitions of advance purchase orders.

Recommended Action:
Management recommends that the Board approve the attached Resolutions authorizing the advance purchase orders necessary for the Capital Program.

AMTRAK FY[illegible] Capital Program
Advance Material Order Request

Program	Reference Page Number	Approximate Value ($ Millions)
P32 Overhaul	1	$1.6M
HHP-8 Overhaul	1	$1.7M
Amfleet I Café/Coach Conversion	2	$1.0M
Amfleet I Coach Remanufacture	3 & 4	$10.1M
Amfleet I Coach Heavy Overhaul	5	$1.5M
Amfleet II Coach Heavy Overhaul	6	$2.9M
Amfleet II Lounge/Diner Light Conversion Reman - Placeholder*	7	$2.5M
Cab Car Overhaul	7	$0.4M
Cab Car Conversion	7	$1.4M
M/W Work Equipment	8	$0.5M
Horizon Coach Reman	9 & 10	$3.3M
Horizon Café Reman	11	$1.1M
Superliner I Sleeper Reman	12, 13 & 14	$11.2M
Superliner II Lounge Overhaul	15	$1.2M
Superliner II Coach Overhaul	16	$0.9M
Superliner II Diner Overhaul	17	$0.9M
Superliner II Trans Sleeper / Dorm Overhaul	18	$0.5M
Superliner 1 Coach Overhaul - Placeholder*	18	$0.3M
Viewliner Sleeper Reman - Placeholder*	18	$0.7M
Baggage Car Overhaul	18	$0.4M
GE Diesel P-40/42 Overhaul	19 & 20	$14.3M
F59PHI Overhaul	20	$3.7M
Rail	21	$1.9M
Ties	21	$11.4M
Turnouts / Crossovers	21	$5.6M
Track Material	22	$7.1M
Electric Traction	24	$8.7M
Communications & Signals	23, 24 & 25	$11.3M
Bridge Timbers	25	$1.0M
MW Equipment Overhaul	25	$5.4M
MW Equipment Purchase	25 & 26	$7.4M
Automotive	26	$7.1M
Design & Construction	27	$94.5M
Total FY06 Program		**$223.4M**
* Placeholder cost. Bill of Material to be determined		

Prepared By:
Procurement and Materials Management Department

Date Prepared: March 4, 2005
Print Date and Time: 3/8/2005; 5:01 PM

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Mechanical Department - FY06 Capital Program									
Wilmington Locomotive Shop - FY06 Capital Program									
P32 Overhaul - FY06 Production Quantity = 4+A707									
	P32 ED OVERHAUL KIT	EA	$390,000.00	4	$1,560,000		10/01/05	40 weeks	
	Total P32 Locomotive Heavy Overhaul				$1,560,000	$5,820,000			
HHP-8 Overhaul - FY06 Production Quantity = 5									
2665165462	BRAKE CONTROL UNIT, F/ HHP LOCOMOTIVE	EA	$59,697.10	5	$298,486		10/01/05	16 weeks	
2665165803	FAN ASSY, MAIN TRANFORMER, F/ HHP LOCO	EA	$29,302.00	10	$293,020		10/01/05	20 weeks	
2665165864	BLOWER ASSY, TRACTION MOTOR, F/ HHP LOCO	EA	$15,310.00	10	$153,100		10/01/05	28 weeks	
2665100259	CALIPER ASSY, RH, PARKING BRAKE, F/ HHP	EA	$5,515.10	20	$110,302		10/01/05	16 weeks	
2665165745	PUMP ASSY, GLYCOL, 2 U/ON HHP LOCOMOTIVE	EA	$7,281.00	15	$109,215		10/01/05	50 weeks	
2665165701	FOUR FUNCTION UNIT ASSY, F/ HHP LOCO	EA	$18,267.80	5	$91,339		10/01/05	35 weeks	
2665100260	CALIPER ASSY, LH, NON PARKING BRAKE, HHP	EA	$4,550.00	20	$91,000		10/01/05	16 weeks	
2665101000	PANTOGRAPH ASSY, F/ HH LOCOMOTIVE	EA	$8,000.00	10	$80,000		10/01/05	20 weeks	
2665165195	MIRROR ASSY, RETRACTABLE, RH, 2 U/ON HHP	EA	$6,493.19	10	$64,932		10/01/05	20 weeks	
2665165202	MIRROR, RETRACTABLE,LH, 2 USED ON HHP	EA	$6,493.19	10	$64,932		10/01/05	20 weeks	
2665100138	BATTERY ASSY, NICAD, 5 CELL F/ HHP LOCO	EA	$1,980.00	25	$49,500		10/01/05	20 weeks	
2665100261	TREAD BRAKE UNIT, TYPE 1, U/ON HH LOCO	EA	$2,186.65	20	$43,733		10/01/05	16 weeks	
2665100262	TREAD BRAKE UNIT, TYPE 2, U/ON HH LOCO	EA	$2,186.65	20	$43,733		10/01/05	16 weeks	
2665165753	AGATE ASSY, CONTROL, F/ HHP LOCO	EA	$1,689.00	25	$42,225		10/01/05	42 weeks	
2665100256	AUTOMATIC BRAKE CONTROL LEVER, U/ON HH	EA	$3,889.69	10	$38,897		10/01/05	21 weeks	
2665100080	DAMPER, PRIMARY,VERTICAL F/HH LOCO	EA	$674.70	40	$26,988		10/01/05	16 weeks	
2665100083	DAMPER, SECONDARY, ANTI YAW F/HHP LOCO	EA	$935.69	20	$18,714		10/01/05	50 weeks	
2665100213	ENGINEER EMERG PUSH BUTT,VALVE F/HHP LOC	EA	$1,770.23	10	$17,702		10/01/05	50 weeks	
2665100202	INDEPENDANT BRAKE CONTROL LEVER, F/ HH	EA	$1,205.05	10	$12,050		10/01/05	21 weeks	
2665100084	DAMPER ASSY, GEAR MOTOR F/HH LOCO	EA	$549.12	20	$10,982		10/01/05	50 weeks	
	Total HHP-8 Overhaul				$1,660,850	$2,700,000			
	Total Wilmington Locomotive Shop				$3,220,850	$8,520,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Bear Car Shop - FY06 Capital Program									
Amfleet I Café/Coach Conversion Remanufacture - FY06 Production Quantity = 8									
2467890001	TOILET MODULE, ADA F/CAPSTONE & CONCEPT	EA	$33,253.96	8	$266,032		10/01/05	20 weeks	
2467890002	TOILET MODULE, UNISEX F/AMF I, CAPSTONE	EA	$32,376.14	8	$259,009		10/01/05	20 weeks	
2275650067	KIT, MGS, KNORR WHEEL SLIDE SYS F/ AMF I	EA	$8,404.45	8	$67,236		10/01/05	40 weeks	
2467890029	CUSHION ASSY, SEAT BACK 45&46, NED GREEN	EA	$81.87	560	$45,845		10/01/05	20 weeks	
2471602518	BATTERY, NI-CAD, AMF I,HEP & HORIZON (W)	TY	$548.53	80	$43,882		10/01/05	20 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	16	$43,600		10/01/05	20 weeks	
2474424402	CHARGER, BATTERY F/AMFI/II,HEP & HORIZON	EA	$4,863.00	8	$38,904		10/01/05	20 weeks	
2483648743	LIGHT ASSY, READING, DOUB.	EA	$135.61	280	$37,971		10/01/05	20 weeks	
2467890079	TOILET, ADA F/ AMF I & II CONCEPT AND	EA	$3,964.95	8	$31,720		10/01/05	20 weeks	
2467890043	CUSHION ASSY, SEAT BOTT, 20" WD F/ AMF I	EA	$52.92	560	$29,635		10/01/05	20 weeks	
2492516225	KIT, AMFLEET I DOOR OPER, # KAMFIDOOROP	EA	$3,000.00	8	$24,000		10/01/05	20 weeks	
2492532749	PANEL, RELAY, "B"END DOOR CONTROL	EA	$2,963.40	8	$23,707		10/01/05	20 weeks	
2445720071	SIGN KIT, SCROLLING, F/ AMF-I METROLINER	EA	$1,406.47	16	$22,504		10/01/05	20 weeks	
2445715155	SEAL, INFLATABLE, SIDE DOOR	EA	$620.00	32	$19,840		10/01/05	16 weeks	
2074001355	COUPLER, AAR TYPE H, F/ALL AMFLEET (W)	EA	$1,150.00	16	$18,400		10/01/05	24 weeks	
2467890080	TOILET, UNISEX, F/ AMF I CAPSTONE	EA	$1,868.19	8	$14,946		10/01/05	20 weeks	
2492592048	THERMOSTAT KIT, ALL THERMOSTATS F/ AMF I	EA	$1,613.00	8	$12,904		10/01/05	20 weeks	
2445720017	CEILING, CENTER F/ AMFLEET UPGRADE	EA	$153.50	72	$11,052		10/01/05	14 weeks	
2484675354	HEATER ASSY, ELECT, 480V, 2PH, 9KW, S.S.	EA	$661.00	16	$10,576		10/01/05	20 weeks	
2441400121	GRILLE, INTAKE ASSY FRESH AIR	EA	$650.00	16	$10,400		10/01/05	20 weeks	
2457946401	LIGHT ASSY, F/AMFLEET II AISLE CEILING	EA	$125.00	80	$10,000		10/01/05	20 weeks	
	Total Amfleet I Café/Coach Conversion Remanufacture				$1,042,162	$6,400,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Amfleet I Coach Remanufacture - FY06 Production Quantity = 60									
2467890001	TOILET MODULE, ADA F/CAPSTONE & CONCEPT	EA	$33,253.96	60	$1,995,238		10/01/05	20 weeks	
2467890002	TOILET MODULE, UNISEX F/AMF I, CAPSTONE	EA	$32,376.14	60	$1,942,568		10/01/05	20 weeks	
2275650067	KIT, MGS, KNORR WHEEL SLIDE SYS F/ AMF I	EA	$8,404.45	60	$504,267		10/01/05	40 weeks	
2467890029	CUSHION ASSY, SEAT BACK 45&46, NED GREEN	EA	$81.87	4200	$343,839		10/01/05	14 weeks	
2471602518	BATTERY, NI-CAD, AMF I,HEP & HORIZON (W)	TY	$548.53	600	$329,118		10/01/05	16 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	120	$327,000		10/01/05	20 weeks	
2474424402	CHARGER, BATTERY F/AMFI/II,HEP & HORIZON	EA	$4,863.00	60	$291,780		10/01/05	20 weeks	
2483648743	LIGHT ASSY, READING, DOUB.	EA	$135.61	2100	$284,781		10/01/05	20 weeks	
2492532722	PANEL, RELAY "A" END DOOR CONTROL	EA	$4,654.92	60	$279,295		10/01/05	20 weeks	
2492532685	PANEL ASSY, * DNP NEW, REPAIR ONLY AT	EA	$4,506.12	60	$270,367		10/01/05	20 weeks	
2484853163	PANEL, * DNP REPAIR ONLY AT WILMINGTON	EA	$2,251.89	120	$270,227		10/01/05	20 weeks	
2467890079	TOILET, ADA F/ AMF I & II CONCEPT AND	EA	$3,964.95	60	$237,897		10/01/05	20 weeks	
2467890043	CUSHION ASSY, SEAT BOTT, 20" WD F/ AMF I	EA	$52.92	4200	$222,264		10/01/05	16 weeks	
2484875354	HEATER ASSY, ELECT, 480V, 2PH, 9KW, S.S.	EA	$1,661.00	120	$199,320		10/01/05	20 weeks	
2492516225	KIT, AMFLEET I DOOR OPER, # KAMFIDOOROP	EA	$3,000.00	60	$180,000		10/01/05	20 weeks	
2492532749	PANEL, RELAY, "B"END DOOR CONTROL	EA	$2,963.40	60	$177,804		10/01/05	20 weeks	
2445720071	SIGN KIT, SCROLLING, F/ AMF-I METROLINER	EA	$1,406.47	120	$168,777		10/01/05	20 weeks	
2445715155	SEAL, INFLATABLE, SIDE DOOR	EA	$620.00	240	$148,800		10/01/05	16 weeks	
2074001355	COUPLER, AAR TYPE H, F/ALL AMFLEET (W)	EA	$1,150.00	120	$138,000		10/01/05	24 weeks	
2467890080	TOILET, UNISEX, F/ AMF I CAPSTONE	EA	$1,868.19	60	$112,091		10/01/05	20 weeks	
2492592048	THERMOSTAT KIT, ALL THERMOSTATS F/ AMF I	EA	$1,613.00	60	$96,780		10/01/05	20 weeks	
2074003756	YOKE, DRAFT GEAR	EA	$759.73	120	$91,168		10/01/05	20 weeks	
2445720017	CEILING, CENTER F/ AMFLEET UPGRADE	EA	$153.50	540	$82,889		10/01/05	14 weeks	
2441100014	WINDOW UNIT, UNIVERSAL F/AMF I, FRA PART	EA	$55.74	1440	$80,264		10/01/05	20 weeks	
2441400121	GRILLE, INTAKE ASSY FRESH AIR	EA	$650.00	120	$78,000		10/01/05	20 weeks	
2457946401	LIGHT ASSY, F/AMFLEET II AISLE CEILING	EA	$125.00	600	$75,000		10/01/05	20 weeks	
2045612157	SHOCK RING, JOURNAL F/AMFLEET	EA	$143.66	480	$68,957		10/01/05	20 weeks	
2406003876	DIFFUSER, AIR SUPPLY CEILING INSIDE	EA	$278.02	240	$66,725		10/01/05	20 weeks	
2445720000	LIGHT ASSY, AMF I&II LOW CEILING VESTI.	EA	$167.50	360	$60,300		10/01/05	20 weeks	
2504531860	PUSH PULL KIT, F/ AMF I AND II CAR PUSH	EA	$961.40	60	$57,684		10/01/05	20 weeks	
2424020514	CABLE ASSY, 84-1/2" FIXED JUMPER (W)	EA	$225.10	240	$54,024		10/01/05	20 weeks	
2445720019	BAGGAGE RESTRAINT HARP, F/AMFLEET	EA	$53.33	960	$51,199		10/01/05	20 weeks	
2578907812	RECEPTACLE ASSY, TRAINLINE, 27 PT	EA	$199.07	240	$47,776		10/01/05	20 weeks	
2442206021	HOUSING ASSY, TRAINLINE RECEPTACLE (W)	EA	$170.00	240	$40,800		10/01/05	20 weeks	
2467890068	RETAINER, WAINSCOTING, F/ AMF I CAPSTONE	EA	$339.72	120	$40,766		10/01/05	20 weeks	
2486706976	COOLER, WATER REMOTE F/AMFLEET & SPV	EA	$626.48	60	$37,589		10/01/05	20 weeks	
2445748360	HEATER ASSY, THRESHOLD, RIGHT HAND	EA	$308.66	120	$37,039		10/01/05	20 weeks	
2492592127	ELEMENT, HEATER, DRAIN, CARTRIDGE, 50W,	EA	$50.54	720	$36,385		10/01/05	20 weeks	
2294611820	CONVERSION KIT, F/26C EMERG TO #8 MOD	EA	$597.95	60	$35,877		10/01/05	20 weeks	
2445748352	HEATER ASSY, THRESHOLD, LEFT HAND	EA	$293.22	120	$35,186		10/01/05	20 weeks	
2445611065	GRILLE ASSY, RETURN AIR, AMFLEET I & II	EA	$278.86	120	$33,464		10/01/05	20 weeks	
2403003045	BOX, TRAINLINE,16 X 16 X 8" F/ AMF CARS	EA	$248.00	120	$29,760		10/01/05	20 weeks	
2477015727	CAGE KIT, DRAIN VALVE W/LOW POSTS	EA	$77.40	360	$27,864		10/01/05	16 weeks	

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
254260270X	CABLE ASSY, OUTLET (RECEPT.)24",480V	EA	$115.63	240	$27,752		10/01/05	16 weeks	
2050004981	FOLLOWER, FRONT, F/DRAFT GEAR ON	EA	$228.21	120	$27,386		10/01/05	20 weeks	
2445771684	PULL, DOOR, RECESSED F/ AMF I SIDE DOOR	EA	$56.00	480	$26,880		10/01/05	20 weeks	
2477011100	VALVE HEATER, UPGRADED CAR WATER SYSTEM	EA	$71.37	360	$25,693		10/01/05	20 weeks	
2445720034	GRILL ASSY, RETURN AIR F/ AMF INTERIOR	EA	$197.55	120	$23,706		10/01/05	20 weeks	
2578909017	RECEPTACLE ASSY, TRAINLINE, 27 PT	EA	$96.63	240	$23,192		10/01/05	20 weeks	
2441400077	CHUTE, DUMP HOPPER "UNDER CAR" F/ AMFI	EA	$189.00	120	$22,680		10/01/05	20 weeks	
2430000021	TAPE, "VELCRO DUAL LOCK" F/ READING LITE	RL	$91.00	240	$21,841		10/01/05	16 weeks	
2445720124	UNCOUPLING ROD CONNECTOR KIT, F/AMF I&II	EA	$179.50	120	$21,540		10/01/05	20 weeks	
2445703007	RELAY, EMERGENCY LIGHT 120 VAC 60 HZ	EA	$340.52	60	$20,431		10/01/05	20 weeks	
2445703023	RELAY, OPEN, 4-POLE, 64VDC COIL	EA	$164.20	120	$19,704		10/01/05	20 weeks	
2488985251	VALVE, EXPANSION R-22,3 TON LESS FLANGE	EA	$72.69	240	$17,446		10/01/05	16 weeks	
2492530268	HOUSING, SIGNAL LIGHT, 3 LENSE	EA	$140.73	120	$16,887		10/01/05	20 weeks	
2228501484	SWITCH, PRESSURE NEMA TYPE 4 AMF I	EA	$140.16	120	$16,819		10/01/05	20 weeks	
2445720004	SIDEWALL FILLER, FOR AMFLEET UPGRADE	EA	$139.21	120	$16,705		10/01/05	20 weeks	
2441100815	WINDOW UNIT, EMERGENCY RIGHT F/AMF I	EA	$67.99	240	$16,318		10/01/05	16 weeks	
2045622822	CARRIER ASSY, COUPLER F/AMFLEET	EA	$129.96	120	$15,595		10/01/05	20 weeks	
2445771641	SAFETY BAR KIT, AMF I, DIAPHRAGM/THRES-	EA	$103.46	120	$12,416		10/01/05	16 weeks	
244117761X	CURTAIN ASSY, DIAPHRAGM, ROLLER & FABRIC	EA	$95.92	120	$11,510		10/01/05	20 weeks	
2403003037	BOX, ELEC WELDED 15-1/4 X 9-3/4 X 3-1/4"	EA	$88.22	120	$10,587		10/01/05	20 weeks	
	Total Amfleet I Coach Remanufacture				$10,084,017	$34,500,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Amfleet I Coach Heavy Overhaul - FY06 Production Quantity = 29									
2467890029	CUSHION ASSY, SEAT BACK 45&46, NED GREEN	EA	$77.74	2030	$157,814		10/01/05	16 weeks	
2471602518	BATTERY, NI-CAD, AMF I& 2, HERITAGE AND	TY	$443.99	290	$128,757		10/01/05	16 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,114.47	58	$122,639		10/01/05	16 weeks	
2467890079	TOILET, ADA F/ AMF I & II CONCEPT AND	EA	$3,964.95	29	$114,983		10/01/05	16 weeks	
2467890043	CUSHION ASSY, SEAT BOTT, 20" WD F/ AMF I	EA	$50.29	2030	$102,089		10/01/05	16 weeks	
2074001355	COUPLER, AAR TYPE H, F/ALL AMFLEET (W)	EA	$1,205.19	58	$69,901		10/01/05	16 weeks	
2483648743	LIGHT ASSY, READING, DOUB.	EA	$135.75	508	$68,894		10/01/05	20 weeks	
2467890080	TOILET, UNISEX, F/ AMF I CAPSTONE	EA	$1,868.19	29	$54,177		10/01/05	20 weeks	
2474424402	CHARGER, BATTERY F/AMFI/II,HEP & HORIZON	EA	$1,777.76	29	$51,555		10/01/05	20 weeks	
2275650067	KIT, MGS, KNORR WHEEL SLIDE SYS F/ AMF I	EA	$8,404.45	6	$48,746		10/01/05	40 weeks	
2492532749	PANEL, RELAY, "B"END DOOR CONTROL	EA	$1,664.92	29	$48,283		10/01/05	20 weeks	
2492593330	DOOR KEY STATION, L.H. MASTER CONTROL	EA	$688.48	58	$39,932		10/01/05	20 weeks	
2441100014	WINDOW UNIT, UNIVERSAL F/AMF I, FRA PART	EA	$55.74	696	$38,795		10/01/05	16 weeks	
2492592072	HVAC CONTROLLER KIT, F/ AMF I & II REMAN	EA	$1,305.00	29	$37,845		10/01/05	20 weeks	
2492593349	DOOR KEY STATION, R.H. MASTER CONTROL	EA	$626.98	58	$36,365		10/01/05	20 weeks	
2045612157	SHOCK RING, JOURNAL F/AMFLEET	EA	$143.66	232	$33,329		10/01/05	20 weeks	
2408003876	DIFFUSER, AIR SUPPLY CEILING INSIDE	EA	$278.02	116	$32,250		10/01/05	20 weeks	
2492532722	PANEL, RELAY "A" END DOOR CONTROL	EA	$1,036.69	29	$30,064		10/01/05	20 weeks	
2424020514	CABLE ASSY, 84-1/2" FIXED JUMPER (W)	EA	$219.83	116	$25,500		10/01/05	20 weeks	
2445720110	VALVE, ANTI-SKID GV18 F/AMF I WHEELSLIDE	EA	$363.08	58	$21,059		10/01/05	20 weeks	
2504531860	PUSH PULL KIT, F/ AMF I AND II CAR PUSH	EA	$961.40	22	$20,910		10/01/05	20 weeks	
2442206021	HOUSING ASSY, TRAINLINE RECEPTACLE (W)	EA	$170.00	116	$19,720		10/01/05	16 weeks	
2488400400	DECAL KIT, EXTERIOR, PHASE 6, F/AMF I &	EA	$658.03	29	$19,083		10/01/05	16 weeks	
2445715155	SEAL, INFLATABLE, SIDE DOOR F/AMF I ONLY	EA	$620.00	29	$17,980		10/01/05	20 weeks	
2445748360	HEATER ASSY, *DNP, USE 24 457 48362	EA	$308.66	58	$17,902		10/01/05	20 weeks	
2492592127	ELEMENT, * DNP PER MB-04-007 REPLACE W/	EA	$50.54	348	$17,586		10/01/05	20 weeks	
2294611820	CONVERSION KIT, F/26C EMERG TO #8 MOD	EA	$597.95	29	$17,341		10/01/05	20 weeks	
2445748352	HEATER ASSY, *DNP, USE 24 457 48361	EA	$293.22	58	$17,007		10/01/05	20 weeks	
2578907812	RECEPTACLE ASSY, TRAINLINE, 27 PT	EA	$193.13	87	$16,803		10/01/05	20 weeks	
2477015727	CAGE KIT, DRAIN VALVE W/LOW POSTS	EA	$77.40	174	$13,468		10/01/05	16 weeks	
254260270X	CABLE ASSY, OUTLET (RECEPT.)24",480V	EA	$115.51	116	$13,399		10/01/05	16 weeks	
2050004981	FOLLOWER, FRONT, F/DRAFT GEAR ON	EA	$228.07	58	$13,228		10/01/05	20 weeks	
2403003045	BOX, TRAINLINE,16 X 16 X 8" F/ AMF CARS	EA	$252.62	44	$10,989		10/01/05	16 weeks	
2445720124	UNCOUPLING ROD CONNECTOR KIT, F/AMF I&II	EA	$179.50	58	$10,411		10/01/05	20 weeks	
	Total Amfleet I Coach Heavy Overhaul				$1,488,803	$9,570,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Amfleet II Coach Heavy Overhaul - FY06 Production Quantity = 28									
2445720125	DRAPERY KIT, BLUE F/ METROLINER, AMF II	EA	$2,252.40	560	$1,261,344		10/01/05	16 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	56	$152,600		10/01/05	20 weeks	
2474424402	CHARGER, BATTERY F/AMFI/II,HEP & HORIZON	EA	$4,863.00	28	$136,164		10/01/05	20 weeks	
2483648743	LIGHT ASSY, READING, DOUB.	EA	$135.75	980	$133,038		10/01/05	20 weeks	
2404507027	CUSHION ASSY, SEAT BACK 45" & 46" SEATS,	EA	$78.01	1680	$131,051		10/01/05	20 weeks	
2471602518	BATTERY, NI-CAD, AMF I,HEP & HORIZON (W)	TY	$443.99	280	$124,317		10/01/05	20 weeks	
2404507039	CUSHION ASSY, SEAT BOTT.46L/43 F/ AMF I	EA	$51.38	1680	$86,318		10/01/05	20 weeks	
2492516220	OPERATOR, END DOOR ELEC. F/AMF I	EA	$1,379.46	56	$77,250		10/01/05	20 weeks	
2434518877	WINDOW UNIT, UNIVERSAL F/AMF II,FRA PART.	EA	$72.00	896	$64,512		10/01/05	16 weeks	
2074001355	COUPLER, AAR TYPE H, F/ALL AMFLEET (W)	EA	$1,150.00	56	$64,400		10/01/05	20 weeks	
2572010000	KIT, DISASTER LIGHTING SYST F/AMF I & II	EA	$2,005.19	28	$56,145		10/01/05	20 weeks	
2074003756	YOKE, DRAFT GEAR	EA	$759.73	56	$42,545		10/01/05	20 weeks	
2445715999	SEAL, INFLATABLE, SIDE DOOR	EA	$727.39	56	$40,734		10/01/05	16 weeks	
2451530043	DOOR INSERT ASSY, FIXED WINDOW, F/AMF II	EA	$679.00	56	$38,024		10/01/05	20 weeks	
2492592072	HVAC CONTROLLER KIT, F/ AMF I & II REMAN	EA	$1,305.00	28	$36,540		10/01/05	20 weeks	
2457946401	LIGHT ASSY, F/AMFLEET II AISLE CEILING	EA	$128.83	280	$36,072		10/01/05	20 weeks	
2472900348	TANK, WATER, AUXILIAR, F/ AMF II COACH	EA	$12,829.17	3	$35,922		10/01/05	20 weeks	
2045612157	SHOCK RING, JOURNAL F/AMFLEET	EA	$143.66	224	$32,180		10/01/05	20 weeks	
2406003876	DIFFUSER, AIR SUPPLY CEILING INSIDE	EA	$278.02	112	$31,138		10/01/05	20 weeks	
2445720000	LIGHT ASSY, AMF I&II LOW CEILING VESTI.	EA	$167.50	168	$28,140		10/01/05	20 weeks	
2504531860	PUSH PULL KIT, F/ AMF I AND II CAR PUSH	EA	$961.40	28	$26,919		10/01/05	20 weeks	
2424020514	CABLE ASSY, 84-1/2" FIXED JUMPER (W)	EA	$219.83	112	$24,621		10/01/05	20 weeks	
2578907812	RECEPTACLE ASSY, TRAINLINE, 27 PT	EA	$192.95	112	$21,610		10/01/05	20 weeks	
2467890066	RETAINER, WAINSCOTING, F/ AMF I CAPSTONE	EA	$346.00	56	$19,376		10/01/05	20 weeks	
2442206021	HOUSING ASSY, TRAINLINE RECEPTACLE (W)	EA	$170.00	112	$19,040		10/01/05	20 weeks	
2488400400	DECAL KIT, EXTERIOR, PHASE 6, F/AMF I &	EA	$658.03	28	$18,425		10/01/05	16 weeks	
2486706976	COOLER, WATER REMOTE F/AMFLEET & SPV	EA	$629.91	28	$17,637		10/01/05	20 weeks	
2445748360	HEATER ASSY, *DNP, USE 24 457 48362	EA	$308.66	56	$17,285		10/01/05	20 weeks	
2492592127	ELEMENT, HEATER, DRAIN, CARTRIDGE, 50W,	EA	$50.54	336	$16,980		10/01/05	20 weeks	
2294611820	CONVERSION KIT, F/26C EMERG TO #8 MOD	EA	$597.95	28	$16,743		10/01/05	20 weeks	
2445748352	HEATER ASSY, *DNP, USE 24 457 48361	EA	$293.22	56	$16,420		10/01/05	20 weeks	
4224000100	PANEL ASSY, TOILET CONTROL SYSTEM	EA	$2,304.29	7	$16,130		10/01/05	20 weeks	
4272900516	PUMP ASSY, MACERATOR,480V W/CORD F/(W)	EA	$523.36	28	$14,654		10/01/05	20 weeks	
2493003045	BOX; TRAINLINE,16 X 16 X 8" F/ AMF CARS	EA	$252.62	56	$14,147		10/01/05	20 weeks	
2477015727	CAGE KIT, DRAIN VALVE W/LOW POSTS	EA	$77.40	168	$13,003		10/01/05	20 weeks	
254260270X	CABLE ASSY, OUTLET (RECEPT.)24",480V	EA	$115.51	112	$12,937		10/01/05	20 weeks	
2050004981	FOLLOWER, FRONT, F/DRAFT GEAR ON	EA	$228.07	56	$12,772		10/01/05	20 weeks	
4212000158	HOSE ASSY, 0.500" ID, 33.000' OAL	EA	$906.00	14	$12,684		10/01/05	16 weeks	
2477011100	VALVE HEATER, UPGRADED CAR WATER SYSTEM	EA	$73.45	168	$12,340		10/01/05	16 weeks	
2275650067	KIT, MGS, KNORR WHEEL SLIDE SYS F/ AMF I	EA	$8,404.45	1	$11,766		10/01/05	40 weeks	
2578909017	RECEPTACLE ASSY, TRAINLINE, 27 PT	EA	$94.37	112	$10,569		10/01/05	20 weeks	
2445720124	UNCOUPLING ROD CONNECTOR KIT, F/AMF I&II	EA	$179.50	56	$10,052		10/01/05	20 weeks	
	Total Amfleet II Coach Heavy Overhaul				$2,964,543	$9,720,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
	Placeholder for:								
Amfleet II Lounge/Diner Light Conversion Remanufacture - FY06 Production Quantity = 7					$2,548,000	$6,370,000			
Cab Car Overhaul - Upgrade - FY06 Production Quantity = 2									
2445735552	KIT, 9 ASPECT CAB SIGNAL & ACSES EQUIP.	EA	$73,545.00	2	$147,090		10/01/05	40 weeks	
2467890001	TOILET MODULE, ADA F/CAPSTONE & CONCEPT	EA	$33,194.22	2	$66,388		10/01/05	20 weeks	
2467890002	TOILET MODULE, UNISEX F/AMF I, CAPSTONE	EA	$32,376.14	2	$64,752		10/01/05	20 weeks	
2028519508	SPRING ASSY, BOLSTER AIR F/CAB CAR I	EA	$5,108.60	8	$40,869		10/01/05	20 weeks	
2471602605	BATTERY, NI-CAD F/ 9600 SER CAB CARS &	TY	$1,119.81	20	$22,396		10/01/05	20 weeks	
2275650067	KIT, MGS, KNORR WHEEL SLIDE SYS F/ AMF I	EA	$8,404.45	2	$16,809		10/01/05	40 weeks	
2003005359	BEAM, EQUALIZER	EA	$1,563.43	8	$12,507		10/01/05	40 weeks	
2474425026	CHARGER, BATTERY, 30A F/50 CELL NICAD	EA	$6,235.31	2	$12,471		10/01/05	20 weeks	
2488400013	MASK, WINDOW, W/DEFROSTER GRILL F/AMFII	EA	$310.18	36	$11,166		10/01/05	20 weeks	
	Total Cab Car Overhaul - Upgrade				$394,449	$1,350,000			
Cab Car Conversion-- FY06 Production Quantity = 6									
2445735552	KIT, 9 ASPECT CAB SIGNAL & ACSES EQUIP.	EA	$73,545.00	6	$441,270		10/01/05	40 weeks	
2467890001	TOILET MODULE, ADA F/CAPSTONE & CONCEPT	EA	$33,194.22	6	$199,165		10/01/05	20 weeks	
2467890002	TOILET MODULE, UNISEX F/AMF I, CAPSTONE	EA	$32,376.14	6	$194,257		10/01/05	20 weeks	
2471602605	BATTERY, NI-CAD F/ 9600 SER CAB CARS &	TY	$1,119.81	60	$67,189		10/01/05	20 weeks	
2275650067	KIT, MGS, KNORR WHEEL SLIDE SYS F/ AMF I	EA	$8,404.45	6	$50,427		10/01/05	40 weeks	
2003005359	BEAM, EQUALIZER	EA	$1,563.43	24	$37,522		10/01/05	40 weeks	
2474425026	CHARGER, BATTERY, 30A F/50 CELL NICAD	EA	$6,235.31	6	$37,412		10/01/05	20 weeks	
2488400013	MASK, WINDOW, W/DEFROSTER GRILL F/AMFII	EA	$310.18	108	$33,499		10/01/05	20 weeks	
2483648743	LIGHT ASSY, READING, DOUB.	EA	$135.75	210	$28,508		10/01/05	20 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	12	$25,374		10/01/05	20 weeks	
2467890079	TOILET, ADA F/ AMF I & II CONCEPT AND	EA	$3,964.95	6	$23,790		10/01/05	20 weeks	
2484826018	SPEAKER BOX ASSEMBLY	EA	$299.36	78	$23,350		10/01/05	20 weeks	
2294608722	BRACKET, SUPPORT	EA	$407.00	48	$19,536		10/01/05	20 weeks	
2294608669	TONG, F/ AMFLEET II BRAKES	EA	$362.00	48	$17,376		10/01/05	20 weeks	
2294608677	TONG F/AMFLEET II BRAKES	EA	$362.00	48	$17,376		10/01/05	20 weeks	
2503025030	BALLAST, INVERTER, 72 VDC, 80W	EA	$201.86	72	$14,534		10/01/05	20 weeks	
2074001355	COUPLER, AAR TYPE H, F/ALL AMFLEET (W)	EA	$1,150.00	12	$14,462		10/01/05	20 weeks	
2059401959	ABSORBER, ROTARY SHOCK, R.H. F/CAB CAR &	EA	$601.10	24	$14,426		10/01/05	20 weeks	
2467890025	CARPET, BULK, FLOOR, U/ ON AMF CAPSTONE	SY	$28.99	480	$13,915		10/01/05	16 weeks	
2604512591	CONTROL UNIT, LOCOMOTIVE F/CAB CAR	EA	$2,225.00	6	$13,350		10/01/05	20 weeks	
2345670008	CTV BOX, PART OF "ACSES" ADVANCED CIVIL	EA	$2,145.58	6	$12,873		10/01/05	32 weeks	
2345670001	ANTENNA, SCANNER U/ ON HIGH SPEED TRAINS	EA	$2,033.72	6	$12,202		10/01/05	20 weeks	
1228502044	SPRING SET, COIL BOLSTER F/CAB CAR II	EA	$480.03	24	$11,521		10/01/05	20 weeks	
2467890080	TOILET, UNISEX, F/ AMF I CAPSTONE	EA	$1,868.19	6	$11,209		10/01/05	20 weeks	
2470100208	SANDWICH, RUBBER, F/ CAB CAR AND CAB	EA	$455.30	24	$10,927		10/01/05	20 weeks	
2441100014	WINDOW UNIT, UNIVERSAL F/AMF I, FRA PART	EA	$55.74	192	$10,702		10/01/05	16 weeks	
2328500016	SEAT, ENGINEMAN'S FOR CAB CARS	EA	$1,774.50	6	$10,647		10/01/05	24 weeks	
	Total Cab Car Conversion				$1,366,820	$4,830,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
M/W Work Equipment - FY06 Production Quantity = 40									
2990000000	WHEELS, MTD 36" F/70000 SER.LITE EXPRESS	EA	$2,500.00	160	$400,000		10/01/05	32 weeks	
0104500495	DOOR, BALLAST, 42"MK STYLE, CONTROL FLOW	EA	$1,083.00	80	$86,640		10/01/05	20 weeks	
2045210119	COUPLER, COMPLETE AAR E60DE FOR MW FRT.	EA	$325.00	80	$26,000		10/01/05	20 weeks	
2045210149	PLATE, MOUNTING, SIDE, F/11800 SERIES	EA	$60.46	320	$19,347		10/01/05	20 weeks	
2045210115	SLACK ADJ, PEACOCK 2000DJ F/ MW FRT.	EA	$295.00	38	$11,210		10/01/05	20 weeks	
	Total M/W Work Equipment				$543,197	$2,060,000			
	Total Bear Car Shop				$20,431,992	$74,800,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Beech Grove Car & Locomotive Shop - FY06 Capital Program									
Horizon Coach Remanufacture - FY06 Production Quantity = 22									
2467890002	TOILET MODULE, UNISEX F/AMF I, CAPSTONE	EA	$32,468.00	22	$714,296		10/01/05	20 weeks	
2467890001	TOILET MODULE, ADA F/CAPSTONE & CONCEPT	EA	$33,085.00	22	$727,870		10/01/05	20 weeks	
2470500724	KIT, MGS, WHEEL SLIP, FOR HORIZON EQUIPT	EA	$10,180.00	22	$223,960		10/01/05	40 weeks	
2499970223	EVAPORATOR UNIT, OVERHEAD	EA	$6,431.36	22	$141,490		10/01/05	24 weeks	
1528525408	SHEET, STAINLESS STEEL 0.125 X 48 X 120"	EA	$286.31	440	$125,976		10/01/05	16 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	44	$119,900		10/01/05	20 weeks	
2471602518	BATTERY, NI-CAD, AMF I& 2, HERITAGE AND	TY	$443.99	220	$97,678		10/01/05	20 weeks	
2499925297	MASK, WINDOW, LG. UNIVERSAL F/HORIZ/MBTA	EA	$170.99	440	$75,235		10/01/05	20 weeks	
4750503107	REFRIGERANT, GAS, R-22, 50 LB CYLINDER	CL	$75.00	880	$66,000		10/01/05	16 weeks	
2474410019	CHARGER, BATTERY F/ MBTA BOMB & HORIZON	EA	$2,984.50	22	$65,659		10/01/05	20 weeks	
2119500902	LAMINATE, SELF-ADHESIVE, TO MATCH NAVY	LY	$70.00	880	$61,600		10/01/05	16 weeks	
2589107407	BEZEL, COMPLETE F/LIGHTING SYSTEM ON	EA	$90.00	660	$59,400		10/01/05	20 weeks	
2119500894	MELAMINE, FACED ALUMINUM, F/S/LI SLEEPER	SH	$134.08	352	$47,196		10/01/05	20 weeks	
2457200095	WINDOW, SIDE, LARGE F/ HORIZON CARS	EA	$85.18	440	$37,481		10/01/05	16 weeks	
4272600003	TOILET ASSY, MONOGRAM, SL I & HORIZ CARS	EA	$826.63	44	$36,372		10/01/05	16 weeks	
2412000401	HEATER, STRIP, CALVANE, 35 VAC	EA	$226.53	154	$34,885		10/01/05	20 weeks	
2495201013	CIRCUIT BREAKER, 20 AMP 600 VAC	EA	$247.38	132	$32,655		10/01/05	16 weeks	
2119500892	MELAMINE, FACED ALUMINUM, F/S/LI SLEEPER	SH	$134.13	220	$29,508		10/01/05	20 weeks	
2457200132	WEATHERSTRIP, LG. WINDOW F/ HORIZON CAR	EA	$58.81	484	$28,464		10/01/05	16 weeks	
2470517732	LIGHT ASSY, READING AMF II & HORIZON	EA	$61.30	462	$28,319		10/01/05	20 weeks	
2495201021	CIRCUIT BREAKER, 25 AMP 600 VAC	EA	$616.84	44	$27,141		10/01/05	16 weeks	
2299931430	YOKE, CAST STEEL, U/O HORIZON CAR; MBTA	EA	$603.87	44	$26,570		10/01/05	24 weeks	
2484875522	THERMOSTAT, F/ HORIZON CARS RETURN AIR	EA	$1,156.85	22	$25,451		10/01/05	20 weeks	
2484875709	CONTACTOR, OVERHEAD , F/HORIZON CARS	EA	$288.61	88	$25,398		10/01/05	20 weeks	
257890016X	CABLE ASSY, JUMPER, F/HORIZON CARS	EA	$286.50	88	$25,212		10/01/05	20 weeks	
241200041X	HEATER, STRIP, CALVANE, 469W 60VAC	EA	$183.66	132	$24,243		10/01/05	20 weeks	
2509022201	FIXTURE, FLUORESCENT, 27" F/HORIZON	EA	$549.00	44	$24,156		10/01/05	20 weeks	
4280100109	VALVE ASSY, LH DRAIN F/ TOILET, SL II &	EA	$1,045.00	22	$22,990		10/01/05	20 weeks	
4280100110	VALVE ASSY, RH DRAIN F/ TOILET, SL II &	EA	$1,039.05	22	$22,859		10/01/05	20 weeks	
2599921381	BOARD, PRINTED CIRCUIT F/TEMPERATURE	EA	$999.21	22	$21,983		10/01/05	20 weeks	
2424020514	CABLE ASSY, 84-1/2" FIXED JUMPER (W)	EA	$219.83	88	$19,345		10/01/05	20 weeks	
2492593314	RELAY, DC CONTROL, 4 TYPE "C" CONTACTS	EA	$141.20	132	$18,639		10/01/05	20 weeks	
2484875688	CONTACTOR, HEATER, FLOOR (FH1)	EA	$410.41	44	$18,058		10/01/05	20 weeks	
2294670710	VALVE, AIR PRESSURE WATER FILLING	EA	$1,475.00	11	$16,225		10/01/05	20 weeks	
2430007404	TRANSFORMER, 5 KVA, F/HORIZON CARS	EA	$232.99	66	$15,378		10/01/05	20 weeks	
257890841X	CABLE ASSY, 27 PT COMM JUMPER, CAR-CAR	EA	$169.93	88	$14,954		10/01/05	20 weeks	
2403022203	BEAM GUIDE, COUPLER CARRIER, MACHINED	EA	$332.02	44	$14,609		10/01/05	24 weeks	
2488400400	DECAL KIT, EXTERIOR, PHASE 6, F/AMF I &	EA	$658.03	22	$14,477		10/01/05	20 weeks	
249997032X	CONTACTOR, COMPRESSOR (RC)	EA	$631.35	22	$13,890		10/01/05	20 weeks	
2499970290	THERMOSTAT, FRESH AIR	EA	$600.19	22	$13,204		10/01/05	20 weeks	
2494700013	CURTAIN ASSY, DIAPHRAGM, COMPLETE	EA	$281.14	44	$12,370		10/01/05	16 weeks	
2480316563	HANDLE ASY, DOG ON S/L &HORIZ-DUTCH DOOR	EA	$138.61	88	$12,198		10/01/05	20 weeks	
2499970565	RECEPTACLE CABLE ASSY, 60" LG 480V MALE	EA	$136.06	88	$11,974		10/01/05	20 weeks	

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
2489101462	BEZEL, COMPLETE	EA	$72.05	165	$11,888		10/01/05	20 weeks	
2457201397	GRILLE, FLOOR HEAT HORIZON	EA	$175.04	66	$11,553		10/01/05	20 weeks	
2499925334	MASK, WINDOW, SM. UNIVERSAL F/HORIZ/MBTA	EA	$129.74	88	$11,417		10/01/05	20 weeks	
2484876661	STARTER, MOTOR, F/HORIZON CARS	EA	$509.76	22	$11,215		10/01/05	20 weeks	
2333006901	VALVE, DRAIN 3/4" AUTO AMF/HEP/TURBO	EA	$101.70	110	$11,187		10/01/05	20 weeks	
2477010000	VALVE, DRAIN, 3/4 A2, UPGRADED CAR WATER	EA	$124.20	88	$10,929		10/01/05	20 weeks	
1528525002	PLATE, STAINLESS STEEL .250 X 48 X 96"	EA	$242.82	44	$10,684		10/01/05	16 weeks	
2480609878	CABLE ASSY, OUTLET, (RECEPTACLE) 48"	EA	$115.95	88	$10,204		10/01/05	20 weeks	
	Total Horizon Coach Remanufacture				$3,284,341	$9,700,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Horizon Cafe Remanufacture - FY06 Production Quantity = 7									
2430022222	TOILET, WASTE SYSTEM MOD.F/ HORIZON CARS	EA	$32,500.00	7	$227,500		10/01/05	20 weeks	
2441500002	SEAT ASSY, 2P CLUB CAR DOUBLE, F/AMF 1 &	EA	$3,521.38	63	$221,847		10/01/05	36 weeks	
2441500001	SEAT ASSY, 1P CLUB CAR SINGLE, F/AMF 1 &	EA	$2,001.32	63	$126,083		10/01/05	36 weeks	
2499970223	EVAPORATOR UNIT, OVERHEAD	EA	$6,431.36	14	$90,039		10/01/05	24 weeks	
2470500724	KIT, MGS, WHEEL SLIP, FOR HORIZON EQUIPT	EA	$10,180.00	7	$71,260		10/01/05	40 weeks	
4703000750	BLEACH, CHLORINE 5-1/4% SODIUM 55GL/DR	DR	$51.97	840	$43,658		10/01/05	16 weeks	
2428500063	SHELL, SEAT DOUBLE BOOTH SEAT F/SL II	EA	$711.73	56	$39,857		10/01/05	24 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	14	$38,150		10/01/05	20 weeks	
2471602518	BATTERY, NI-CAD, AMF I& 2, HERITAGE AND	TY	$443.99	70	$31,079		10/01/05	20 weeks	
2495201021	CIRCUIT BREAKER, 25 AMP 600 VAC	EA	$616.84	42	$25,907		10/01/05	20 weeks	
4750503107	REFRIGERANT, GAS, R-22, 50 LB CYLINDER	CL	$75.00	280	$21,000		10/01/05	16 weeks	
2474410019	CHARGER, BATTERY F/ MBTA BOMB & HORIZON	EA	$2,984.50	7	$20,892		10/01/05	20 weeks	
2430000617	TABLE TOP, F/ AMF I METROLINER DINETTE	EA	$244.61	70	$17,123		10/01/05	20 weeks	
2457216708	GRILLE, AIR RETURN,HORIZON MBTA BOMB CAR	EA	$593.00	28	$16,604		10/01/05	20 weeks	
2428500054	SHELL, SEAT SINGLE BOOTH SEAT, F/SL II	EA	$550.82	28	$15,423		10/01/05	20 weeks	
2119500894	MELAMINE, FACED ALUMINUM, F/S/LI SLEEPER	SH	$134.08	112	$15,017		10/01/05	20 weeks	
1524004357	PLYMETAL, STN STL .75 X 48 X 96"	EA	$261.50	56	$14,644		10/01/05	16 weeks	
2457200095	WINDOW, SIDE, LARGE F/ HORIZON CARS	EA	$85.18	140	$11,926		10/01/05	16 weeks	
2412000401	HEATER, STRIP, CALVANE, 35 VAC	EA	$226.53	49	$11,100		10/01/05	20 weeks	
2495201013	CIRCUIT BREAKER, 20 AMP 600 VAC	EA	$247.38	42	$10,390		10/01/05	20 weeks	
	Total Horizon Cafe Remanufacture				$1,069,498	$3,590,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Superliner I Sleeper Remanufacture - FY06 Production Quantity = 22									
2441141111	TOILET MODULE, UNISEX, STD, 2004 F/ SL I	EA	$20,695.00	88	$1,821,160		10/01/05	20 weeks	
2441141112	TOILET/SHOWER LH MODULE, UNISEX, F/ SL I	EA	$19,320.00	66	$1,275,120		10/01/05	20 weeks	
2441141113	TOILET/SHOWER RH MODULE, UNISEX, F/ SL I	EA	$19,320.00	44	$850,080		10/01/05	20 weeks	
2441913293	SEAT, ECONOMY RH F/SL II CARS	EA	$1,570.63	352	$552,863		10/01/05	36 weeks	
2441913228	SEAT, ECONOMY LH F/SL II CARS	EA	$1,579.64	330	$521,281		10/01/05	36 weeks	
2441141114	PUBLIC SHOWER/DRESSING RM MODULE, F/SL I	EA	$20,375.00	22	$448,250		10/01/05	20 weeks	
2441141115	PANEL ASSY, EXTERIOR LOWER LEVEL, F/SL I	EA	$12,590.00	22	$276,980		10/01/05	20 weeks	
2441141116	PANEL ASSY, EXTERIOR UPPER LEVEL, F/SL I	EA	$12,210.00	22	$268,620		10/01/05	20 weeks	
2480310583	WINDOW SASH, SL COACH DOUB EMERG W/2 TOP	EA	$850.66	286	$243,289		10/01/05	20 weeks	
2470500723	KIT, MGS, WHEEL SLIP, FOR SUPERLINER I	EA	$9,520.00	22	$209,440		10/01/05	40 weeks	
2441913306	SEAT, SLEEPER, LH, 37.5" F/SL II CARS	EA	$1,585.00	132	$209,220		10/01/05	24 weeks	
2441913314	SEAT, SOFA SLEEPER RH 37.5" F/SL II CARS	EA	$1,530.24	132	$201,991		10/01/05	24 weeks	
4272600003	TOILET ASSY, MONOGRAM, SL I & HORIZ CARS	EA	$826.63	242	$200,044		10/01/05	16 weeks	
2480384690	COMPARTMENT LIGHT, ON SL I SLEEPER REMAN	EA	$578.75	330	$190,988		10/01/05	20 weeks	
2119500892	MELAMINE, FACED ALUMINUM, F/S/LI SLEEPER	SH	$134.13	1320	$177,050		10/01/05	20 weeks	
2403050045	TRAY, BATTERY 5 CELL,SRM160F3 F/ SL I&II	TY	$802.39	220	$176,525		10/01/05	20 weeks	
2480330921	MASK, WINDOW DOUBLE FOR S/L II SLEEPER	EA	$402.57	429	$172,703		10/01/05	20 weeks	
2441942422	TABLE ASSY, COMPLETE, SUPERLINER SLEEPER	EA	$296.88	484	$143,688		10/01/05	20 weeks	
2457934558	CONTROLLER, HEATER F/SUPERLINER	EA	$268.41	506	$135,814		10/01/05	20 weeks	
2628570041	COVER, STEP, GRAY, 2PC SET F/ BUNK, SLI	EA	$402.99	330	$132,988		10/01/05	20 weeks	
2119500896	MELAMINE, FACED ALUMINUM, F/SL I SLEEPER	SH	$143.36	880	$126,157		10/01/05	20 weeks	
2480391328	DIFFUSER, AIR, 3 WAY 23" X 11" F/ SL/I	EA	$293.19	352	$103,203		10/01/05	20 weeks	
2434560012	WALL MOUNT ASSEMBLY, SL SLEEPERS	EA	$211.19	484	$102,216		10/01/05	20 weeks	
2470501028	SOCKET ASSY F/SUPERLINER COVE SIGN	EA	$80.14	1188	$95,211		10/01/05	20 weeks	
2404507720	CUSHION ASSY, 28" BACK/BOTTOM, F/S/LI,	EA	$138.95	682	$94,763		10/01/05	16 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,114.47	44	$93,037		10/01/05	20 weeks	
2480384696	AISLE LIGHT, W/ROOM NUMBER, SL I SLEEPER	EA	$228.83	396	$90,617		10/01/05	20 weeks	
2119500894	MELAMINE, FACED ALUMINUM, F/S/LI SLEEPER	SH	$134.08	660	$88,493		10/01/05	20 weeks	
2401500022	ARMREST, W/PAD, LH, COOL GRAY #5, FOR SL	EA	$189.00	440	$83,160		10/01/05	16 weeks	
2401500031	ARMREST, W/PAD, RH, COOL GRAY #5, FOR SL	EA	$189.00	418	$79,002		10/01/05	16 weeks	
2422550000	OPERATOR, VESTIBULE DOOR ON SL II	EA	$1,659.13	44	$73,002		10/01/05	20 weeks	
2404550038	CHARGER, BATTERY (LVPS) F/ALL SL I & II	EA	$3,240.63	22	$71,294		10/01/05	20 weeks	
248030030X	SASH ASSY, WINDOW F/ECONOMY ROOM	EA	$226.38	308	$69,724		10/01/05	20 weeks	
2480384693	ROOM LIGHT, RECESSED FLUOR. SL I SLEEPER	EA	$484.71	132	$63,982		10/01/05	20 weeks	
2406000025	DRAPE, WINDOW, F/SUPERLINER I & II,	EA	$58.33	1056	$61,601		10/01/05	16 weeks	
2503025560	BEZEL, READING LIGHT, GRAY, USED ON S/L	EA	$61.98	968	$60,001		10/01/05	20 weeks	
2592027053	MODULE, TEMP CONTROL F/SUPERLINER	EA	$2,717.45	22	$59,784		10/01/05	20 weeks	
2441957211	ARMREST ASSY, GRAY F/CLOSET MT SLI ECONO	EA	$193.00	308	$59,444		10/01/05	16 weeks	
2428550127	VALVE, SURFACE MOUNTED, F/ SUPERLINER I	EA	$495.15	110	$54,467		10/01/05	20 weeks	
2050000411	COUPLER, TIGHTLOCK TYPE "H", CH81HT	EA	$1,150.00	44	$50,600		10/01/05	20 weeks	
2004508804	CONNECTION, RADIAL F/"H" TIGHTLOCK	EA	$1,100.00	44	$48,400		10/01/05	20 weeks	
4741301802	WINDOW UNIT, UNIVERSAL, SL I & II F/NON-	EA	$83.95	572	$48,018		10/01/05	16 weeks	
1524004357	PLYMETAL, STN STL .75 X 48 X 96"	EA	$261.50	176	$46,024		10/01/05	16 weeks	

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
2406004132	DIFFUSER, AIR, HALLWAY 7-3/4" X 19-3/4"	EA	$98.47	440	$43,327		10/01/05	20 weeks	
4272600065	PUMP, VACUUM F/ SL I, MONOGRAM TOILETS	EA	$1,953.00	22	$42,966		10/01/05	20 weeks	
2050003807	YOKE,COUPLER,W/BUSHINGS,F/SUPERLINER	EA	$935.00	44	$41,140		10/01/05	20 weeks	
2428500062	SEAT, FOLDING F/SL II & VIEWLINER CARS	EA	$354.76	110	$39,024		10/01/05	24 weeks	
2409000011	SEAT, FAMILY LH ECONOMY F/SL II CARS	EA	$1,730.00	22	$38,060		10/01/05	24 weeks	
2119500891	MELAMINE, FACED ALUMINUM, F/S/LI SLEEPER	SH	$83.52	440	$36,749		10/01/05	20 weeks	
2404507721	CUSHION ASSY, BACK/BOTTOM, 37.5" F/S/LI,	EA	$163.04	220	$35,869		10/01/05	16 weeks	
2457952801	ELEMENT, TEMP SETTING F/24 579 34558	EA	$70.21	506	$35,527		10/01/05	20 weeks	
2480384700	COVE SIGN, LIGHTED, F/ SL I SLEEPER	EA	$1,580.36	22	$34,768		10/01/05	20 weeks	
2470549734	HOUSING ASSY	EA	$296.42	110	$32,606		10/01/05	20 weeks	
2480391336	DIFFUSER, AIR, 2 WAY RH 17" X 17"	EA	$289.69	110	$31,866		10/01/05	20 weeks	
2480351932	MELAMINE "STRING COLOR LO GLARE" (2 SIDE	EA	$282.00	110	$31,020		10/01/05	20 weeks	
2480384695	PASSAGE LIGHT, RECESS.FLUOR.SL I SLEEPER	EA	$337.00	88	$29,656		10/01/05	20 weeks	
4272600008	ELBOW, 90 DEG, F/MONOGRAM TOILETS	EA	$436.45	66	$28,806		10/01/05	20 weeks	
2499970434	SPEAKER ASSY, PUBLIC ADDRESS SYSTEM	EA	$82.69	330	$27,289		10/01/05	20 weeks	
2441100700	WINDOW UNIT, EMERG SL COACH W/TOP HANDLE	EA	$92.80	286	$26,541		10/01/05	16 weeks	
2441100751	WINDOW UNIT, EMERG. SL COACH, TOP HANDLE	EA	$92.60	286	$26,485		10/01/05	16 weeks	
2418050024	LATCH ASSY, SLIDING DOOR, ECONOMY ROOM	EA	$111.21	231	$25,689		10/01/05	20 weeks	
2404507715	CUSHION ASSY, HEADREST, 28" RH, F/S/LI,	EA	$65.49	352	$23,052		10/01/05	16 weeks	
2441921218	CONTAINER ASSY, TRASH ECONOMY RM SL	EA	$74.33	308	$22,892		10/01/05	20 weeks	
2480384692	READING LIGHT, UPPER BERTH, SL I SLEEPER	EA	$146.88	154	$22,620		10/01/05	20 weeks	
2419559153	MIRROR, 38.375 X 9.250 F/SL-II ECON ROOM	EA	$73.12	308	$22,522		10/01/05	16 weeks	
2419530018	MATTRESS, COTTON TICKING 23" X 74"	EA	$62.26	352	$21,914		10/01/05	16 weeks	
2441100025	SPEAKER, 5" W/ TRANSFORMER F/ SL I REMAN	EA	$98.47	220	$21,663		10/01/05	20 weeks	
2404507714	CUSHION ASSY, HEADREST, 28" LH, F/S/LI,	EA	$65.49	330	$21,612		10/01/05	16 weeks	
2480384697	AISLE LIGHT, W/O ROOM NBR, SL I SLEEPER	EA	$188.34	110	$20,717		10/01/05	16 weeks	
2401570001	ARMREST, GRAY,CLOSET MOUNT,F/ SLI DELUXE	EA	$185.00	110	$20,350		10/01/05	16 weeks	
2480384699	AISLE LIGHT, UPPER DECK F/ SL I SLEEPER	EA	$223.11	88	$19,634		10/01/05	20 weeks	
2004510832	KNUCKLE, COUPLER H50B-HT-S, TYPE H (W)	EA	$439.95	44	$19,358		10/01/05	20 weeks	
2424020514	CABLE ASSY, 84-1/2" FIXED JUMPER (W)	EA	$219.83	88	$19,345		10/01/05	20 weeks	
4272600022	SLEEVE, F/MONOGRAM TOILETS	EA	$83.95	220	$18,469		10/01/05	20 weeks	
2119500889	MELAMINE, FACED ALUMINUM, F/S/LI SLEEPER	SH	$83.52	220	$18,374		10/01/05	20 weeks	
2480317136	SWITCH ASSEMBLY KIT, PRESSURE	EA	$389.43	44	$17,135		10/01/05	20 weeks	
2578907812	RECEPTACLE ASSY, TRAINLINE, 27 PT	EA	$193.13	88	$16,996		10/01/05	20 weeks	
2492571772	SENSOR ASSY, THERMISTOR	EA	$153.13	110	$16,844		10/01/05	20 weeks	
2419510026	WATER HEATER, 50 GAL. GLASS LINED S/L I	EA	$707.14	22	$15,557		10/01/05	20 weeks	
2418050018	LATCH & HOOK ASSY, SLIDING DOOR, DELUXE	EA	$187.81	83	$15,494		10/01/05	20 weeks	
2418050019	LATCH & HOOK ASSY, SLIDING DOOR, DELUXE	EA	$186.31	83	$15,370		10/01/05	20 weeks	
2486704751	COOLER, WATER, HEP SLEEPER & SLII CARS &	EA	$697.22	22	$15,339		10/01/05	20 weeks	
2419530069	MATTRESS PAD, COTTON TICKING 28" X 80"	EA	$46.33	330	$15,290		10/01/05	16b weeks	
2119500895	MELAMINE, FACED ALUMINUM, F/S/LI SLEEPER	SH	$83.52	176	$14,700		10/01/05	20 weeks	
2480384701	STEP LIGHT, F/ SL I SLEEPER REMAN	EA	$80.10	176	$14,098		10/01/05	20 weeks	
2572010004	POWER SUPPLY, 12 VOLT, F/ DIASASTER	EA	$616.00	22	$13,552		10/01/05	16 weeks	
4728509302	KIT, STRIPING, F/SUPERLINER I & II,	KT	$605.00	22	$13,310		10/01/05	20 weeks	
2477011000	VALVE/HEATER, 3/4 A2, UPGRADED CAR WATER	EA	$201.17	66	$13,277		10/01/05	20 weeks	
2484826018	SPEAKER BOX ASSEMBLY	EA	$299.36	44	$13,172		10/01/05	20 weeks	

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
2441177214	WINDOW SASH ASSY, SL EMER HDCP/FAM	EA	$294.50	44	$12,958		10/01/05	20 weeks	
248039115X	GRILLE, AIR RETURN, 60" X 15" F/SL/I	EA	$294.40	44	$12,953		10/01/05	20 weeks	
2480330922	MASK, WINDOW SINGLE FOR S/L II SLEEPER	EA	$291.81	44	$12,839		10/01/05	20 weeks	
2480380338	EXTRUSION, CURTAIN, 21.6' LENGTH	EA	$85.28	145	$12,383		10/01/05	20 weeks	
2494700013	CURTAIN ASSY, DIAPHRAGM, COMPLETE	EA	$281.14	44	$12,370		10/01/05	16 weeks	
2419532000	EXPANSION TANK, AMTROL ST-20V,4.4GL,SL I	EA	$546.35	22	$12,020		10/01/05	20 weeks	
2428550126	VALVE, FLUSH MOUNTED, F/ SUPERLINER I	EA	$542.68	22	$11,939		10/01/05	20 weeks	
4272600123	VALVE, BALL 4" F/MONOGRAM TOILET ON SL I	EA	$266.92	44	$11,744		10/01/05	20 weeks	
2480384694	MIRROR LIGHT, HANDICAP ROOM SL I SLEEPER	EA	$529.10	22	$11,640		10/01/05	20 weeks	
2489120508	BUTTON ASSY, CALL F/SUPERLINER	EA	$84.79	132	$11,192		10/01/05	20 weeks	
2418050016	LATCH ASSY, SLIDING DOOR, DELUXE ROOM ON	EA	$111.65	99	$11,053		10/01/05	20 weeks	
2492534381	VALVE, SOLENOID (**1 OF 2**)	EA	$120.87	88	$10,637		10/01/05	20 weeks	
2447400040	COVER, HINGE DELUXE HALLWAY WALL (SH)	EA	$94.85	110	$10,433		10/01/05	20 weeks	
254260270X	CABLE ASSY, OUTLET (RECEPT.)24",480V	EA	$115.51	88	$10,164		10/01/05	20 weeks	
	Total Superliner I Sleeper Remanufacture				**$11,204,660**	**$25,960,000**			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Superliner II Lounge Overhaul - FY06 Production Quantity = 25									
2403050045	TRAY, BATTERY 5 CELL,SRM160F3 F/ SL I&II	TY	$802.39	250	$200,597		10/01/05	20 weeks	
2430000010	TOILET ASSY, RH DISCHARGE F/ SL II(W)	EA	$3,343.66	50	$167,183		10/01/05	16 weeks	
2480308635	WINDOW UNIT, UNIVERSAL SL LOUNGE F/DOUBL	EA	$161.83	675	$109,235		10/01/05	16 weeks	
2480308520	WINDOW UNIT, EMERG LH; SL LOUNGE W/ TOP	EA	$150.40	550	$82,721		10/01/05	16 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	25	$68,125		10/01/05	20 weeks	
2477001501	VALVE, DRAIN AUTO W/ ELECTRIC HEATER	EA	$676.58	75	$50,744		10/01/05	20 weeks	
4272600085	PUMP, VACUUM F/ SL I, MONOGRAM TOILETS	EA	$1,953.00	25	$48,825		10/01/05	20 weeks	
2434550019	WINDOW UNIT, SL II LOUNGE,NAR.SING EMERG	EA	$367.50	125	$45,938		10/01/05	16 weeks	
2477011000	VALVE/HEATER, 3/4 A2, UPGRADED CAR WATER	EA	$201.17	200	$40,234		10/01/05	20 weeks	
2428507086	CUSHION ASSY, *DNP, USE 24 045 07087	EA	$53.81	700	$37,666		10/01/05	16 weeks	
2464010230	WEATHERSTRIP, SL WINDOW RUBBER INNER	EA	$55.00	675	$37,125		10/01/05	20 weeks	
2464012017	RUBBER & EMERG WINDOW HANDLE, SLI & SLII	EA	$65.72	550	$36,146		10/01/05	20 weeks	
2428507083	CUSHION ASSY, *DNP, USE 24 045 07087	EA	$56.00	550	$30,800		10/01/05	16 weeks	
2441141026	COUPLER CARRIER ASSY & PARTS F/ SL I&II	EA	$441.54	50	$22,077		10/01/05	20 weeks	
2004510832	KNUCKLE, COUPLER H50B-HT-S, TYPE H -(W)	EA	$439.95	50	$21,997		10/01/05	20 weeks	
2424020514	CABLE ASSY, 84-1/2" FIXED JUMPER (W)	EA	$219.83	100	$21,983		10/01/05	20 weeks	
2419510026	WATER HEATER, 50 GAL. GLASS LINED S/L I	EA	$707.14	25	$17,678		10/01/05	20 weeks	
2486704751	COOLER, WATER, HEP SLEEPER & SLII CARS &	EA	$697.22	25	$17,430		10/01/05	20 weeks	
2434550017	WINDOW GLAZING, R.H. CURVED F/ S/L II	EA	$316.37	55	$17,400		10/01/05	16 weeks	
2434550016	WINDOW GLAZING, L.H. CURVED F/ S/L II	EA	$312.39	55	$17,181		10/01/05	16 weeks	
2004508804	CONNECTION, RADIAL F/"H" TIGHTLOCK	EA	$1,100.00	15	$16,500		10/01/05	20 weeks	
4728509302	KIT, STRIPING, F/SUPERLINER I & II,	KT	$605.00	25	$15,125		10/01/05	20 weeks	
2419532000	EXPANSION TANK, AMTROL ST-20V,4.4GL,SL I	EA	$546.35	25	$13,659		10/01/05	20 weeks	
249252591X	MECHANISM ASSY, SENSITIVE	EA	$157.32	75	$11,799		10/01/05	20 weeks	
2460809878	CABLE ASSY, OUTLET, (RECEPTACLE) 48"	EA	$115.95	100	$11,595		10/01/05	20 weeks	
2275650007	CONTROL UNIT, WHEELSLIP, MGS1, ON SL II	EA	$4,446.98	3	$11,117		10/01/05	40 weeks	
2418050136	COMPRESSOR, R22, 2 HP, 220V, 3 PH, SEMI	EA	$430.85	25	$10,771		10/01/05	20 weeks	
	Total Superliner II Lounge Overhaul				$1,181,652	$5,130,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Superliner II Coach Overhaul - FY06 Production Quantity = 16									
2430000037	TOILET ASSY, MONOGRAM W/OUT MASK F/SL II	EA	$1,954.02	80	$156,321		10/01/05	16 weeks	
2403050045	TRAY, BATTERY 5 CELL,SRM160F3 F/ SL I&II	TY	$802.39	160	$128,382		10/01/05	20 weeks	
2404507727	CUSHION ASSY, COACH SEAT BACK, F/ SLI,	EA	$68.75	1216	$83,600		10/01/05	16 weeks	
2406000025	DRAPE, WINDOW, F/SUPERLINER I & II,	EA	$58.33	864	$50,401		10/01/05	16 weeks	
2418050010	LIGHT, ATTENDANT CALL F/SUPERLINER II	EA	$82.23	576	$47,363		10/01/05	20 weeks	
2409000010	FOOTREST, SEAT COACH F/SL II CARS	EA	$382.36	115	$44,048		10/01/05	20 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	16	$43,600		10/01/05	20 weeks	
4741301802	WINDOW UNIT, UNIVERSAL, SL I & II F/NON-	EA	$83.95	448	$37,609		10/01/05	16 weeks	
2477001501	VALVE, DRAIN AUTO W/ ELECTRIC HEATER	EA	$676.58	48	$32,476		10/01/05	20 weeks	
4272600085	PUMP, VACUUM F/ SL I, MONOGRAM TOILETS	EA	$1,953.00	16	$31,248		10/01/05	20 weeks	
2477011000	VALVE/HEATER, 3/4 A2, UPGRADED CAR WATER	EA	$201.17	112	$22,531		10/01/05	20 weeks	
2492501562	MASK, TOILET ASSY, F/SL II, COACH TOILET	EA	$265.00	80	$21,200		10/01/05	20 weeks	
2441100700	WINDOW UNIT, EMERG SL COACH W/TOP HANDLE	EA	$92.80	224	$20,787		10/01/05	16 weeks	
2441100751	WINDOW UNIT, EMERG. SL COACH, TOP HANDLE	EA	$92.60	224	$20,743		10/01/05	16 weeks	
2428550012	SWITCH, ATTENDANT CALL SYSTEM	EA	$59.93	320	$19,176		10/01/05	20 weeks	
2430010008	TRAY ASSY, SEAT F/ GRAY AMI, COACH & CAR	EA	$64.47	230	$14,854		10/01/05	20 weeks	
2441141026	COUPLER CARRIER ASSY & PARTS F/ SL I&II	EA	$441.54	32	$14,129		10/01/05	20 weeks	
2004510832	KNUCKLE, COUPLER H50B-HT-S, TYPE H (W)	EA	$439.95	32	$14,078		10/01/05	20 weeks	
2424020514	CABLE ASSY, 84-1/2" FIXED JUMPER (W)	EA	$219.83	64	$14,069		10/01/05	20 weeks	
2419510026	WATER HEATER, 50 GAL. GLASS LINED S/L I	EA	$707.14	16	$11,314		10/01/05	20 weeks	
2486704751	COOLER, WATER, HEP SLEEPER & SLII CARS &	EA	$697.22	16	$11,155		10/01/05	20 weeks	
2004508804	CONNECTION, RADIAL F/"H" TIGHTLOCK	EA	$1,100.00	10	$10,560		10/01/05	20 weeks	
	Total Superliner II Coach Overhaul				$849,646	$2,640,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Superliner II Diner Overhaul - FY06 Production Quantity = 16									
2403050045	TRAY, BATTERY 5 CELL,SRM160F3 F/ SL I&II	TY	$802.39	160	$128,382		10/01/05	20 weeks	
2434550015	WARMER, HOT FOOD, QUAD II F/SL II	EA	$1,592.00	48	$76,416		10/01/05	20 weeks	
2422550006	OVEN, CONVECTION, F/ SL II DINING CARS	EA	$1,175.14	64	$75,209		10/01/05	20 weeks	
2422550092	FREEZER, TRUE MODEL STAINLESS STEEL,	EA	$1,207.31	48	$57,951		10/01/05	20 weeks	
2430000010	TOILET ASSY, RH DISCHARGE F/ SL II(W)	EA	$3,343.66	16	$53,499		10/01/05	16 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	16	$43,600		10/01/05	20 weeks	
2423400011	COFFEE MAKER, FOR HEP DINER	EA	$2,717.42	16	$43,479		10/01/05	20 weeks	
2410550010	GRIDDLE, ELECTRIC,SLII & HERITAGE DINING	EA	$2,277.00	16	$36,432		10/01/05	20 weeks	
2406000025	DRAPE, WINDOW, F/SUPERLINER I & II,	EA	$58.33	576	$33,601		10/01/05	16 weeks	
2477001501	VALVE, DRAIN AUTO W/ ELECTRIC HEATER	EA	$676.58	48	$32,476		10/01/05	20 weeks	
2404507059	CUSHION ASSY, BOTTOM BOOTH,F/SL II DINER	EA	$91.87	352	$32,338		10/01/05	16 weeks	
4272600085	PUMP, VACUUM F/ SL I, MONOGRAM TOILETS	EA	$1,953.00	16	$31,248		10/01/05	20 weeks	
2455004809	DISHWASHER, JACKSON"NEW" F/ SL I UPGRADE	EA	$1,702.31	16	$27,237		10/01/05	20 weeks	
2404507058	CUSHION ASSY, BACK, BOOTH FOR SL II	EA	$73.97	352	$26,039		10/01/05	16 weeks	
2477011000	VALVE/HEATER, 3/4 A2, UPGRADED CAR WATER	EA	$201.17	128	$25,750		10/01/05	20 weeks	
4741301802	WINDOW UNIT, UNIVERSAL, SL I & II F/NON-	EA	$83.95	288	$24,177		10/01/05	16 weeks	
2422550005	OVEN, MICROWAVE, NE 3280 F/ SL II (W)	EA	$1,482.25	16	$23,716		10/01/05	20 weeks	
2441141026	COUPLER CARRIER ASSY & PARTS F/ SL I&II	EA	$441.54	32	$14,129		10/01/05	20 weeks	
2004510832	KNUCKLE, COUPLER H50B-HT-S, TYPE H (W)	EA	$439.95	32	$14,078		10/01/05	20 weeks	
2424020514	CABLE ASSY, 84-1/2" FIXED JUMPER (W)	EA	$219.83	64	$14,069		10/01/05	20 weeks	
2418050116	COMPRESSOR ASSY, F/ SL II 4 DOOR REFRIG.	EA	$847.39	16	$13,558		10/01/05	20 weeks	
2441100700	WINDOW UNIT, EMERG SL COACH W/TOP HANDLE	EA	$92.80	144	$13,363		10/01/05	16 weeks	
2441100751	WINDOW UNIT, EMERG. SL COACH, TOP HANDLE	EA	$92.60	144	$13,335		10/01/05	16 weeks	
2419510026	WATER HEATER, 50 GAL. GLASS LINED S/L I	EA	$707.14	16	$11,314		10/01/05	20 weeks	
2486704751	COOLER, WATER, HEP SLEEPER & SLII CARS &	EA	$697.22	16	$11,155		10/01/05	20 weeks	
4619500736	MAT, FLOOR, RUBBER F/ AMFLEET & HEP	EA	$55.71	192	$10,696		10/01/05	16 weeks	
2004508804	CONNECTION, RADIAL F/"H" TIGHTLOCK	EA	$1,100.00	10	$10,560		10/01/05	20 weeks	
	Total Superliner II Diner Overhaul				$897,807	$2,400,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'L Cost	Total Program Costs	Req'd. Date	Lead Time	
Superliner II Trans Sleeper/Dorm Overhaul - FY06 Production Quantity = 11									
2403050045	TRAY, BATTERY 5 CELL,SRM160F3 F/ SL I&II	TY	$802.39	110	$88,263		10/01/05	20 weeks	
2422530016	TOILET , EVAC MODIFIED, F/-SL II WASTE	EA	$826.63	66	$54,556		10/01/05	16 weeks	
2404507720	CUSHION ASSY, 28" BACK/BOTTOM, F/S/LI,	EA	$138.95	374	$51,967		10/01/05	16 weeks	
2406000025	DRAPE, WINDOW, F/SUPERLINER I & II,	EA	$56.33	572	$33,367		10/01/05	16 weeks	
2418050010	LIGHT, ATTENDANT CALL F/SUPERLINER II	EA	$82.23	396	$32,562		10/01/05	20 weeks	
2457703514	DIAPHRAGM ASSY, MODULAR F/ AMF, S/L (W)	EA	$2,725.00	11	$29,975		10/01/05	20 weeks	
2477011000	VALVE/HEATER, 3/4 A2, UPGRADED CAR WATER	EA	$201.17	121	$24,342		10/01/05	20 weeks	
2418050031	LIGHT, BUNK READING F/SUPERLINER II	EA	$1,636.58	14	$22,503		10/01/05	20 weeks	
2477001501	VALVE, DRAIN AUTO W/ ELECTRIC HEATER	EA	$676.58	33	$22,327		10/01/05	20 weeks	
4741301802	WINDOW UNIT, UNIVERSAL, SL I & II F/NON-	EA	$83.95	264	$22,162		10/01/05	16 weeks	
4272600085	PUMP, VACUUM F/ SL I, MONOGRAM TOILETS	EA	$1,953.00	11	$21,483		10/01/05	16 weeks	
2418050030	LIGHT, CEILING F/SUPERLINER II SLEEPING	EA	$1,439.47	14	$19,793		10/01/05	20 weeks	
2441913226	SEAT, ECONOMY LH F/SL II CARS	EA	$1,579.64	9	$13,901		10/01/05	24 weeks	
2428550012	SWITCH, ATTENDANT CALL SYSTEM	EA	$59.93	220	$13,184		10/01/05	20 weeks	
2441913293	SEAT, ECONOMY RH F/SL II CARS	EA	$1,570.63	8	$12,958		10/01/05	24 weeks	
2419530018	MATTRESS, COTTON TICKING 23" X 74"	EA	$62.26	198	$12,327		10/01/05	16 weeks	
2441100700	WINDOW UNIT, EMERG SL COACH W/TOP HANDLE	EA	$92.80	132	$12,250		10/01/05	16 weeks	
2441100751	WINDOW UNIT, EMERG. SL COACH, TOP HANDLE	EA	$92.60	132	$12,224		10/01/05	16 weeks	
2441942422	TABLE ASSY, COMPLETE, SUPERLINER SLEEPER	EA	$296.66	36	$10,777		10/01/05	20 weeks	
	Total Superliner II Trans Sleeper/Dorm Overhaul				$510,920	$2,260,000			
	Placeholder for:								
Superliner I Coach Overhaul - FY06 Production Quantity = 2					$320,000	$800,000	10/01/05		
	Placeholder for:								
Viewliner Sleeper Remanufacture - FY06 Production Quantity = 2					$680,000	$1,700,000	10/01/05		
Baggage Car Overhaul - FY06 Production Quantity = 24									
2474424402	CHARGER, BATTERY F/AMFI/II,HEP & HORIZON	EA	$4,863.00	12	$58,356		10/01/05	20 weeks	
2471602517	BATTERY, *DNP, USE 24 716 02518	TY	$457.14	120	$54,857		10/01/05	20 weeks	
2004508804	CONNECTION, RADIAL F/"H" TIGHTLOCK	EA	$1,100.00	48	$52,800		10/01/05	20 weeks	
2050003607	YOKE,COUPLER,W/BUSHINGS,F/SUPERLINER	EA	$935.00	48	$44,880		10/01/05	20 weeks	
2479608315	DIAPHRAGM, VERTICAL, ROUND CUSHION	EA	$453.52	96	$43,538		10/01/05	20 weeks	
2451901000	DOOR, OVERHEAD ROLLUP 1700 SER MAIL CARS	EA	$1,113.52	24	$26,724		10/01/05	20 weeks	
248893450X	HEATER ASSY, COIL & FRAME	EA	$940.95	24	$22,583		10/01/05	20 weeks	
2479608307	DIAPHRAGM, HORIZONTAL, ROUND CUSHION	EA	$469.45	48	$22,534		10/01/05	20 weeks	
2490000375	PLYWOOD, MARINE GRADE, 3/4" ..PLY F/ MHC	EA	$69.95	240	$16,788		10/01/05	16 weeks	
2486400400	DECAL KIT, EXTERIOR, PHASE 6, F/AMF I &	EA	$658.03	24	$15,793		10/01/05	20 weeks	
2052604606	COUPLER, ALIGN CONTROL ON F-40,GP-9, (W)	EA	$300.41	48	$14,420		10/01/05	20 weeks	
2294602611	DECELOSTAT, E-5 "CONTROLLER" F/ AMF I&	EA	$548.60	24	$13,166		10/01/05	32 weeks	
1524001850	SHEET, STEEL 0.1196 X 48 X 120", HRS	EA	$59.31	204	$12,100		10/01/05	16 weeks	
	Total Baggage Car Overhaul				$398,538	$2,890,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
GE Diesel P-40/42 Overhaul - FY06 Production Quantity = 42									
2656842000	KIT, OVERHAUL F/ GE, P-42 LOCOMOTIVE	EA	$290,651.18	42	$12,207,350		10/01/05	34 weeks	
2656806099	KIT, AUTOMATIC ENGINE START STOP F/ P-42	EA	$6,500.00	42	$273,000		10/01/05	32 weeks	
2656806100	KIT, AUTOMATIC ENGINE START STOP F/ P-42	EA	$6,500.00	42	$273,000		10/01/05	32 weeks	
2656887085	TIE ROD, WITHOUT BUSHING, F/ GE LOCO	EA	$4,567.65	34	$153,473		10/01/05	32 weeks	
2656883050	TREAD BRAKE UNIT O.H. KIT, F/ GE P-40	EA	$328.01	336	$110,211		10/01/05	20 weeks	
2656800627	PANEL, IFD F/ P-42 LOCO UNIT 1-120 (*)	EA	$7,695.46	13	$99,483		10/01/05	20 weeks	
2656815618	DUCT, AIR, TRACTION MOTOR F/DASH 8-32BWH	EA	$505.19	168	$84,872		10/01/05	20 weeks	
2656890141	BODY. CYLINDER R&L SIDE INLET, P-40/P-42	EA	$250.00	336	$84,000		10/01/05	20 weeks	
2656802639	SLEEVE, OUTSIDE, F/P-42 & P32AC-DM LOCOS	EA	$30,620.00	2	$61,522		10/01/05	24 weeks	
2656805618	CEILING PANEL, 28"X51" F/ P32, P32 AC-DM	EA	$215.58	252	$54,326		10/01/05	24 weeks	
265680940X	CLEANER, AIR, PLASTIC F/DASH 8-32BWH	EA	$54.14	966	$52,301		10/01/05	20 weeks	
2256485636	BODY, CYLINDER F/GE P-40 LOCO TREAD BRK	EA	$577.00	84	$48,468		10/01/05	24 weeks	
2656882047	WINDSHIELD W/SPALL SHIELD, R.H. HEATED	EA	$1,122.29	42	$47,136		10/01/05	24 weeks	
2656882048	WINDSHIELD W/SPALL SHIELD, L.H. HEATED	EA	$1,122.29	42	$47,136		10/01/05	24 weeks	
2256485633	PISTON, FOR GE P-40 LOCO TREAD BRAKE	EA	$330.50	134	$44,419		10/01/05	24 weeks	
2656887097	LEVER, GUIDE F/AMD-103 LOCOS	EA	$5,163.16	8	$43,371		10/01/05	24 weeks	
4256580205	TOILET, MANUAL OPERATED, F/AMD-103 LOCO	EA	$1,010.53	42	$42,442		10/01/05	24 weeks	
2656890130	LEVER ASSY F/BRAKE ASSYS	EA	$615.00	67	$41,328		10/01/05	24 weeks	
2656890075	HOUSING F/BRAKE ASSYS (22 568 82955 &	EA	$495.50	67	$33,298		10/01/05	24 weeks	
2656887001	MODULE, SWITCH, F/ AMD-103 & P-42 LOCOS	EA	$1,951.24	17	$32,781		10/01/05	24 weeks	
2656801611	RESISTOR, F/DASH 8-32BWH & AMD-103	EA	$1,357.47	21	$28,507		10/01/05	24 weeks	
2656806079	MATTING, FLOOR COVER IN P-32,P-40 & P-42	RL	$2,055.00	14	$28,482		10/01/05	20 weeks	
2656801380	LAMP ASSY, IFD, F/ P-32 AC-DM COMPUTER	EA	$416.05	63	$26,211		10/01/05	20 weeks	
2656801862	SWITCH, BRAKING F/GE DASH 8-32BWH	EA	$11,401.95	2	$23,944		10/01/05	24 weeks	
2256485656	SPINDLE, FOR G.E. P-40 LOCO TREAD BRAKE	EA	$344.50	67	$23,150		10/01/05	24 weeks	
2656882981	LADDER, FIREMAN SIDE F/AMD-103 LOCO	EA	$523.90	42	$22,004		10/01/05	24 weeks	
1528525408	SHEET, STAINLESS STEEL 0.125 X 48 X 120"	EA	$248.21	84	$20,850		10/01/05	16 weeks	
2542602507	CABLE, JUMPER, 84" 480V PORTABLE, F/HHP	EA	$237.03	84	$19,910		10/01/05	20 weeks	
2256485619	HOUSING, BRAKE SHOE F/ GE P-40 TREAD BRK	EA	$1,022.75	17	$17,182		10/01/05	24 weeks	
4256560203	FASTENER, DUAL LOCK, TYPE 170, 1"X 50 YD	RL	$396.61	42	$16,658		10/01/05	16 weeks	
2656893102	DECAL KIT, COMPLETE, F/P-40 & P-42 LOCOS	KT	$388.76	42	$16,328		10/01/05	20 weeks	
2656801803	RESISTOR, F/DASH 8-32BWH & AMD-103	EA	$1,282.38	13	$16,158		10/01/05	20 weeks	
2503025022	BATTERY, TRAY, LOW MAINT, 500A HRS (W)	TY	$1,619.04	8	$13,600		10/01/05	20 weeks	
2656890188	ROD, GUIDE F/BRAKE ASSYS	EA	$157.00	84	$13,188		10/01/05	24 weeks	
2052606601	GEAR & YOKE ASSY, F/B END	EA	$3,114.93	4	$13,083		10/01/05	20 weeks	
2656874002	FILTER KIT, 90 DAY INSP.GE LOCO(7 ITEMS)	EA	$307.81	42	$12,928		10/01/05	20 weeks	
2656882919	PLOW ASSY, SNOW F/PLATFORM END	EA	$600.00	21	$12,600		10/01/05	20 weeks	
2656882137	LATCH, DOOR, USED ON P-42 AND AMD-103	EA	$92.15	137	$12,579		10/01/05	20 weeks	
2656887093	NUT, LEMNISCATE RETAINING ASSY F/ P-42,	EA	$1,400.00	8	$11,760		10/01/05	20 weeks	
2656802655	WASHER, F/ P-42 & P-32AC-DM LOCOS	EA	$69.04	168	$11,598		10/01/05	20 weeks	
2656886240	BAR ASSY, BUS F/AMD-103 LOCOS	EA	$272.32	42	$11,437		10/01/05	24 weeks	
2656884047	FRAME ASSY, BOTTOM F/COUPLER SUPPORT	EA	$270.57	42	$11,364		10/01/05	20 weeks	
2656873028	REVERSER, SWITCH, TRANSFER, LIS, WTS	EA	$5,350.00	2	$11,235		10/01/05	24 weeks	
2656884161	GLASS W/SPALL SHIELD, 17.25 X 20.50"	EA	$172.09	63	$10,842		10/01/05	20 weeks	
2656882987	SCREEN ASSY, 24.41 X 54.49"	EA	$643.34	17	$10,808		10/01/05	20 weeks	
2656882990	SCREEN ASSY, 31.25 X 68.06"	EA	$630.19	17	$10,587		10/01/05	20 weeks	

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty., Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
2666801782	CONTACTOR, AC 3 POLE F/GE DASH 8-32BWH	EA	$1,235.00	8	$10,374		10/01/05	24 weeks	
	Total GE Diesel P-40/42 Overhaul				$14,271,285	$28,770,000			
F59PHI Overhaul - FY06 Production Quantity = 8									
2652190850	ENGINE EQUIPPED, F-59PHI, 12N-710G3B-EC	EA	$277,500.00	8	$2,220,000		10/01/05	24 weeks	
2655501112	HEP UNIT, DUAL TURBO, 565KW, F-59PHI (W)	EA	$44,305.75	8	$354,446		10/01/05	24 weeks	
2699900255	SPRING, ELLIPTIC F/.F-59PHI & F-40 TRUCK	EA	$935.86	128	$119,790		10/01/05	24 weeks	
2642000310	TRUCK INSTALLATION KIT, F/ F-59 LOCO	EA	$6,385.05	16	$102,161		10/01/05	24 weeks	
2952303235	ADAPTER ASSY, EMD 9539650 *DNP SURPLUS @	EA	$1,416.87	64	$90,679		10/01/05	24 weeks	
2555500017	HVAC UNIT F/F59PHI LOCOS AT CALTRAN	EA	$8,883.53	8	$71,068		10/01/05	20 weeks	
2655500090	BLOWER ASSY, AUXILIARY GENERATOR & (W)	EA	$8,728.78	8	$69,830		10/01/05	20 weeks	
2699970105	FAN ASSY, COOLING 48", 9 BLADES (W)	EA	$3,723.27	16	$59,572		10/01/05	20 weeks	
2655500091	COMPRESSOR, AIR, MODEL WLN-A9AN F/F59PH	EA	$5,317.05	8	$42,536		10/01/05	20 weeks	
2412300010	KIT, EXTERIOR, DECALS, F/F-59PHI LOCO	EA	$5,025.96	8	$40,208		10/01/05	20 weeks	
2656886391	PROBE, TEMPERATURE F/ AMD-103 T.M. (W)	EA	$575.34	64	$36,822		10/01/05	20 weeks	
2642000252	COOLER LUBE ASSEMBLY, LUBE OIL	EA	$4,194.82	8	$33,559		10/01/05	20 weeks	
2651984882	FAN & MOTOR ASSY (GRID FAN), DYNAMIC	EA	$4,075.16	8	$32,601		10/01/05	20 weeks	
1299900074	SPRINGS, COIL, F/ F-59PHI & F-40 LOCO'S	EA	$250.22	128	$32,028		10/01/05	20 weeks	
2655500087	GENERATOR, AUXILIARY, 18KW/AC	EA	$3,901.09	8	$31,209		10/01/05	20 weeks	
2655500445	SASH ASSY, R.SIDE F/ F-59PHI LOCOMOTIVES	EA	$7,548.51	4	$30,194		10/01/05	20 weeks	
2642000043	PUMP ASSY, FUEL INCL AC MOTOR F/ F-59PHI	EA	$3,730.17	8	$29,841		10/01/05	20 weeks	
2622200032	PILOT ASSY, PLOW COMP. F/CALTRAN F-59PHI	EA	$4,844.74	6	$29,068		10/01/05	20 weeks	
2655501473	DOOR, BATTERY, RIGHT, COMPOSITE	EA	$5,717.74	5	$27,445		10/01/05	20 weeks	
2699970420	FAN ASSY, 48" DIAMETER F/F40 & F59PH (W)	EA	$3,370.46	8	$26,964		10/01/05	20 weeks	
2503025023	BATTERY, TRAY, LOW MAINT, 500A HRS	EA	$1,603.41	16	$25,655		10/01/05	20 weeks	
2352339111	GEAR & YOKE ASSY, DRAFT, NC390,	EA	$1,594.40	16	$25,510		10/01/05	20 weeks	
2642000251	PUMP & MOTOR, LAYOVER SOAKBACK	EA	$2,899.76	8	$23,198		10/01/05	20 weeks	
2652114782	WIRE, NO. 14 (LF TYPE INSULATION)	RL	$50.16	400	$20,064		10/01/05	16 weeks	
2655500427	MOTOR, STARTER, 82V, F-59PHI LOCOS (W)	EA	$1,062.79	16	$17,005		10/01/05	20 weeks	
4613500000	INSULATION, ACOUSTICAL OPEN CELL FOAM F/	RL	$688.00	24	$16,512		10/01/05	20 weeks	
2655500467	NOSE PIECE, RIGHT, COMPOSITE F/F59PH	EA	$13,494.75	1	$16,194		10/01/05	32 weeks	
2655500466	NOSE PIECE, LEFT, COMPOSITE F/F59PH	EA	$13,292.42	1	$15,951		10/01/05	32 weeks	
2655500615	ADJUSTER, SLACK F/ CALTRAIN F59PH & PHI	EA	$488.11	32	$15,620		10/01/05	20 weeks	
2642000250	BLOWER & MOTOR ASSEMBLY, DUST BIN	EA	$1,740.54	8	$13,924		10/01/05	20 weeks	
2352377717	SEAT, CAB, ENGINEER & FIREMAN'S SIDES ON	EA	$814.75	16	$13,036		10/01/05	20 weeks	
2652085221	SWITCH ASSY, TRANSFER, MOTOR OPERATED	EA	$792.94	16	$12,687		10/01/05	20 weeks	
1528516203	SHEET, STEEL PERFORATED, 16 GAUGE X 48"	EA	$102.00	120	$12,240		10/01/05	16 weeks	
2652033244	FILTER ASSY, AIR INERTIAL 87X65 INCHES,	EA	$7,589.18	2	$12,143		10/01/05	20 weeks	
2699988884	PUMP & MOTOR ASSY, SOAKBACK F/F40 ENGINE	EA	$1,336.75	8	$10,694		10/01/05	28 weeks	
	Total F59PHI Overhaul				$3,730,454	$5,640,000			
	Total Beech Grove Car & Locomotive Shop				$38,398,802	$91,480,000			
	Total Mechanical Department FY06 Capital Program				$62,051,644	$174,800,000			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time
Engineering M/W Track and Design & Construction - FY06 Capital Program								
Rail - FY06 Capital Program								
08 270 03810	RAIL, 136RE STD RAIL MH	LF	$18.00	34542	$621,756		10/01/05	16 weeks
08 270 03809	RAIL, 136RE HI STRING, HH	LF.	$20.00	23053	$461,060		10/01/05	16 weeks
08 270 01503	RAIL, 115RE	LF	$13.10	18500	$242,377		10/01/05	16 weeks
08 270 03811	RAIL, CWR, 136RE, HDHD	LF	$24.00	10500	$252,000		10/01/05	52 weeks
08 270 03812	RAIL, CWR, MH	LF	$22.00	17288	$380,336		10/01/05	52 weeks
	Total Rail Program				**$1,957,529**	**$9,000,000**		
Ties - FY06 Capital Program								
0530000026	TIES,CONCRETE 'ROCLA' FAST CLIP STYLE	EA	$60.00	154820	$9,289,200		10/01/05	20 weeks
0530000200	TREATED CROSSTIES SIZE 4&5 SELECTIVELY END-PLATE	EA	$39.84	25680	$1,123,243		10/01/05	28 weeks
0599900207	TREATED CROSSTIES SIZE 4&5 100% END PLATE	EA	$41.19	7033	$289,689		10/01/05	12 weeks
0530000025	TIE, CONCRETE W/FOUR INSTALLED SHIELD INSERTS ATK	EA	$59.73	4800	$286,704		10/01/05	20 weeks
0530000201	PREPLATED CROSSTIES FOR 6"	EA	$90.56	1768	$160,154		10/01/05	10 weeks
0530000366	TIE, SW, TRTD 7"X9"X17'	EA	$63.00	1222	$76,986		10/01/05	26 weeks
0530000120	TIE ASSEMBLY CONCRETE W/FOUR INSTALLED	EA	$65.37	940	$61,452		10/01/05	20 weeks
0530000307	TREATED CROSSTIES 6X9X8.6	EA	$33.35	1200	$40,019		10/01/05	10 weeks
0124014888	PREPLATED CROSSTIES FOR 5-1/2"	EA	$59.55	510	$30,371		10/01/05	10 weeks
	TIE MVMT 13'7"X9'X13'7" TREATED	EA	$253.78	58	$14,719		10/01/05	12 weeks
	Total Concrete, Preplated and Treated ties				**$11,372,537**	**$28,500,000**		
Turnouts/Crossovers - FY06 Capital Program								
	Turnouts							
01 045 00425	#10LH 136 RE CON W/SPRING FROG WELDED	EA	$90,000.00	9	$810,000		10/01/05	26 weeks
01 045 00634	#8 LH 115 RE WELDED PANELIZED SW UC NONINS W/RBM	EA	$38,176.00	10	$381,760		10/01/05	26 weeks
01 045 00633	#8 RH 115 RE WELDED PANELIZED SW UC NONINS W/RBM	EA	$37,847.00	10	$378,470		10/01/05	26 weeks
01 045 00590	#8 LH 136 RE WELDED PANELIZED SW UC NONINS W/RBM	EA	$35,955.00	8	$287,640		10/01/05	26 weeks
01 045 00201	#10 136 RE LH WELDED PANELIZED UC INS W/RBM FROG	EA	$37,617.00	7	$263,319		10/01/05	26 weeks
01 045 00589	#8 RH 136 RE WELDED PANELIZED SW UC INS W/RBM FROG	EA	$35,955.00	5	$179,775		10/01/05	26 weeks
	#15RH TANGENTIAL CONCRETE	EA	$175,000.00	1	$175,000		10/01/05	52 weeks
01 045 00202	#10 136 RE RH WELDED PANELIZED UC INS W/RBM FROG	EA	$53,597.00	2	$107,194		10/01/05	26 weeks
	#20 136 RE LH WELDED PANELIZED UC INS W/RBM FROG	EA	$89,649.00	1	$89,649		10/01/05	26 weeks
	#15LH 136RE WELDED PANELIZED UC INS W/RBM FROG	EA	$72,878.00	1	$72,878		10/01/05	26 weeks
	#10 136 RE LH MAIN W/RBM FROG	EA	$42,282.00	1	$42,282		10/01/05	26 weeks
	Crossovers							
	#20LH TANGENTIAL CONCRETE 12'6"	EA	$375,000.00	2	$750,000		10/01/05	52 weeks
	#20RH TANGENTIAL CONCRETE 12'6"	EA	$375,000.00	2	$750,000		10/01/05	52 weeks
	#20LH TANGENTIAL CONCRETE 13'	EA	$375,000.00	1	$375,000		10/01/05	52 weeks
	#20LH TANGENTIAL CONCRETEMPF 13'	EA	$375,000.00	1	$375,000		10/01/05	52 weeks
01 045 00567	#20LH CONCRETE 13' CNTRS 136 RE	EA	$431,396.00	1	$431,396		10/01/05	52 weeks
01 045 02806	#8 DOUBLE SLIP XING 140 RE	EA	$97,693.00	1	$97,693		10/01/05	52 weeks
	Total MW Turnouts/Crossovers				**$5,567,056**	**$15,800,000**		

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Other Track Material - FY06 Capital Program									
	CLIPS, PANDROL FASTCLIP FOR CONCRETE TIES	EA	$1.70	619,280	$1,071,952		10/01/05	16 weeks	
	PADS, PANDROL FOR CONCRETE TIES	EA	$2.35	309,640	$740,908		10/01/05	16 weeks	
01 045 00453	NO 32 MPF MTCE REPLACEMENT	EA	$55,500.00	13	$721,500		10/01/05	20 weeks	
01 045 00453	NO.20 MPF MTCE REPLACEMENT	EA	$38,775.00	18	$697,950		10/01/05	20 weeks	
01 045 00592	MITER RAIL CLEVELAND TRACK 136RE	EA	$44,435.00	10	$444,350		10/01/05	48 weeks	
	COMPRESSOR AND WIRING	EA	381,133.76	1	$381,134		10/01/05	48 weeks	
	INSULATORS, PANDROL FOR CONCRETE TIES	EA	$0.40	619,280	$252,224		10/01/05	52 weeks	
	FROG, RAILBOUND MN 136RE #15 W/ HI INTEG	EA	$59,243.00	4	$236,972		10/01/05	26 weeks	
	FROG, 32.7 MOVABLE POINT	EA	$65,000.00	3	$195,000		10/01/05	26 weeks	
	AFA TACTILE EDGE MATERIALS	EA	$191,503.04	1	$191,503		10/01/05	16 weeks	
	HIGH SPEED EXP JOINT CLEVELAND 136RE	EA	$19,056.69	10	$190,567		10/01/05	26 weeks	
	FROG, RAILBOUND MN 136RE #20 W/HI INTEG	EA	$13,685.08	12	$164,221		10/01/05	28 weeks	
	HS MITRE RAILS 132 LH	EA	$31,000.00	5	$155,000		10/01/05	20 weeks	
	HS MITRE RAILS 132 RH	EA	$31,000.00	5	$155,000		10/01/05	20 weeks	
	SWITCH POINT/STOCK RAIL SET	EA	$6,580.51	21	$138,191		10/01/05	20 weeks	
	FROG, RAILROAD MN #20 136RE STD LENGTH	EA	$13,137.20	10	$131,372		10/01/05	26 weeks	
	FULL DEPTH RUBBER CROSSING PANELS & ASSOC	EA	$11,910.43	10	$119,104		10/01/05	16 weeks	
	BACK FLOW PREVENTION SYSTEM & ASSOC HAR	EA	$113,149.09	1	$113,149		10/01/05	48 weeks	
	LUBRICATOR, SOLAR, SINGLE TK, PROTECTOR IV	EA	$10,832.54	9	$97,493		10/01/05	26 weeks	
	LINER PLATE	EA	$84,787.63	1	$84,788		10/01/05	26 weeks	
	HS EXPANSION JOINTS 132 RH	EA	$16,000.00	5	$80,000		10/01/05	20 weeks	
	100/400 AMP BREAKERS AND MISC HARDWARE	EA	$71,462.58	1	$71,463		10/01/05	16 weeks	
	PLATE, TIE, PAND. 136/140 RE (WOOD TIES), 7 3/4" X	EA	$15.52	4,250	$65,960		10/01/05	16 weeks	
	STRUCTURAL STEEL FOR BRIDGE REPLACEMENT-BLUM ST.	KIT	$60,000.00	1	$60,000		10/01/05	26 weeks	
	STRUCTURAL CUT SECTION AND PLATFORMS	EA	$11,910.43	5	$59,552		10/01/05	48 weeks	
	FROG, RAILBOUND MN #20 136RE MAINT LEN	EA	$13,077.55	4	$52,310		10/01/05	26 weeks	
	FROG, RAILBOUND MN 136RE #10 W/HI INTEGR	EA	$8,575.51	6	$51,453		10/01/05	26 weeks	
	GRATING, BAR, GAL, WELDED 30" W X 20FT LG	ea	$399.00	113	$45,087		10/01/05	16 weeks	
	BACKUP GENERATOR AND MISC. MATERIAL	EA	$36,150.64	1	$36,151		10/01/05	16 weeks	
	PT, SW, 136RE RH, STR UC, HEAT TRTS F/	EA	$17,719.63	2	$35,439		10/01/05	20 weeks	
	PT, SW 136RE 59'6" LEFT HAND STR HEAT TRTD	EA	13,942.37	2	$27,885		10/01/05	20 weeks	
	GRDRAIL, 136RE, 20' HOOK FLANGE W/PAND PLA	EA	$3,010.96	9	$27,099		10/01/05	20 weeks	
	480 STANDBY - CABLE & MISC MATL	EA	$25,607.42	1	$25,607		10/01/05	16 weeks	
	BOILER & ASSOCIATED HARDWARE	EA	$23,820.86	1	$23,821		10/01/05	20 weeks	
	HEATER & AC UNITS	EA	$23,820.86	1	$23,821		10/01/05	16 weeks	
	PT, SW 136RE 59'6" LEFT HAND CVD HEAT TRTD	EA	$11,831.48	2	$23,663		10/01/05	20 weeks	
01 999 06044	SW, PACKAGED 115 LB W/#10 RBM FROG 16'6" S	EA	$11,000.00	2	$22,000		10/01/05	26 weeks	
	CONCRETE PANELS	EA	$19,567.65	1	$19,568		10/01/05	26 weeks	
	PT, SW 140RE 59'6" LEFT HAND STR HEAT TRTD	EA	$9,774.53	2	$19,549		10/01/05	20 weeks	
	SWITCH POINT/STOCK RAIL	EA	$2,143.88	8	$17,151		10/01/05	20 weeks	
	RAIL, STK, STR, 136RE RAIL, 60' SAMSON, NO HAND	EA	$1,548.36	8	$12,387		10/01/05	26 weeks	
	PT, SW 140RE 59'6" RIGHT HAND STR HEAT TRTD	EA	$5,762.07	2	$11,524		10/01/05	20 weeks	
	PT, SW, 136RE 59'6" RIGHT HAND CVD HEAT TRTD	EA	$5,545.50	2	$11,091		10/01/05	20 weeks	
	ALUMINUM BRIDGE TROUGH PENN FAB D-040392-01A	EA	$52.00	200	$10,400		10/01/05	32 weeks	
	Total Other Track Material				$7,115,359	$24,500,000			

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
Electric Traction - FY06 Capital Program									
44 300 44305	TRANSF, 4.5 MVA TRACTIONS PWR 138KV/12KV 2	EA	$270,235.00	19	$5,134,465		10/01/05	30-32 weeks	
	ELECTRICAL - 10 YEAR RADIO FREQUENCY 2/BA	EA	$397.00	2772	$1,100,484		10/01/05	20-24 weeks	
	CIRC BRKR, HAMMER VACUUM 1P F/MW	EA	$44,154.00	11	$485,694		10/01/05	30-34 weeks	
44 045 00108	CIRC BRKR, HAMMER VACUUM 2P F/MW	EA	$60,227.00	8	$485,694		10/01/05	30-34 weeks	
	TRANSFORMERS & RELATED EQUIPMENT	EA	$416,865.05	1	$416,865		10/01/05	20-24 weeks	
44 015 20041	SW, AIR BREAK, MOTOR OPTD 161 KV, 1200 A, 6	EA	$8,860.00	28	$248,080		10/01/05	20-24 weeks	
44 015 20042	MOTOR OPTR; SOUTHERN STATES CAT#VM-1-1	EA	$3,793.00	50	$189,650		10/01/05	20-24 weeks	
44 015 20040	TRANSF, TRACTION SUPPLY, 25HZ DIFFERENTIAL	EA	$9,906.00	9	$89,154		10/01/05	22-26 weeks	
	161 KV SWITCH (HG)	EA	$12,387.00	6	$74,322		10/01/05	22-26 weeks	
44 015 20019	BASE, SKID FOR NEW TRANSFORMER 4.5 MVA PWR TR	EA	$3,650.00	19	$69,350		10/01/05	12-14 weeks	
	ELECTRICAL - MISC EQUIPMENT	EA	$58,361.11	1	$58,361		10/01/05	14-20 weeks	
	SWITCH 161KV TURNER- HG (EST)	EA	$12,332.06	4	$49,328		10/01/05	30-34 weeks	
	DPST DISCONNECT SWITCH	EA	$2,382.00	20	$47,640		10/01/05	30-34 weeks	
	ELECTRICAL GEAR	EA	$47,522.61	1	$47,523		10/01/05	20-24 weeks	
	ELECTRICAL MATERIALS	EA	$46,867.54	1	$46,868		10/01/05	20-24 weeks	
	23 KV DISCONNECT SWITCH (LB)	EA	$6,551.00	6	$39,306		10/01/05	30-34 weeks	
44 015 20051	SW LB DISCONECT, OUTDOOR, MANAULLY OF	EA	$3,951.00	9	$35,559		10/01/05	30-34 weeks	
44 045 00800	WIRE ELEC MCM 400, 1 COND, CU HARD DRAWN	LF	$2.63	1050	$27,615		10/01/05	10-12 weeks	
44 045 01838	CABL, BUR, 2 AWG 2 COND 130VDC 7 WIRES, CU	LF	$5.19	3000	$15,570		10/01/05	12-16 weeks	
44 345 02401	WIRE, CONT, TROLLEY, 336/400 CM 16.200 LBS U	LF	$3.49	3696	$12,908		10/01/05	12-16 weeks	
44 015 20030	PAD, CIRC BRKR, CUSTOM 17" X 68" X 102" 4.338	EA	$1,489.00	7	$10,423		10/01/05	12-14 weeks	
	SW DISCONNECT, T, 34.5KV, 1200A, 25HZ SINGL	EA	$1,283.00	8	$10,264		10/01/05	30-34 weeks	
	Total Electric Traction				$8,695,122	$17,400,000			
Communications & Signals - FY06 Capital Program									
	SIGNAL EQUIPMENT REQUIRED TO REPLACE ABS CORK TO ST	EA	$1,345,878.00		$1,345,878		10/01/05	30-34 weeks	
	CIH WIRED FOR SOUTH BAY INTERLOCKING	EA	$800,000.00	1	$800,000		10/01/05	30-34 weeks	
	SWITCH MACHINE M-3	EA	$8,333.33	90	$750,000		10/01/05	20-24 weeks	
	WIRED CIH LOC A&B (CRESCENT)	EA	$595,522.00	1	$595,522		10/01/05	30-34 weeks	
02 914 71379	LAYOUT SWITCH	EA	$12,500.00	36	$450,000		10/01/05	18-20 weeks	
	VITAL RELAY	EA	$624.47	716	$447,118		10/01/05	18-20 weeks	
	PLASTIBETON	LF	$53.00	8300	$439,900		10/01/05	04-08 weeks	
02 030 00074	ELECTRACODE	EA	$5,864.31	58	$340,130		10/01/05	30-34 weeks	
	SIGNAL BRIDGE	EA	$81,000.00	4	$324,000		10/01/05	16-20 weeks	
	SIGNAL EXPRESS CABLE	EA	$297,761.00	1	$297,761		10/01/05	16-20 weeks	
	FABRIC, GATES	EA	$273,940.00	1	$273,940		10/01/05	20-24 weeks	
	TRACK CIRCUITS	EA	$240,379.00	1	$240,379		10/01/05	20-24 weeks	
	SIGNAL	EA	$5,370.00	42	$225,540		10/01/05	20-24 weeks	
	TRACK CIRCUIT	EA	$108,861.00	2	$217,722		10/01/05	20-24 weeks	
	ELECTRONIC CODE FOLLOWINGRELAYS	EA	$1,786.56	112	$200,095		10/01/05	16-20 weeks	
	CIH WIRED FOR UNIVERSAL CROSSOVER	EA	$200,000.00	1	$200,000		10/01/05	30-34 weeks	
	IMPEDANCE BONDS	EA	$1,925.00	102	$196,350		10/01/05	20-24 weeks	
02 914 71348	SWITCH MACHINE KIT	EA	$12,500.00	15	$187,500		10/01/05	20-24 weeks	
	INTERLOCKING LIGHTS	EA	$894.00	200	$178,800		10/01/05	20-24 weeks	
	NEW TRACK CIRCUITS	EA	$7,146.00	24	$171,504		10/01/05	20-24 weeks	
	BUNGALOWS	EA	$14,108.58	12	$169,303		10/01/05	20-24 weeks	

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time	
	SIGNAL CAGES	EA	$8,500.00	18	$153,000		10/01/05	20-24 weeks	
	CABLE TROUGH	LF	$41.00	3650	$149,650		10/01/05	04-08 weeks	
	BRIDGES AND GRADE SWITCHES	EA	$20,843.00	7	$145,901		10/01/05	16-20 weeks	
02 045 08703	COMPOSITE CABLE	LF	$2.60	54350	$141,310		10/01/05	12-16 weeks	
	RELAY CODE RESPONSIVESOLID STATE REPLACEMENTNEW IT	EA	$1,250.00	110	$137,500		10/01/05	20-24 weeks	
	RELAY, TRACK, SOLID STATEREPLACEMENT	EA	$1,250.00	110	$137,500		10/01/05	20-24 weeks	
	BATT HOUSES	EA	$31,503.00	4	$126,012		10/01/05	20-24 weeks	
	ELECTRIC SWITCH LOCK	EA	$7,500.00	16	$120,000		10/01/05	20-24 weeks	
	SWITCH MACHINE HAND-OPERATED	EA	$7,500.00	16	$120,000		10/01/05	20-24 weeks	
	CABLE AND CABLE SPLICINGKITS	EA	$28,406.25	4	$113,625		10/01/05	12-16 weeks	
	STORM WATER REPAIRS TBDC&S REPAIR SHOP	EA	$50,000.00	2	$100,000		10/01/05	12-16 weeks	
	CABLE 37C#14	LF	$3.66	25000	$91,500		10/01/05	12-16 weeks	
	RELAY 25 HZ MICOM P438	EA	$9,885.56	9	$88,970		10/01/05	20-24 weeks	
	HARMON GHEARDS SIGNALS	EA	$1,513.00	55	$83,215		10/01/05	20-24 weeks	
	SML SSR (US&S)	EA	$82,917.00	1	$82,917		10/01/05	20-24 weeks	
	SIGNAL CASES	EA	$6,551.00	12	$78,612		10/01/05	20-24 weeks	
02 914 71356	SW MACH KIT W/OUT LAYOUT	EA	$19,652.25	4	$78,609		10/01/05	20-24 weeks	
	MICROLOK II	EA	$6,728.20	10	$67,282		10/01/05	16-20 weeks	
	TRANSPONDERS	EA	$63,244.00	1	$63,244		10/01/05	30-34 WEKS	
	BATTERY LEAD ACIDE 240	EA	$1,500.00	41	$61,500		10/01/05	14-18 weeks	
	HOT BOX DETECTORS	EA	$30,000.00	2	$60,000		10/01/05	18-20 weeks	
	INSTRUMENT HOUSE 10X40	EA	$50,525.00	1	$50,525		10/01/05	24-30 weeks	
02 914 71375	LAYOUT FOR M-3	EA	$2,125.00	23	$48,875		10/01/05	18-20 weeks	
	PULL BOX	EA	$2,200.00	22	$48,400		10/01/05	12-16 weeks	
	SIGNAL MAST	EA	$3,000.00	16	$48,000		10/01/05	12-16 weeks	
	SIGNAL UNITS	EA	$5,362.50	8	$42,900		10/01/05	24-30 weeks	
	SIGNAL HEAD COLOR LED	EA	$700.00	56	$39,200		10/01/05	20-24 weeks	
	INSTRUMENT HOUSE 10X30	EA	$38,891.00	1	$38,891		10/01/05	20-24 weeks	
	CABLE 15 COND COMPOSITE	LF	$2.24	16800	$37,632		10/01/05	16-20 weeks	
	ROD PACKAGE	EA	$3,500.00	10	$35,000		10/01/05	18-20 weeks	
	15 CONDUCTOR COMP CABLE	LF	$3.13	10000	$31,250		10/01/05	16-20 weeks	
	SAFETRAN GCP MODEL 3000D2	EA	$15,387.00	2	$30,774		10/01/05	24-30 weeks	
	57 CONDUCTOR CABLE	LF	$6.14	5000	$30,680		10/01/05	16-20 weeks	
	CAT POLES	EA	$30,026.00	1	$30,026		10/01/05	24-30 weeks	
	SIGNAL SW	EA	$2,501.00	12	$30,012		10/01/05	16-20 weeks	
	GENISYS II	EA	$3,451.75	8	$27,614		10/01/05	16-20 weeks	
	CABLE 9C#9 SIGNAL LIGHTING	LF	$2.09	12650	$26,439		10/01/05	16-20 weeks	
	2 CONDUCTOR NO. 2/0 POWER CABLE	LF	$4.12	6000	$24,700		10/01/05	16-20 weeks	
	WESTERN COLLEN HAYESCROSSING MECHANISM	EA	$6,157.00	4	$24,628		10/01/05	24-30 weeks	
	INSTRUMENT HOUSE 8X8	EA	$12,159.00	2	$24,318		10/01/05	16-20 weeks	
	SIGNAL HEAD COLOR LED	EA	$2,000.00	11	$22,000		10/01/05	20-24 weeks	
	CABLE 2C#4	LF	$1.35	16000	$21,600		10/01/05	16-20 weeks	
	2 CONDUCTOR NUMBER 4 CLX	LF	$2.10	10000	$21,041		10/01/05	16-20 weeks	
	RATE CODE	EA	$1,040.00	20	$20,800		10/01/05	16-20 weeks	
	INSTRUMENT HOUSE 10X14	EA	$20,734.00	1	$20,734		10/01/05	16-20 weeks	
02 045 02756	4 PR TWISTED	LF	$1.70	11300	$19,210		10/01/05	16-20 weeks	
	SHACKELS	EA	$9,528.00	2	$19,056		10/01/05	16-20 weeks	
	MISC SIGNAL EQUIPMENT	EA	$5,955.00	3	$17,865		10/01/05	16-20 weeks	
02 045 07604	BURIAL CABLE	LF	$0.66	25800	$17,118		10/01/05	16-20 weeks	

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'l. Cost	Total Program Costs	Req'd. Date	Lead Time
	SWITCH HEATER CABLE 2C#4B	LF	$1.62	10500	$16,985		10/01/05	16-20 weeks
	5 CONDUCTOR NUMBER 9	LF	$1.69	10000	$16,920		10/01/05	16-20 weeks
	57C CABLE	LF	$6.14	2500	$15,350		10/01/05	16-20 weeks
	TRANSFORMER W-400 CS	EA	$743.55	20	$14,871		10/01/05	16-20 weeks
	BATTERY BOXES	EA	$350.00	41	$14,350		10/01/05	24-30 weeks
	FIBER CABLES 24 PR	LF	$3.00	4500	$13,500		10/01/05	20-24 weeks
	2C POWER CABLES	LF	$4.31	3000	$12,930		10/01/05	12-16 weeks
	BATTERY CH	EA	$706.00	16	$11,296		10/01/05	16-20 weeks
	2 CONDUCTOR NUMBER 6	LF	$1.11	10000	$11,080		10/01/05	12-16 weeks
	INTERFACE PANEL	EA	$100.00	110	$11,000		10/01/05	16-20 weeks
	PULL BOX COVERS	EA	$500.00	22	$11,000		10/01/05	12-16 weeks
	Total Communictions & Signals				**$11,250,359**	**$26,000,000**		
Bridge Timbers - FY06 Capital Program								
	BGTI SUSQUEHANNA REPLACE BRIDGE TIES - 3,178 BRIDGE T	KIT	$650,000.00	1	$650,000		10/01/05	52 weeks
	BRIDGE TIMBER TREATED 10"X10"X10"	EA	$226.30	869	$196,655		10/01/05	52 weeks
	BGTI IL466 SOUTH BRANCH REPLACE BRIDGE - 628 BRIDGE TIE	KIT	$78,500.00	1	$78,500		10/01/05	52 weeks
	BGUG NY BRONX KILL REPLACE TIMBER - 450 BRIDGE TIES	KIT	$60,000.00	1	$60,000		10/01/05	26 weeks
	BRIDGE TIMBER 6"X5"X12' F/MBTA MW	EA	$47.64	869	$41,399		10/01/05	52 weeks
	Total Bridge Timbers				**$1,026,554**	**$2,500,000**		
MW Equipment Overhaul - FY06 Capital Program								
	32 TOOL CAT TAMPER	EA	$1,900,000.00	1	$1,900,000		10/01/05	10 weeks
	UNDERCUTTER RM76	EA	$1,600,000.00	1	$1,600,000		10/01/05	32 weeks
	MFS-40'S	EA	$42,200.00	10	$422,000		10/01/05	28 weeks
	TIE REMOVER (TR10'S)	EA	$134,250.00	2	$268,500		10/01/05	12 weeks
	JR. SW TAMPER	EA	$130,000.00	2	$260,000		10/01/05	12 weeks
	BALLAST REGULATOR (BEB17)	EA	$105,000.00	2	$210,000		10/01/05	16 weeks
	CAT CAR	EA	$200,000	1	$200,000		10/01/05	12 weeks
	PETTIBONE CRANE	EA	$169,000	1	$169,000		10/01/05	12 weeks
	DECLIPPER	EA	$80,000.00	2	$160,000		10/01/05	12 weeks
	BULLDOZER	EA	$140,000	1	$140,000		10/01/05	12 weeks
	CRIBBER (CR312)	EA	$65,000	1	$65,000		10/01/05	10 weeks
	Total MW Equipment Overhaul				**$5,414,500**	**$9,812,196**		
MW Equipment Purchase - FY06 Capital Program								
	RT30 CRANE/HIGH RAIL	EA	$375,000.00	2	$750,000		10/01/05	30 weeks
	SNOW FIGHTING EQUIPMENT (ALL DIVISIONS)	EA	$600,000.00	1	$600,000		10/01/05	24 weeks
	FRONT END LOADER	EA	$250,000.00	2	$500,000		10/01/05	32 weeks
	INSTALLATOR	EA	$500,000.00	1	$500,000		10/01/05	30 weeks
	RAIL HEATER	EA	$250,000.00	2	$500,000		10/01/05	38 weeks
	SPIKER	EA	$250,000.00	2	$500,000		10/01/05	20 weeks
	PRIME MOVER	EA	$237,500.00	2	$475,000		10/01/05	40 weeks
	RAIL ANCHOR APPLICATOR	EA	$400,000.00	1	$400,000		10/01/05	32 weeks
	CRIBBER/ADZER	EA	$375,000.00	1	$375,000		10/01/05	36 weeks
	JUNIOR TAMPER	EA	$350,000.00	1	$350,000		10/01/05	37 weeks

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'L Cost	Total Program Costs	Req'd. Date	Lead Time	
	SPEED SWING	EA	$175,000.00	2	$350,000		10/01/05	40 weeks	
	TR-10	EA	$350,000.00	1	$350,000		10/01/05	40 weeks	
	SNOW BLOWER	EA	$330,000.00	1	$330,000		10/01/05	16 weeks	
	TIE HANDLER	EA	$150,000.00	2	$300,000		10/01/05	25 weeks	
	ANCHOR REMOVER	EA	$250,000.00	1	$250,000		10/01/05	36 weeks	
	SINGLE SPIKE PULLER	EA	$125,000.00	2	$250,000		10/01/05	23 weeks	
	EXCAVATOR	EA	$200,000.00	1	$200,000		10/01/05	35 weeks	
	SPECIAL BOOM STAKE BODY TRUCK	EA	$200,000.00	1	$200,000		10/01/05	46 weeks	
	TTX FAN CAR	EA	$75,000.00	2	$150,000		10/01/05	40 weeks	
	RAIL STRETCHERS	EA	$15,000.00	2	$30,000		10/01/05	35 weeks	
	Total MW Equipment Purchase				$7,360,000	$7,360,000			
Automotive - FY06 Capital Program									
	E8 - UTILITY TRUCK - SYS PROD	EA	$100,000.00	1	$100,000		10/01/05	38 weeks	
	N5 - 3 MAN STAKE BODY - NE	EA	$150,000.00	1	$150,000		10/01/05	45 weeks	
	N5 - 2 MAN STAKE BODY - NE	EA	$150,000.00	1	$150,000		10/01/05	45 weeks	
	N5 - 3-MAN STAKE BODY HI-RAIL - NY	EA	$150,000.00	1	$150,000		10/01/05	45 weeks	
	N5 - 2-MAN STAKE BODY HI RAIL - NY	EA	$150,000.00	1	$150,000		10/01/05	45 weeks	
	N2 - 3 MAN STAKE BODY - ENGR CENTRAL	EA	$150,000.00	1	$150,000		10/01/05	45 weeks	
	N7 - FLATBED W/ BOOM - SYS PROD	EA	$180,000.00	1	$180,000		10/01/05	45 weeks	
	N7 - FLATBED W/ BOOM - PROCUREMENT	EA	$140,000.00	1	$140,000		10/01/05	45 weeks	
	N9 - GRAPPLE TRUCK - SYS PROD	EA	$240,000.00	1	$240,000		10/01/05	45 weeks	
	H5 - LINE TRUCK - NE, NY (2), ENGR CENTRAL, MID ATL(3)	EA	$170,000.00	7	$1,190,000		10/01/05	45 weeks	
	H6 - ROTATING PLATFORM HI RAIL - NE, MID ATL	EA	$180,000.00	2	$360,000		10/01/05	38 weeks	
	H8 - 2 MAN BRIDGE - SYS PROD	EA	$550,000.00	1	$550,000		10/01/05	45 weeks	
	G2 - DUMP TRUCK - MID ATL	EA	$80,000.00	1	$80,000		10/01/05	45 weeks	
	G6 - 3 MAN STAKE BOOM DUMP - ENGR CENTRAL, NY	EA	$150,000.00	2	$300,000		10/01/05	38 weeks	
	G6 - 3 MAN STAKE BOOM DUMP - NE, ENGR WEST	EA	$225,000.00	2	$450,000		10/01/05	38 weeks	
	J1 - ELEC WELDING TRUCK W/SLEEPER - ENGR CENTRAL, NY,	EA	$180,000.00	4	$720,000		10/01/05	38 weeks	
	K4 - 2 MAN REFRIGERATED TRUCK - SERVICE DEL	EA	$85,000.00	5	$425,000		10/01/05	38 weeks	
	K6 - 3 MAN REFRIGERATED TRUCK - SERVICE DEL	EA	$100,000.00	2	$200,000		10/01/05	45 weeks	
	M2 - 26 PASS BUS - NE, PROCUREMENT	EA	$80,000.00	2	$160,000		10/01/05	45 weeks	
	P3 - FUEL & LUBE TRUCK - MID ATL	EA	$200,000.00	1	$200,000		10/01/05	38 weeks	
	P4 - FUEL DELIVERY - MECHANICAL	EA	$80,000.00	2	$160,000		10/01/05	38 weeks	
	P6 - WASTE DISPOSAL - MECHANICAL	EA	$60,000.00	2	$120,000		10/01/05	38 weeks	
	S2 - WRECK TRUCK - MECHANICAL	EA	$140,000.00	2	$280,000		10/01/05	45 weeks	
	T3 - TRACTOR W/SLEEPER - ENGR WEST(1), SYS PROD (2)	EA	$170,000.00	3	$510,000		10/01/05	38 weeks	
	Total Automotive Program				$7,115,000	$7,300,000			
	Total Engineering Materials and MW Equipment				$66,674,016	$148,172,196			

AMTRAK FY06 Capital Program
Long Lead / FRA Advance Purchase Material Requirements

Item No.	Description	U/M	Unit Price	Total Qty. Required	Total Mat'L Cost	Total Program Costs	Req'd. Date	Lead Time	
Design & Construction Contracts - FY06 Capital Program				% Funded by Others	Total FY06 Program Costs	Total Program Costs	$ Committed FY07 & FY08	Req'd. Date	Lead Time
	THAMES RIVER-REPL LIFT SPAN WITH VERTICAL LIFT			0	$29,893,160	$41,893,160	$12,000,000	10/01/05	104 weeks
	MOFE WILMINGTON WAREHOUSE			0	$15,000,000	$15,000,000	$0	10/01/05	78 weeks
	MOFE OAKLAND, CA MAINTENANCE FACILITY - CONSTRUCTION PHASE II			0	$14,037,851	$14,037,851	$0	10/01/05	78 weeks
	MOFW LOS ANGELES 8TH AVE - SECURITY IMPROVEMENTS			0	$5,609,051	$5,609,051	$0	10/01/05	52 weeks
	MOFW WILMINGTON - MW HQ MATERIAL STORAGE FACILITY			0	$4,754,173	$4,754,173	$0	10/01/05	52 weeks
	PELHAM BAY - CONCRETE PILES REHAB			0	$3,031,535	$7,031,535	$4,000,000	10/01/05	104 weeks
	MOFE KING ST COACH YARD SEATTLE, WA - IMPROVEMENTS			40%	$5,000,000	$55,000,000	$50,000,000	10/01/05	156 weeks
	SPUYTEN DUYVIL - REPLACE FENDER SYSTEM PHASE II			0	$2,039,527	$2,539,527	$500,000	10/01/05	104 weeks
	STA PENN STATION NEW YORK - CHILLER REPLACEMENT			0	$1,999,524	$8,999,524	$7,000,000	10/01/05	156 weeks
	STA PENN STATION NY SERVICE PLANT-UPGR RETAIL SPACE PHASE II			0	$1,619,296	$1,619,296	$0	10/01/05	52 weeks
	STA 30TH ST STATION - FACADE RESTORATION PH1 CONTRUCT			0	$1,252,756	$5,252,756	$4,000,000	10/01/05	156 weeks
	MOFE IVY CITY ENGINE HOUSE-REPLACE ROOF/MOTORIZED SKYLIGHT			0	$1,228,889	$1,228,889	$0	10/01/05	52 weeks
	CONNECTICUT RIVER - BRIDGE REPLACEMENT DESIGN			0	$1,000,350	$3,000,350	$2,000,000	10/01/05	156 weeks
	WOOD STREET - REPLACE SUPERSTRUCTURE			50%	$537,037	$3,037,037	$2,500,000	10/01/05	104 weeks
	UNION STREET - REPLACE SUPERSTRUCTURE			50%	$503,134	$3,003,134	$2,500,000	10/01/05	104 weeks
	BALTIMORE B&P TUNNEL OIL STATIC CABLE PROJECT			0%	$7,000,000	$7,000,000		10/01/05	52 weeks
	Total Design & Construction				$94,506,283	$179,006,283	$84,500,000		
	Total Engineering Department FY06 Capital Program				$161,380,299	$327,178,479			
	Total Mechanical and Engineering Departments FY06 Capital Program Long Lead Purchases				$223,431,943	$501,978,479			

Privileged and Confidential
Attorney-Client Communication
Attorney Work Product

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Approving Settlement of Claims with Alstom Transportation, Inc.

Background:

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

[redacted]

Exemption 5
Attorney-Client Privilege

Recommended Action:

[redacted]

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

April 14, 2005

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, April 14, 2005.

Members of the Board of Directors attending the meeting were David L. Gunn (President and Chief Executive Officer), Floyd Hall, David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Robert Jamison and Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Bill Crosbie, Gil Mallery, Joe McHugh, Barbara Richardson, Mike Rienzi, Alicia Serfaty, and David Smith of the Management Executive Committee (MEC) were present.

John Carten, Gordon Hutchinson, Medaris Oliveri, and Ed Walker of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:06 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

APPROVAL OF MINUTES

Mr. Laney called the Directors' attention to the minutes of the March 17, 2005 meeting of the Board of Directors. Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the minutes as submitted.

(4-0)

ACTION ITEMS

RESOLUTION APPROVING REVISED GUIDELINES FOR WORKING CAPITAL CASH INVESTMENTS

Mr. Laney directed the Board's attention to a resolution approving Amtrak's revised investment guidelines. Mr. Smith stated that Management has defined a new corporate policy that is designed to provide better control over working capital cash investments. He indicated that the new policy will reduce the risk of loss as well as increase liquidity and the rate of return on investments. He presented an overview of key elements of the revised investment guidelines and Amtrak's working capital cash investment process. He stated that the new investment approach, along with related initiatives, is projected to increase the rate of return on working capital investments by as much as $1 million annually.

A Board-led discussion ensued. In response to a request from Mr. Laney, Mr. Smith indicated that Management will provide the Board with a report on working capital cash investments on a quarterly basis. Mr. Hall requested that Management also provide the Board with a report comparing the results of Amtrak's investment strategy with similar investments.

Following further discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolution:

> WHEREAS, The Corporation holds cash balances, which may be invested in short and intermediate term securities pending disbursement for corporate purposes pursuant to previously approved Investment Guidelines; and
>
> WHEREAS, Management has proposed a new corporate investment policy for working capital for purposes of further reducing the risk of loss, increasing the liquidity of investments, and increasing the rate of return; and
>
> WHEREAS, The proposed policy, which is described in more detail in the attached Execu-

tive Summary, includes the following key requirements with respect to investments: a minimum rating agency credit rating of double A-minus or its equivalent; a maximum maturity of 24 months from the settlement date; diversification of investments in the portfolio such that any one issuer or guarantor may not exceed the greater of $10 million or 10 percent of the value of the portfolio and may not have foreign currency exposure; may not employ leverage; and may not be speculative, volatile, or extreme in nature; therefore, be it

RESOLVED, That the Revised Investment Guidelines as set forth in the attached Executive Summary are approved.

(4-0)

NATIONAL RAILROAD PASSENGER CORPORATION BANKING RESOLUTIONS

Mr. Laney called the Board's attention to corporate banking resolutions. Mr. Smith advised the Board that Amtrak's banking resolutions have been updated to reflect best corporate practices. He stated that the resolutions authorize the President and Chief Executive Officer (CEO), the Chief Financial Officer (CFO), Controller, and Treasurer to carry out necessary banking activities.

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

RESOLVED, That any one of the President and Chief Executive Officer, Chief Financial Officer, and Controller (each an "Authorized Individual"), and the Treasurer, acting jointly, are authorized and empowered to open or cause to be opened, accounts with the funds and in the name of the Corporation in any bank, trust corporation, banking house, discount house, investment corporation, broker, or other depository as they may select, and to close or cause to be closed any such accounts; and

FURTHER RESOLVED, That any such account may be drawn upon the order of the Treasurer or an Authorized Individual or by such person or persons (each a "Designated Individual") designated by the Treasurer and any Authorized Individual acting jointly from time to time in writing addressed and delivered to the custodian of the account, provided that the Treasurer or any Authorized Individual may terminate the authority delegated to the Designated Individual(s) at any time for such reasons as he or she deems proper. In the case of any drawing:

a) if by check or letter of instruction, the authorization of such order shall be evidenced by the signature of the Treasurer or an Authorized or Designated Individual; and

b) if by electronic funds transfer, the authorization of such order shall be evidenced by the security procedures that have been endorsed by the Treasurer and any Authorized Individual acting jointly; and

FURTHER RESOLVED, That checks, notes, drafts, acceptances, bills of exchange, letters of credit issued in favor of the Corporation, and similar instruments may be endorsed manually, automatically, or mechanically by the Treasurer or an Authorized or Designated Individual or employee of the Corporation for collection or deposit to an account opened in the name of the Corporation in accordance with these Resolutions; and

FURTHER RESOLVED, That the Chief Financial Officer or the Treasurer is hereby authorized and empowered in the name and on behalf of the Corporation to:

a) Enter into agreements with a financial institution with respect to financial products or services, including, without limitation, electronic banking, balance reporting, investment, trust, escrow, safe deposit services, night depository, and armored car transportation, or other similar arrangements and to issue written letters of instruction pursuant to any such agreements;

b) Open letters of credit necessary to support the Corporation's operations and execute any agreements and amendments relating to such letters of credit; and

c) Purchase bank guarantees or performance bonds necessary to support the Corporation's operations; and

FURTHER RESOLVED, That the Treasurer and any Authorized Individual, acting jointly, may delegate all or any portion of the administration and operational responsibilities for the aforementioned account(s), excluding the opening and closing of the account(s); and

FURTHER RESOLVED, That the Treasurer or any authorized or Designated Individual is hereby authorized and empowered in the name of and on behalf of the Corporation to give oral or written instructions with respect to the investment of funds, so long as these instructions are consistent with the Corporation's Investment Guidelines; and

FURTHER RESOLVED, That nothing contained in these Resolutions shall be interpreted to permit transactions contrary to applicable laws; and

FURTHER RESOLVED, That auditors employed by the Corporation shall have access to records pertaining to account(s) applicable to these Banking Resolutions; and

FURTHER RESOLVED, That all prior authorizations given to officers and employees of the Corporation or to other persons to open accounts, make deposits, draw moneys, or transact business of any kind on behalf of the Corporation with any Bank with respect to such accounts are hereby terminated effective as of the date that any such Bank receives a certified copy of these Resolutions, provided that any check, order, or other instrument of any kind signed on behalf of this Corporation prior to the receipt of these Resolutions by virtue of such prior authorization shall be accepted and honored by any Bank in the same manner and with the same effect as before the receipt of a copy of these Resolutions.

(4-0)

PERSONNEL MATTERS

APPOINTMENT OF CHIEF INFORMATION OFFICER

Mr. Laney directed the Board's attention to a resolution appointing Steve Emanuel as Amtrak's Chief Information Officer (CIO). Mr. Smith indicated that Mr. Emanuel has been serving as acting CIO since August 2004. Mr. Smith briefly discussed Mr. Emanuel's background and qualifications. Mr. Smith also presented an overview of Amtrak's Information Technology organization, the scope of services provided, and Amtrak's contract with IBM.

Mr. Smith stated that in addition to the proposed salary adjustment, Management recommends [redacted] The Board discussed Amtrak's policy on life insurance for senior management and requested that a representative of the Human Resources Department (HRD) provide additional information regarding this policy before taking a vote on the proposed resolution approving the appointment of Mr. Emanuel.

Exemption 2

STATUS REPORT ON AMTRAK'S INFORMATION SYSTEMS

A Board-led discussion ensued concerning Amtrak's information systems, which included replacing Amtrak's legacy systems and the feasibility of outsourcing. Mr. Smith called the Board's attention to a status report on Amtrak's information systems prepared by Gordon Hutchinson. Mr. Hutchinson indicated that the report includes an overview of Amtrak's current financial systems; outlines the advantages, challenges, and benefits of an integrated system environment; and defines steps required for implementation of an enterprise system. Mr. Laney requested a briefing on Amtrak's information systems at the May Board meeting. He indicated that the briefing should include the current status of Amtrak's information systems, the critical elements of the financial system, the cost of upgrading Amtrak's information systems, and how Amtrak can achieve the greatest rate of return in upgrading these systems.

Joe Bress of the MEC and David Hughes of Amtrak's staff joined the meeting.

FINANCIAL UPDATE

FINANCIAL AND OPERATING RESULTS

Mr. Smith briefed the Board on Amtrak's financial and operating results for March 2005 and the first half of FY05. He reported that Amtrak's adjusted loss before depreciation and post-employment benefits other than pensions (OPEBs) for the six month period was $363 million, which was $10.2 million unfavorable to budget and $29.2 million unfavorable to prior year.

Mr. Smith stated that March's financial results were $19.4 million favorable to plan. He indicated that for the first time in FY05, passenger-related revenue was favorable to budget and the revised forecast. He said that other sources of revenue, which included the Paoli settlement and a payment from the Union Station Redevelopment Corporation (USRC), were $19.0 million over budget.

Mr. Smith reported that core expenses were unfavorable to budget by $7.6 million and to prior year by $54.2 million. He noted that salaries, wages, and benefits continue to be under budget due to the fact that vacant positions are not being filled. He stated that the savings that have been achieved are being used to balance the budget. Mr. Sosa requested that Management provide prior year data in the Financial Summary.

BUDGET GAP

A Board-led discussion concerning the budget gap ensued. Mr. Smith advised the Board that closing the

FY05 budget gap is close to being on schedule. In response to an inquiry from Mr. Rosen, Mr. Smith indicated that Amtrak's FY05 spend rate is $1.4 billion. Mr. Smith reported that passenger-related revenue for the first half of FY05 totaled $701 million, which was $31 million below budget. He attributed the shortfall to a $17.4 million negative variance in *Acela/Metroliner* revenue and a $14.2 million negative variance in long-distance train revenue.

REPORT ON MARKETING PERFORMANCE

MARCH REVENUE AND RIDERSHIP RESULTS

Ms. Richardson reported that ridership in March exceeded budget and forecast by 3 and 8 percent, respectively, and was 6 percent over prior year. She stated that March ticket revenue was on budget, 4 percent ahead of forecast, and 6 percent over FY04.

PERFORMANCE FACTORS

Ms. Richardson briefed the Board on factors impacting ridership and revenue performance. She informed the Board that FY05 spring-break ridership and revenue were 2 percent and 3 percent higher, respectively, than prior year. She attributed March's performance to strong Easter/spring break results and the increase in gasoline prices. She indicated that while there were improvements across the board, the corridor regional trains continued to outperform higher-yield services.

Ms. Richardson stated that long-distance trains may have benefited from high gasoline prices and Amtrak's advertising campaign. She reported that long-distance train revenue during March was 5 percent higher than prior year with sleepers showing a 7 percent increase and coaches a 4 percent increase in revenue. She noted that services impacted by weather-related events in January and February appear to have recovered. She indicated, however, that a train-by-train analysis has shown a drop in long-distance city-pair ridership due to low-cost carrier competition in endpoint markets. She reported that ridership has increased on segments that are 500 miles or less. She stated that the average ticket price for a long-distance ticket is $85 compared to $22 for a short-distance trip.

A Board-led discussion concerning ridership, revenue, and the impact of high fuel prices ensued. Mr. Smith reported that fuel costs in FY05 were $18 million higher than FY04. Mr. Crosbie indicated that the volume of fuel consumed was actually lower year over year. [redacted]

Exemption 5
Deliberative Process

Mr. McHugh left the meeting.

In response to an inquiry from Mr. Laney, Ms. Richardson informed the Board that Management is developing a restructuring plan for Florida service that will involve changing current train schedules. She indicated that the plan will be implemented following the completion of CSX track work in June and will also include a promotional offer.

ACELA/METROLINER PERFORMANCE

Mr. Rosen expressed concern that *Acela/Metroliner* revenue in March was 4.1 percent below forecast. Ms. Richardson attributed the shortfall to low-cost carrier competition and the *Acela's* on-time performance (OTP). In response to an inquiry from Mr. Laney, Ms. Richardson indicated that a management team is analyzing the relationship between *Acela/Metroliner* and regional train performance. She reported that revenue for the New York to Boston segment of the Northeast Corridor (NEC) increased by 22 percent and ridership by 12.5 percent. She said the difference between the two is a result of Amtrak's January 11, 2005 fare actions on the northend.

Paul Nissenbaum of Amtrak's staff joined the meeting.

MARKETING ACTIONS

Ms. Richardson advised the Board about marketing actions intended to stimulate ridership and increase revenue. She said that the Share Fare program, which is designed to increase ridership on off-peak trains, will be extended through September 30. She stated that Management is considering extending the Share Fare program to long-distance trains but wants to avoid eroding Group Plan ridership. She indicated that marketing promotions will continue through May. She discussed Management's strategy for competing with low-cost carriers in order to increase long-distance ridership at end points. She announced that as of April 25, the remaining unreserved NEC Regional weekday trains will become all-reserved.

Discussion concerning the performance of the north and south ends of the NEC ensued. Ms. Richardson noted that JetBlue has announced that it will initiate service between New York's John F. Kennedy International Airport and Boston's Logan International Airport.

Mr. Hall pointed out differences in ridership and revenue data provided by the Marketing and Finance Departments.

GOVERNMENT AFFAIRS

Due to time limitations, an update on legislative matters was postponed until the May Board meeting.

SECURITY AND INSPECTOR GENERAL REPORTS

A report on the status of the action plan developed in response to the Rand Corporation Report and Amtrak's response to Department of Homeland Security (DHS) Security Directive RAILPax-04-02 was provided in the Board book.

UPDATE ON RAIL OPERATIONS

A report on FY05 rail operations through February was provided in the Board book.

CONTRACT RELATIONS/COMMUNICATIONS

Due to time limitations, a report on contract relations was postponed until the May Board meeting.

LABOR UPDATE

Due to time limitations, a status report on labor relations was postponed until the May Board meeting.

Messrs. Bress, Hughes, Hutchinson, Mallery, Nissenbaum, Rienzi, and Walker as well as Ms. Richardson left the meeting. The Board met in executive session with

Messrs. Carten, Crosbie, Jamison, Smith, and Yachmetz as well as Madames Oliveri and Serfaty present.

LEGAL MATTERS

Privileged and Confidential
Attorney-Client Communication

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

CLAIMS MANAGEMENT

A Board-led discussion concerning Amtrak's Claims Management program ensued. Mr. Sosa inquired about Amtrak's [redacted]

Exemption 5
Deliberative Process

Paula Porter of Amtrak's staff joined the meeting.

PERSONNEL MATTERS

RESOLUTION APPROVING EXECUTIVE LEVEL SALARY ADJUSTMENT

The Board resumed its discussion concerning the senior management benefits package and Mr. Emanuel's appointment as CIO. [redacted] She provided the Board with cost data concerning this benefit. A Board-led discussion ensued concerning the application of this

Exemption 2

policy. The Board requested that Management review the application of the senior management compensation policy and advise the Board of the findings.

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolution concerning Mr. Emanuel's appointment:

> WHEREAS, Management has identified Steve Emanuel as a qualified employee to serve as Chief Information Officer; and
>
> WHEREAS, Management has determined that the salary for Mr. Emanuel must be adjusted to reflect the market requirements for the Chief Information Officer position; therefore, be it
>
> RESOLVED, That effective this date, Management take all necessary steps to implement the salary adjustments and benefits identified in the Executive Summary concerning Mr. Emanuel's appointment.
>
> (4-0)

Mr. Carten, Ms. Oliveri, and Ms. Porter left the meeting. Messrs. Hughes, McHugh, and Nissenbaum rejoined the meeting.

STRATEGIC AND ORGANIZATIONAL PLANNING

The Board met in executive session with Messrs. Hughes, Jamison, McHugh, Nissenbaum, Serfaty, Smith, and

Yachmetz present to discuss Amtrak strategic reform initiatives and the corporation's FY06 Grant Request. Substantive issues regarding the reform and grant request document were discussed, along with a schedule for finalizing and introducing the document to stakeholders and members of Congress.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 3:45 p.m.

John M. Carten

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri

Medaris Oliveri
Assistant Corporate Secretary

National Railroad Passenger Corporation

Corporate Investment Policy for Working Capital

April 14, 2005

POLICIES

I. This document shall limit Amtrak's working capital investment activities to assure preservation of capital and liquidity while earning a market-rate of interest income. In that regard, wherever possible, Amtrak will hold investments until they mature; however, in order to maintain maximum flexibility, investments are intended to be available for sale.

II. Amtrak is a public service intercity passenger transportation company; investments are intended to support its business efforts. It is not, nor does it hold itself to be, an investment company, adviser or professional investor.

III. Amtrak's Treasurer shall have responsibility for corporate investment of working capital and shall take steps to ensure conformance with policies. Included in this document, by reference, are any covenants or agreements that govern the establishment, maintenance and investment of Amtrak's funds.

INVESTMENTS

I. Amtrak shall restrict investing its working capital to maturities of less than twenty-four months from settlement date. Maturities shall be consistent with the cash needs of the corporation as determined by its cash forecast. A maturity, by definition, shall include demand features to allow predictable redemption of capital at a specific time.

II. Amtrak shall restrict its working capital investments to the following:

A. Obligations of, and obligations fully guaranteed by, the government of the United States of America, government agency or chartered corporation thereof;

B. Obligations of, and obligations fully guaranteed by, any supranational organization;

C. Obligations of, and obligations fully guaranteed by, any state or territory of the U.S.A.;

D. Obligations of, and obligations fully guaranteed by, any governmental body within the U.S. or its territories, with a credit quality rating of at least A-1 or double A-minus by Standard & Poor's (or equivalent);

E. Securities issued under Securities Act of 1933, or Rule 144A, by any corporation that maintains a subordinated debt credit quality rating of at least A1 or double A-minus by Standard & Poor's (or equivalent);

F. Senior or preferred classes of asset-backed pass-through securities, issued under Securities Act of 1933 or Rule 144A, whose average life, at purchase, is less than twenty-four months when measured in response to a 200 basis-point upward interest rate movement, and with a credit quality rating of at least double A-minus by Standard & Poor's (or equivalent);

G. Investments issued or guaranteed by a regulated financial institution, foreign or domestic, provided that said institution is either:

1. Ranked among the world's one hundred largest institutions by assets as ranked by American Banker; or

2. Shows a net equity of at least $1 billion on its most recently audited financial statements; or

3. Whose corporate credit quality is rated at least A1 or double A-minus by Standard & Poor's (or equivalent).

H. Bond Market Association (BMA) repurchase agreements, master notes or deposits with counter parties that meet the requirements stated elsewhere in this policy.

I. Shares in open-ended money market mutual funds as defined under Rule 2a-7 of the Investment Company Act of 1940.

J. Shares of pooled investment vehicles not registered under Rule 2a-7, which seek to maintain a stable net asset value (NAV), provided that the fund:

1. Has not shown any fluctuation of NAV within the last three years (or since inception); and

2. Maintains a maximum weighted average maturity of 90 days or less; and

3. Is rated at least double A-minus by Standard & Poor's (or equivalent) or maintains a portfolio of investments with an average rating of at least double A-minus by Standard & Poor's (or equivalent).

III. Amtrak shall not employ leverage, whether embedded in a security structure or as part of a trading strategy. Speculative or extreme securities, such as those designed to profit from the purchase or sale of market volatility, are not appropriate for this portfolio.

IV. Amtrak shall diversify its investments consistent with the objectives of working capital. With the exception of US Government and agency issues, triple-A rated pass-through securities whose principal and interest are wholly derived from uniquely pledged assets, or daily liquidity deposits, based on trade date portfolio amounts, investment exposure shall be limited to the aggregate of:

A. The greater of ten million dollars or ten percent to any single issuer or guarantor;

B. Twenty-percent of obligations issued or domiciled in any single country, except for the U.S.A., or in the case of Euro-dollars, the UK.

C. Twenty-five percent participation in any single securities auction, where insufficient bids may result in a loss of liquidity.

V. Amtrak, and its subsidiaries, shall restrict investments to those denominated in US dollars in form and substance or shall eliminate foreign currency exposure in regard to investments.

CONTROLS

I. Authorized investors for Amtrak include its: Chief Financial Officer, Treasurer, Controller or their designees, where any such designations shall be written and are to bear the signatures of at least two of the above individuals. The Treasurer shall represent Amtrak relating to investments and shall have authority to enter into agreements, sign documents and communicate investment delivery or wiring instructions.

II. Amtrak's Investment Committee shall include its Chief Executive Officer, Chief Financial Officer and Treasurer. As deemed necessary, the Board of Directors shall appoint other members to the Investment Committee.

A. The Investment Committee shall determine the total return on investments (ROI) and shall compare this ROI against a fair and neutral benchmark, on an after-tax basis. An evaluation, including any non-investment issues relevant to performance, shall be tendered annually to the Board of Directors.

B. The Treasurer shall report timely to the Investment Committee any significant event that may materially and adversely affect an investment's value. The Investment Committee shall determine a course of action regarding such investment.

The Investment Committee shall also investigate the original transaction to verify the investment's original compliance with this policy. Assuming the transaction was within this policy's mandate, no punitive action would be appropriate.

III. Confirmations of investments shall be received by a qualified person not directly involved in investment transactions.

IV. Exceptions to this policy may be made by the Treasurer and must be made in writing.

V. The Treasurer shall contract with appropriate organizations to act as holders-in-custody of Amtrak funds and investments. All suck organizations shall be pre-qualified as having high levels of credit worthiness and low risk of loss.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

APRIL 19, 2005

The Board of Directors of the National Railroad Passenger Corporation held a special conference call meeting from conference room G of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Tuesday, April 19, 2005.

Board members present were David L. Gunn (President and Chief Executive Officer) and David M. Laney (Chairman). Board members participating in the call were Floyd Hall, Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Mark Yachmetz of the Federal Railroad Administration (FRA) also participated in the call.

Attending the meeting were Joe Bress, Bill Crosbie, Joe McHugh, Alicia Serfaty, and David Smith of Amtrak's Management Executive Committee (MEC).

John Carten, Medaris Oliveri, and Bill Schulz of Amtrak's staff were present. David Hughes of Amtrak's staff participated in the call.

Mr. Laney chaired the meeting and called it to order at 11:00 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

***ACELA* BRAKE DEFECTS**

REMOVAL OF ACELA TRAINSETS FROM SERVICE

Mr. Gunn provided the Board with an update on the status of *Acela* service, which was suspended on April 14, 2005 as result of cracks discovered in the disc brakes during a post-testing inspection conducted with the FRA. Mr. Gunn advised the Board that removal of the *Acela* trainsets from service would have a significant negative impact on revenue. He provided the Directors with estimated revenue losses and expense reductions associated with the suspension of *Acela* service and discussed efforts to introduce *Metroliner* service in its absence. He indicated that Management will have additional information concerning the financial impact of the suspension of *Acela* service when new service patterns are put in place.

PRELIMINARY FINDINGS

Mr. Crosbie advised the Board that Amtrak has obtained the services of an independent metallurgic engineer. Mr. Crosbie said that preliminary findings indicate that cracks in the brake rotors are caused by bending stress fatigue. He described the testing method used for locating the cracks and stated that he has been advised by the consultant that the current testing method may not identify all cracks since they may not be visible to the naked eye. Mr. Crosbie informed the Board that, as a safety precaution, all *Acela* trainsets have been grounded until additional information is received. He indicated that the next step in the testing process will be to determine the age and type of cracks.

ACTION PLAN

Mr. Crosbie advised the Board that if the Bombardier-Alstom Consortium is unable to obtain a sufficient number of brake assembly replacements, the *Acela* trainsets will have to be grounded indefinitely. He stated that Management's plan calls for replacement of the *Acela* trainsets with *Metroliners* by April 25 and to concentrate initially on service on the south end of the Northeast Corridor (NEC) where Amtrak realizes the greatest amount of revenue. He stated that the *Metroliners* will be operated as closely to the *Acela* schedule as possible. He stated that on the north end of the corridor, Amtrak will offer 50 percent of its regular service. In response to an inquiry from Mr. Hall, Mr. Crosbie described service and fleet changes underway to provide sufficient cars and locomotives for operation of service on the NEC. He identified the various sources from which Amtrak has obtained replacement cars. He also discussed actions taken by Management to enhance customer service during the transition period.

AMFLEET CARS

Mr. Crosbie advised the Board that Amtrak's entire fleet is undergoing a brake inspection. He stated that some Amfleet cars at the Hialeah facility were also found to have cracked rotors. He noted that no brake defects have been found in equipment from facilities other than Hialeah. He noted that a new maintenance bulletin has been issued with instructions to inspect for cracks in brake rotors. He advised the Board that defective brake parts are being sent to the manufacturer for further analysis.

LEGAL ISSUES

Attorney-Client Communication
Privileged and Confidential

[redacted]

Exemption 5
Attorney-Client Privilege

BOARD DISCUSSION

A Board-led discussion ensued concerning issues related to the *Acela* trainsets, which included food service adjustments, possible fare adjustments, changes in service as result of replacing the *Acela* fleet, other possible sources of equipment, labor issues, activation of a media plan, and possible long-term options to be considered if the *Acela* fleet is grounded for an indefinite period of time.

AMTRAK STRATEGIC REFORM INITIATIVES AND FY06 GRANT REQUEST

Mr. Laney called the Board's attention to the April 18, 2005 draft of *Amtrak Strategic Reform Initiatives and FY06 Grant Request.* The Board discussed at length the draft document and recommended changes. Mr. Rosen indicated that there was considerable commonality between Amtrak's reform initiatives and that of the Department of Transportation (DOT). He stated that there are a few departures between the two plans, which he identified as the allocation of a capital charge for debt service, performance metrics for continuation/discontinuance of long distance routes, and the amount proposed for the state match for federal capital funding.

Mr. Sosa left the call.

Following further discussion, Mr. Rosen stated that because of divergences between the two plans, he would have to abstain from the vote on the *Amtrak Strategic Reform Initiatives*.

The Board recessed at 1:33 p.m.

Mr. Laney reported to Ms. Serfaty that the Board reconvened the conference call Board meeting on Wednesday, April 20, 2005. Participating in the conference call were David Laney, Floyd Hall, and Enrique Sosa. A secretary was not present.

Mr. Laney reported to Ms. Serfaty that during the conference call meeting, the Board voted to approve the attached *Amtrak Strategic Reform Initiatives and FY06 Grant Request*. Mr. Laney indicated that Jeffrey Rosen (alternate for Secretary of Mineta) provided Mr. Laney with his proxy for the vote on this issue. Mr. Rosen's instructions were that if the *Amtrak Strategic Reform Initiatives and FY06 Grant Request* were voted on as separate items, he would vote "no" on the *FY06 Grant Request* and "abstain" on the vote on *Amtrak Strategic Reform Initiatives*. Mr. Laney advised Ms. Serfaty that the Plan was voted on as a whole and that Mr. Rosen's vote should be recorded as an abstention.

(3-0-1)

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned on April 20, 2005.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Alicia Serfaty
Corporate Secretary

Amtrak
Strategic Reform Initiatives
and
FY06 Grant Request

REBUILDING AMERICA'S
PASSENGER RAIL SYSTEM

APRIL 2005

AMTRAK

NATIONAL RAILROAD PASSENGER CORPORATION

DOCUMENT FORMATTED FOR DUPLEX (2-SIDE) PRINTING

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Preface

This is a critical juncture in the history of U.S. intercity passenger rail. In response to calls for reform, Amtrak's management and Board have developed a blueprint for a dramatic departure from business as usual and have already begun its implementation. The comprehensive transformation of Amtrak and intercity passenger rail envisioned in this document cannot be achieved easily or overnight. Such systemic change is invariably disruptive, and it will encounter resistance. We are nonetheless committed to the direction we have set and optimistic as to the outcome.

Amtrak cannot accomplish these goals alone, however. If we are to successfully implement the pervasive reforms presented in this document, Amtrak and its wide range of stakeholders – including employees, the federal government, states, freight and commuter railroads, suppliers, service providers and a wide array of passenger rail industry organizations – must work together constructively and flexibly if we are to achieve our common goals.

Most importantly, we will need a clear signal of support for intercity passenger rail from both the Administration and Congress. As we embark on the reforms promised in this plan, there has never been a more pivotal moment for federal policy-makers to stabilize Amtrak's operating and financial environment and lay a solid foundation from which intercity passenger rail can begin to fulfill its potential. That message will have to include adequate and reliable funding, beginning in FY06.

For years, the battle cry of Amtrak proponents and detractors alike has been "reform". Most recently, the Bush Administration has signaled its own sense of urgency for reform at Amtrak and in U.S. intercity rail passenger service generally by way of a proposed "zero" FY06 Amtrak operating budget, while making it clear through the Secretary of Transportation that it would support increased funding in conjunction with appropriate and comprehensive reform.

This document represents Amtrak's response. In it we have outlined a set of reform strategies developed by Amtrak's Board and management that embodies a vision for Amtrak's future as well as that of U.S. intercity passenger rail. It is appropriate to acknowledge at the outset the considerable and often thoughtful body of Amtrak reform concepts that preceded our own effort - especially since we have in some places drawn from it liberally in developing our own reform framework - including the recently reintroduced Bush Administration proposal, legislative proposals from several interested members of Congress, detailed analysis and recommendations of the Amtrak Reform Council, and commentary from a range of experienced railroad hands.

Although our reform initiatives might stray from earlier recommendations in many respects, they are absolutely aligned in one: that intercity passenger rail has enormous unrealized value for our country.

The nation's highway system now approaches gridlock in many of the more densely populated regions of the country. Costs of congestion relief principally in the form of added highway capacity, combined with escalating costs of simply maintaining available highway infrastructure, now regularly overwhelm available federal, state, local and user (toll) resources. Our nation's private freight rail network faces its own infrastructure capacity problems. Unable to recover its cost of capital in order to build significant additional rail capacity, our freight rail industry is increasingly limited in its ability to meet rising freight and passenger demand driven by economic growth and highway congestion. The aviation system is likewise confronting jarring capacity and financial constrictions - in runway, terminal and air control system capacity - unheard of a decade ago and now also steadily on the rise.

Extrapolating these trends one, two, three or more decades into the future - along with environmental impacts, gasoline prices, and the discontinuance of bus service throughout much of the rural U.S. - challenges to the effectiveness of our nation's transportation system grow exponentially. In that context of increasingly complex, costly and limited alternative strategies, intercity passenger rail can play an important complementary role in U.S. transportation policy.

There are three basic principles embodied in Amtrak's strategic reform package presented here. The first is that, as entwined as the subjects of Amtrak and U.S. intercity passenger rail have become since 1971, the two must be uncoupled, understood separately and in time addressed independently. Second, positioning intercity passenger rail as a mode of transportation for increased investment by states and private industry will require the adoption of a federal matching grant program comparable to those historically available for the development of highway, aviation and transit systems. And finally, intercity passenger rail will never begin to realize its full, long-term commercial potential without the introduction and development of competition.

To the extent possible, reform cannot await the action of others. Amtrak will begin to implement its initiatives to the full scope of its authority and as expeditiously as it considers practicable and responsible. We will be working closely with interested stakeholders as we develop and begin to implement the reform initiatives, and further analysis and input will undoubtedly refine our plans. Yet it is important to emphasize that the ultimate objectives embodied in our reform initiatives hinge upon limited but essential federal legislative action. Federal legislation that provides a federal funding match program, added labor flexibility and access to Amtrak's freight rail access rights by other qualified operators is an essential precondition to a competitive intercity passenger rail industry in which the need for government subsidies is minimized. No less critical to the development of intercity passenger rail is the goal of robust state involvement, which simply will not occur without a federal match program attractive enough to secure continued support and stimulate new investment.

Early steps to be taken in implementing the initiatives relate to a segregation of Amtrak into five distinct business lines for accounting, planning, budgeting, financial analysis and financial reporting purposes – infrastructure management, NEC operations, state corridor operations, national long distance operations and ancillary businesses. Clarity and transparency with respect to the financial performance of each business line is critical to all stakeholders.

We do not envision a segregation of NEC infrastructure from NEC operations at this time, contrary to some conventional wisdom, for reasons more fully detailed in the body of this document. The internal separation of business lines for planning, analysis and reporting purposes achieves many of the purposes served by an actual segregation, and represents a necessary first step to such action in any case. We do, however, anticipate the ultimate separation of Amtrak's service functions from certain of its operating rights and assets, and the evolution of Amtrak into one of a number of contract operators/suppliers in an increasingly competitive passenger rail market.

Business as usual for Amtrak and intercity passenger rail is not sustainable as currently structured or funded. Responsibilities and resources at Amtrak have been grossly mismatched for too long. The strategic reform initiatives presented here represent an aggressive, carefully considered and responsible departure from historical patterns. They also begin a process of more detailed planning and implementation as well as a process of transition and transformation for Amtrak and intercity passenger rail.

In launching the reform process, none of us can afford to lose sight of Amtrak's primary responsibility of running the complex day-to-day operations of the nation's intercity passenger rail service, nor can we overstate the critical need for adequate federal funding by FY06. The Bush Administration's proposal for Amtrak's operating budget was a timely and powerful message. It is now time to move beyond that message. On the basis of this package of strategic reform initiatives that promise a transformation of Amtrak and intercity passenger rail in the years to come, federal funding at levels that adequately support ongoing capital programs at Amtrak becomes essential as we begin the reform transition process.

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Overview

Nearly all Amtrak® reform proposals recognize that intercity passenger rail can make a valuable contribution in meeting several key transportation policy objectives, including providing:

- An alternative consumer travel choice to the automobile, bus and air;
- Additional capacity with opportunity for growth and intermodal connection;
- Redundancy to other modes for security purposes;
- An important link in rural areas where transportation alternatives are limited;
- A stimulus to economic development and commercial activity; and
- An environmentally sound, energy efficient and disability friendly alternative to other transportation modes.

The reform proposals also recognize that these policy goals can be realized only if the debate over Amtrak is separated from the subject of intercity passenger rail service. While Amtrak is likely to remain the principal steward of the nation's passenger rail system in the near term, the key question facing policy-makers is the role of passenger rail in the nation's transportation network, not simply Amtrak's role in it. As passenger rail develops, Amtrak's role needs to shift dramatically – with states becoming the principal consumers of passenger rail service and Amtrak evolving into one of a number of providers in an increasingly competitive market.

Long-Term Objectives

While the reforms within Amtrak are essential, the future viability of passenger rail hinges first on a defined mission, including adequate and predictable capital funding, and over the longer term on the emergence of competition and private sector alternatives to Amtrak.

Key objectives over the next decade are: the development of corridors through a federal-state capital matching program; return of the NEC infrastructure to a state of good repair; establishment of performance measures for long distance routes; and the introduction of competition.

Specifically, Amtrak's Board and management envision the development of an intercity passenger rail system over the next decade that advances the following objectives:

- Development of passenger rail corridors based on a federal-state capital matching program, with states serving as the developers and "purchasers" of competitively bid corridor services;
- Return of the Northeast Corridor infrastructure to a state of good repair and operational reliability, with all users gradually assuming financial responsibility for their proportionate share of operating and capitaln eeds;

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- Continuation and possible addition/elimination of certain national long distance routes based on established performance thresholds, with a phase-in period to allow for performance improvements and state participation where needed to meet thresholds; and
- Emergence of markets for competition and private commercial participation in all passenger rail functions and services, including outsourcing of selected functions and competition among operators for corridor routes.

Amtrak's focus is delivering superior service, while serving as a catalyst for change and preparing for competition.

Amtrak's vision for its own role over the coming years is to:

- Deliver superior service – including continued excellence in operational safety and security, and infrastructure/asset management, while becoming more market and customer oriented;
- Serve as a catalyst for change – helping the nation's intercity passenger rail system achieve the long-term objectives described above; and
- Evolve into one of a number of competitors for passenger rail services and routes, all positioned on equal competitive footing.

Summary of Initiatives

Amtrak's strategic initiatives represent a package of reforms that will fundamentally transform the pattern of passenger rail service development and delivery throughout the U.S. It begins with actions already initiated by Amtrak, both structural and operational; ultimate realization of the reforms, however, will depend on federal and state action.

Amtrak Structural Initiatives

The key structural steps Amtrak is taking are grounded in a series of building blocks (further detailed in Section I):

Amtrak must capitalize on the stability and management control it has instituted over the last two years; begin planning and reporting by business line; and identify activities and functions that lend themselves to competition and private sector involvement.

1) Management controls. Reinforce what has recently been accomplished – stability and management control. Over the last two years, Amtrak has made substantial structural and operating changes that have resulted in increased organizational stability, expense control, and an effective program of capital reinvestment. This restructuring effort has:
    - Cut layers of management, clarified lines of authority and enhanced accountability;
    - Provided regular performance reporting and accurate GAAP-based accounting;
    - Instituted zero-based budgeting and controls; and
    - Focused the company on core passenger rail operations and rebuilding of assets.

    Amtrak's Board and management believe strongly that next steps must reinforce and capitalize on the progress to date.

2) Planning and reporting by business line. Building on recent accounting improvements, provide transparency along business lines to facilitate management and policy decisions. Specifically, Amtrak will begin to focus planning activities, policy development, financial accounting, and reporting and management along five distinct lines:

- Infrastructure management (Amtrak-owned);
- NEC operations;
- State corridor operations;
- National long distance operations; and
- Ancillary businesses (non-core).

In addition, system support overhead functions will be accounted for separately during a transition, and allocated back to the business lines over a five-year phase in period beginning in FY07. Debt service and system security will initially remain separate and unallocated.

Such a structure will bring a new focus not only to the costs of each business line, but to the mission, goals and market opportunities associated with each. Amtrak further plans to align management accountability with performance – including on-time performance and customer service – for each business line and individual route.

3) Advancing competition and privatization. Identify activities and functions that lend themselves to competition and privatization in order to foster competition and commercial activity. Amtrak's ultimate goal is a vibrant passenger rail system with a competitive supply industry and multiple service delivery options, within which Amtrak becomes one of several alternative providers/suppliers. Amtrak will support this objective by:

- Developing activity-based analytical capabilities that clarify the unit costs of individual business activities;
- Enhancing Amtrak's competitive position by an ongoing comprehensive review and implementation of operating efficiencies, including more aggressive revenue enhancement and expense reduction measures (see operating initiatives below); these include outsourcing additional services where a commercial advantage and/or added efficiencies might exist;
- Experimenting with the outsourcing of management of selected shared facilities to third-party managers; and
- Beginning to facilitate competition for routes, functions and individual services.[1]

[1] The establishment of a level footing for competition, which will ultimately require legislative assistance, requires making available to alternative operators (selected by states through competitive bidding) certain rights and assets currently available only to Amtrak, and ensuring more modernized labor flexibility.

Amtrak has begun taking a series of operating actions designed to increase revenues, lower costs, reduce the federal funding requirement for Amtrak, and ultimately position the company for competition.

A key focus will be on improved customer service and on-time performance.

Amtrak Operating Initiatives

In conjunction with these structural initiatives, Amtrak has begun taking a series of operating actions designed to increase revenues, lower costs, reduce the federal funding requirement for Amtrak, and ultimately position the company for competition. Section II summarizes these initiatives for each of the five business lines. Generally, these initiatives fall into three categories:

1) Financial performance enhancement. Over the last two years, Amtrak has focused on delivering service in as cost-effective a manner as possible, reducing non-essential positions and expenses while maintaining or adding service and increasing ridership and revenue. The next phase of these efforts is to identify additional opportunities for revenue enhancement and savings, including:

   - Aggressively pursuing opportunities to increase revenues through innovative service, marketing and pricing strategies;
   - Selecting functions and services where there are opportunities to reduce cost or improve service through outsourcing or modified service levels (e.g., food service);
   - Seeking work rule changes that will enhance operational flexibility and efficiency while maintaining service quality;
   - Continuing efforts to improve equipment utilization and scheduling to enhance load factors and reduce costs; and
   - Targeting technology investments that will improve productivity, help diagnose problems, reduce asset failures, and provide better real-time information for managers.

2) Customer service and on-time performance improvements. Amtrak has historically suffered from uneven customer service and has recently seen a deterioration in on-time performance throughout the system. In order to address these issues, Amtrak is focusing on:

   - Working closely with the freight railroads to address growing congestion and bottlenecks on routes carrying the majority of Amtrak trains, starting with an experimental performance incentive program currently being tested on routes operated by four of the six major host railroads;
   - On Amtrak-owned NEC infrastructure, implementing performance audits (particularly focused on dispatch systems), and working with other users to alleviate congestion on key segments;
   - Attracting, developing and managing a highly skilled, service-oriented workforce, with particular attention to front line employees who interact with customers; and
   - Outsourcing selected services where there are opportunities for improved customer service at comparable or lower cost.

3) Operating and capital funding responsibilities. There are several areas in which the intercity (and commuter) passenger rail system has relied on the federal government (through Amtrak) for funding support. Amtrak envisions a system in the future in which the federal government's role is limited primarily to a capital funding

match program for corridors at levels sufficient to maintain and develop viable corridor services, and to funding of operating and equipment costs for a long distance network comprised of trains meeting minimum financial performance/public benefit targets. In brief, this will require a phased-in role over the next five years for states and NEC commuter authorities as follows:

- State corridors. States will transition to covering fully-allocated operating losses (excluding interest and depreciation), plus an equipment capital charge, on all short distance corridor trains – over a four year period starting in FY08 and completed by FY11. Amtrak envisions the federal government enacting a federal capital match comparable to other modes (80-20) that becomes effective no later than FY08 in order for this operating transition to be effective; it is likely that Amtrak will have to reevaluate its transition policy in the event that there is not a federal capital match program in effect by FY08.
- NEC infrastructure. The federal government would pay the cost of bringing the corridor up to a state of good repair. NEC commuter railroads would pay at their current negotiated rates for operating access and capital through FY06. By the end of a five year transition period starting in FY07, the commuter railroads will be responsible for paying their full proportionate share of operating access and annual "life cycle replacement" capital costs necessary to maintain a reliable infrastructure on an ongoing basis.[2] They would also continue to be responsible for the full cost of capacity improvements required as a result of growth in commuter traffic. Following the transition period (FY11), NEC intercity train operations would also be required to cover its full proportionate share of access and annual life cycle replacement costs – with capital costs matched on the same basis as state corridors (80-20).

By FY11, states would pay fully allocated operating costs and an equipment charge on all short distance corridors – supported by a federal capital match program; and NEC commuter authorities would pay full proportionate operating and capital costs.

Legislative Initiatives

In order to develop the full potential of rail and the opportunity for a competitive passenger rail market, as described in Section III, the public sector will have to provide the "glue" for these building blocks through:

1) Federal funding. These initiatives hinge on the establishment of an adequate, reliable long-term federal funding commitment for intercity passenger rail. This funding would include:
   - A federal capital match for state supported passenger rail capital investment comparable to the statutory match provided for other modes (generally 80-20);
   - 100 percent of funding necessary to return the Northeast Corridor to a state of good repair; and ongoing capital funding on the same matching basis as for other corridors to maintain reliability (after accounting for commuter and freight funding proportionate to their use of the infrastructure); and

The federal government's primary role is to establish a funding match commitment for intercity passenger rail and a stable platform for competition, while the role of the states is to assume the initiative in corridor development and operation.

[2] Requires statutory or regulatory change.

- Limited continuing operating and capital funding for national long distance services that meet performance thresholds, and for system security.

2) State leadership in corridors. States would assume a lead role in developing and managing corridors including:

   - Overseeing development of qualified corridors using the federal-state capital match;
   - Directing competitive procurement of corridor services; and
   - Managing corridor operations, including phased in responsibility for full operating funding.

3) Federal platform for competition. In order to ensure a level footing for competition within the passenger rail service industries and eliminate disincentives to entry by new competition, federal legislation is needed to:

   - Ensure that certain rights and assets historically held by Amtrak – including the right to operating access to the rail network at incremental cost and to access legacy rolling stock – are made available to any qualified competitor (including Amtrak) that is selected by a participating state.[3,4]
   - Provide that all operators of intercity passenger rail will be subject to the same laws and regulations regarding their labor agreements, and that (as in other industries) labor agreements of Amtrak and other intercity passenger rail operators shall terminate when they expire rather than being indefinitely extended.[5]
   - Enable DOT to designate an entity to oversee the transition to a competitive environment; the entity would be responsible for distributing federal funds, providing selected equipment assets and statutory operating rights (including right to access at incremental cost) to states, and other tasks essential to ensuring a market favorable to open competition.

This legislative agenda to promote competition is complex and requires added flexibility on the part of many stakeholders; it should be undertaken only in conjunction with the enactment of a federal match funding structure for passenger rail capital sufficient to attract long-term state and private investment and the implementation of a commercially viable labor framework.

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[3] Amtrak could take interim steps to facilitate this future transfer of rights and assets by organizationally separating the rights and assets from operation; since such action would be useful only in serving to facilitate competition, it would conversely serve no effective purpose until federal legislation is enacted that creates the framework for competition, including notably the establishment of a funding source for passenger rail and the removal of statutory impediments to competition.

[4] There are several alternatives to directly granting operating rights to other qualified operators; Amtrak could retain the statutory rights to access and contract those rights – including, if desired, qualified train operating employees – to either participating states or state-selected operators.

[5] Amtrak proposes that this provision be applied only to Amtrak or other future operators of intercity passenger rail services, not to the freight rail industry.

Implementation Planning

This document outlines the steps needed to further develop intercity passenger rail. In order to ensure success, a detailed implementation plan containing business plans, budgets, policies, milestone goals, and timetables for each line of business will be necessary; future progress reports and plan updates will also be needed. Individual initiatives will be adjusted if they fail to meet specific service or financial goals contained in the final implementation plan.

The ultimate success of any set of initiatives depends upon a detailed implementation plan, and Amtrak intends to develop such a plan with formal stakeholder input.

Amtrak recognizes that developing a detailed implementation plan and associated transition steps will require the input of a range of stakeholders, including Congress, the Administration, states, freight railroads, commuter authorities and rail labor. Amtrak commits to working with these stakeholders, through a set of "steering" or advisory groups and in conjunction with policy-makers, in developing reauthorization legislation and securing funding.

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Strategic Reform Initiatives

Amtrak's strategic reform initiatives are organized in three sections: (1) Structural options that Amtrak either has already taken, is currently implementing or planning, or has set aside for further evaluation; (2) Operating initiatives that Amtrak is currently undertaking or planning that will advance the goals for each line of business; and (3) Legislative initiatives. While Amtrak is undertaking these structural and operating initiatives without the need for enabling legislation, the ultimate success of Amtrak's intercity passenger rail strategy depends on legislative action, particularly the establishment of a federal funding match program, labor flexibility, and the accessibility of selected Amtrak rights and assets to competitive service providers other than Amtrak.

Amtrak's Board and management have developed a set of strategic initiatives, involving both Amtrak and government actions, which in combination will revitalize intercity passenger rail service in America.

This document provides an outline of the steps Amtrak considers necessary to renovate and rebuild the passenger rail system, but the successful implementation of any strategy will require a more detailed plan along with regular progress reports and revisions as necessary; the last section in this chapter outlines the process Amtrak is undertaking to develop such a detailed implementation plan.

I. Structural Initiatives

Amtrak's structural initiatives are comprised of the three building blocks outlined in the overview section above – stability and management control, planning and reporting by business line, and competition and commercial activity. The company is in varying stages of progress on each, ranging from essentially complete (stability and management control) to just beginning (competition and commercial activity).

Establish Management Controls

The first building block has largely been completed over the last two years. In May of 2002, Amtrak required an immediate cash infusion to avoid insolvency and to begin to address the immense backlog of deferred infrastructure and equipment maintenance. Amtrak immediately instituted a series of internal reforms designed to stabilize the organization and bring management control back to financial and operational decisions, including:

Over the last two years, the company has implemented substantial structural reforms that have brought stability and order to Amtrak.

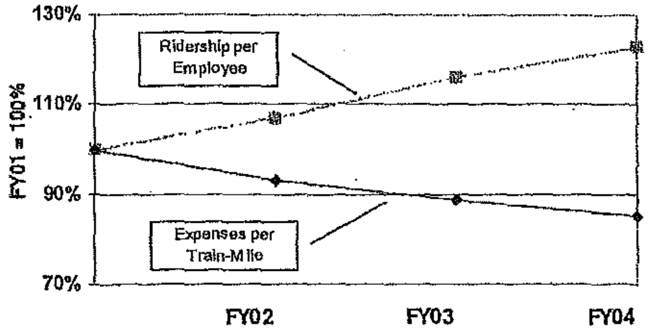
- Restructuring the organization to reduce redundant layers of management, and to clarify lines of authority and accountability;
- Providing regular performance reporting to Congress and other stakeholders, using accurate, transparent, GAAP-based accounting;
- Instituting zero-based budgeting, with monthly performance reports to measure progress against established performance targets; and

- Focusing Amtrak on the core passenger rail business – eliminating Mail & Express and associated long distance routes[6] – while reinstituting a state of good repair capital program on a prioritized, project-by-project basis, to ensure safety and enhance reliability.

Amtrak's business reforms have resulted in no additional debt, reduced expenses and higher ridership.

<u>Results</u>

Expenses per train-mile down 15%
Ridership per employee up 23%



Note: Based on "core" business line expenses and employees.

Since FY02, Amtrak has implemented a program to systematically rebuild its infrastructure and rolling stock to reach a state-of-good-repair.

Amtrak has also made significant progress in rebuilding infrastructure and rolling stock after years of deferred maintenance. The program is based upon a "production line" approach to ensure that assets are rebuilt making the most efficient use of labor and materials, rather than the previous, reactive approach of repairing assets when they fail. The results in FY03-04 include:

- Installation of 256,000 concrete ties (the equivalent of 97 track miles);
- Installation of 266 miles of continuous welded rail;
- Replacement of 34 miles of signal cable;
- Remanufacturing or heavy overhaul of 180 passenger cars; and
- Rebuilding of 51 wrecked cars and locomotives.

While significant progress has been made, the organization remains in a precarious position as it seeks to overcome years of underinvestment and costly management decisions. Whatever additional "reform" steps the Board and management take will seek to preserve and further enhance progress to date in the areas of stability and control.

[6] Since 2002, Amtrak has eliminated or truncated the following trains in association with the elimination of Mail & Express: Kentucky Cardinal, Pennsylvanian, Three Rivers and Palmetto.

Organize Planning and Reporting by Business Lines

The next step, which Amtrak is currently in the process of undertaking, is to build on the financial reporting transparency developed since 2002 by accounting, planning and reporting on Amtrak's financial activities by business line. Amtrak is currently an aggregation of a number of distinct "buckets" of business activity. While there are clearly economies of scale to maintaining much of this prior aggregation, policy-makers and Amtrak managers will benefit from the ability to assess each line of business independently, including evaluating the market, policy goals, operating requirements, investment needs, business plans and progress for each.

Business Line Definitions

Policy-makers and Amtrak managers will benefit from independent assessments of the market, goals, operating and investment needs and plans of each line of business.

Without disrupting the current GAAP-compliant accounting and budgeting, Amtrak is adding a business line overlay to that framework. Specifically, the company will be organizing its strategic plan and providing financial reports around five business lines:

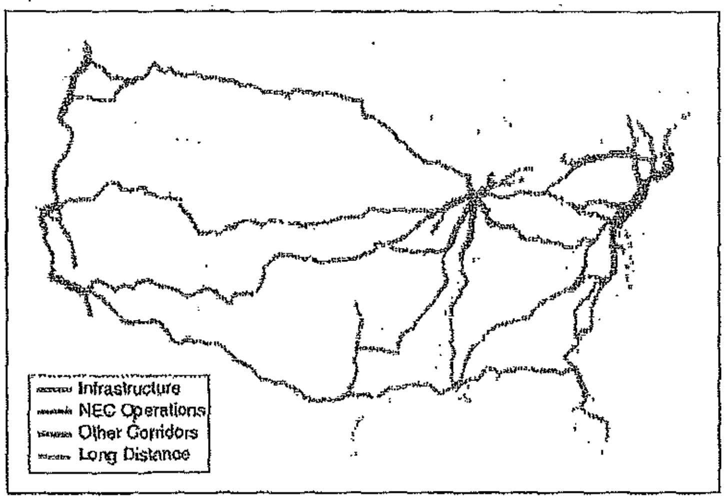
- Infrastructure Management (Amtrak-Owned) – maintenance, capital construction and management on Amtrak-owned infrastructure, including:
  - Most of the Boston-Washington spine,
  - Philadelphia-Harrisburg, New Haven-Springfield,
  - 29 miles of the Empire Corridor,
  - 96 mile portion of the Michigan line, and
  - Maintenance yards and terminal track in several other locations.
- Northeast Corridor Operations – train operations on the NEC spine from Boston to Washington (primarily Acela and Regionals).
- State Corridor Operations – train operations on all other short distance corridors (generally less than 500 miles), some of which are currently state-supported and others that, for historical reasons, are "system" segments that are not currently state supported.
- National Long Distance Operations – train operations on routes of more than 750 miles, currently including 15 trains on 14 routes.
- Ancillary Businesses – often referred to as "non-core" businesses, including real estate, commercial, reimbursable and commuter services[7], all of which earn a profit for Amtrak.

In addition, overhead support for the entire national system (shared functions such as payroll and legal that are handled more economically on a central basis and are not easily fragmented and assigned to

[7] Commuter services include a variety of competitively bid and sole source contracts with commuter authorities for train crews, mechanical and other services provided by Amtrak; payments by commuter authorities for use of Amtrak's NEC infrastructure are included in the infrastructure management business line.

specific business lines) will initially be accounted for separately from the business lines; these overhead costs will be allocated back to the lines in a phased five-year period until they reach zero in FY11. Individual business lines will not be burdened with debt service on legacy debt that was incurred either for the explicit purpose of covering operating deficits or to free up other funds for operating or capital purposes.[8]

Core Business Lines



Near-Term Steps

For each business line, Amtrak will estimate profit/loss performance and funding needs, shape its FY06-10 Strategic Plan, and align management accountability.

Specific immediate steps to expand the planning and reporting process around business lines include:

1) Estimating profit/loss performance and capital investment needs by business line as an overlay to the existing accounting system (first cut in April 2005; refinement by September 2005);

2) Supplementing the annual grant request to Congress with a preliminary summary of financial results and funding requirements by business line (see FY06 Grant Request below);

3) Developing an FY06-10 Strategic Plan[9] around business lines as a detailed follow-up to this document – including bringing key stakeholders into the planning process to make recommendations on strategic direction and policy for each business line (Fall 2005); and

4) Aligning management accountability with performance – including on-time performance and customer service – for each business line and individual route (beginning in 2005).

[8] Amtrak proposes that the debt service be covered or defeased by the federal government (see Section III below).
[9] This year's Strategic Plan will include a detailed implementation plan for these strategic reform initiatives, organized by business line – see Reform Implementation Planning section below.

Infrastructure Separation Option

It is important to highlight the fact that the Board and management have extensively explored a number of recommendations calling for the NEC infrastructure to be moved into a separate entity. We have also reviewed models for such a structural split adopted and implemented in other countries with varying degrees of success. This step in the overall reform process remains an option for continued review. We have decided for now, however, that the costs, complexities and risks of such a split within Amtrak outweigh the benefits. Consequently, we have concluded that separation of NEC assets from NEC operations is not advisable at this time.

Amtrak has concluded that separation of NEC assets from NEC operations is not advisable at this time.

The NEC is among the most complex rail corridors in the world, and presents a unique operational and management challenge. Where other countries have built dedicated infrastructure to support 150+ mph services, the NEC mixes high-speed intercity services with freight rail services operated by seven different railroads and some of the densest commuter operations in North America provided by eight commuter authorities. Despite the growth in commuter services, Amtrak remains the dominant user of the NEC, representing nearly three-fifths of all train miles, and is the only user operating end-to-end and at high speeds.

While Amtrak has decided to retain integrated infrastructure management and rail operations at this time, we will continue to evaluate alternatives involving actual segregation of infrastructure from operations – structured with either Amtrak, federal government, state government consortia, or private ownership. Nonetheless, Amtrak has begun the process of separating infrastructure management from operations for planning, accounting and financial reporting and analysis purposes. We believe that this approach will deliver much of the benefit of ownership segregation; moreover, it represents an essential step in ownership separation if such an action were to be undertaken at some subsequent date. Whether or not ownership of NEC infrastructure and operations is separated in the future, it is our position that control of rail operations and infrastructure management should remain unified for purposes of safety and efficiency.

Advance Competition and Privatization

The third building block in Amtrak's vision for passenger rail is the cultivation of competition and private commercial activity in all passenger rail functions and services. Amtrak's ultimate goal is the development of a vibrant passenger rail system with a competitive supply industry and multiple service delivery options. Achieving this goal depends in part on generating interest in the private sector among companies not accustomed to working in the unique passenger rail environment. It also hinges on federal legislation needed to establish a capital match program, and to "level the playing field" between Amtrak and its prospective competitors (i.e., addressing rules governing labor and railroad retirement as well as issues of access to freight railroad lines) – both of which are key to state and private industry expansion into the passenger rail market and to growth in passenger rail activity nationwide (see Section III below for further discussion).

The future success of passenger rail is grounded in the emergence of competition and a private market for rail services and activities.

Initial Steps

This initiative seeks to lay the groundwork for the introduction of competition in functions, services and corridor route operations by taking steps to "unbundle" activities and functions, including:

Improved costing and pricing tools will enable Amtrak, customers and policy-makers to become educated consumers of intercity passenger rail services.

1) Developing activity-based costing analytical capabilities that provide detailed information on the costs of individual services and functions, in order to inform Amtrak managers, policy-makers and states who will need to become "educated consumers" as they begin seeking competitive alternatives. Amtrak's current management information systems and processes (e.g., Route Profitability System – RPS) are not well suited to these tasks, and a significant investment will be required to develop accounting systems that will enable Amtrak to extract the kind of pricing and management information needed by Amtrak management, Congress and suppliers and operators in a growing and competitive passenger rail environment. This step will therefore require a series of improvements to management information systems, including:

   - Accurate, detailed real-time capture of actual costs by activity, coded and captured in such a way that expenses can be discretely identified and classified;
   - Engineered standards to determine unit costs by function, coded to facilitate aggregation of activities and comparison to actual costs;
   - Algorithms for allocation of overheads and/or shared costs that cannot be expressed – either in actuals or standards – in unit cost terms; and
   - Software to facilitate and generate management and pricing information.

   Amtrak will phase implementation of such a system in order to deliver near term products while building incrementally toward a more comprehensive system, starting immediately with the refinement of "responsibility" or cost centers and special studies to establish baseline unit cost estimates for certain activities (such as turnaround servicing and maintenance by car type).

Amtrak will pursue selected outsourcing opportunities that promise to reliably reduce costs and/or increase quality.

2) Increasing the level of outsourcing of selected activities (to the extent current law and labor agreements allow) where economic efficiencies might exist in the private sector. As Amtrak continues to identify costs more accurately, it can more aggressively seek cost-effective approaches to delivering services, including outsourcing those for which a qualified private alternative exists that might reduce costs and/or increase quality and reliability. Section II outlines several specific outsourcing initiatives that are being actively explored.

3) Pricing contracts for services on a unit-cost basis rather than using a cost-allocation approach as is generally employed today. Unit prices would allow purchasers of services, such as states, to compare Amtrak prices with those of potential alternative suppliers. Clear costing systems would ensure full costs were recovered.

4) Supporting targeted efforts at <u>route competition</u>, including working with the Federal Railroad Administration during 2005 to establish a pilot state route competition project. The state corridor discussion in Section II below contains a summary of this proposed pilot initiative.

5) Considering a <u>transfer of management responsibility for certain shared facilities</u> (e.g., train and locomotive turnaround and servicing facilities) to contract operators. As currently envisioned, these assets would likely remain in Amtrak's control, but the management responsibility would be outsourced to a third party for a defined period of time (e.g., 3-5 years), and a buyer-seller relationship established between the contract operator and Amtrak as well as other users. Much as the freight railroads purchase locomotive power from suppliers that occupy railroad facilities and use railroad labor, train operators could purchase services from a contract operator of Amtrak-owned facilities. This would create neutral operators offering services to all users of shared facilities.

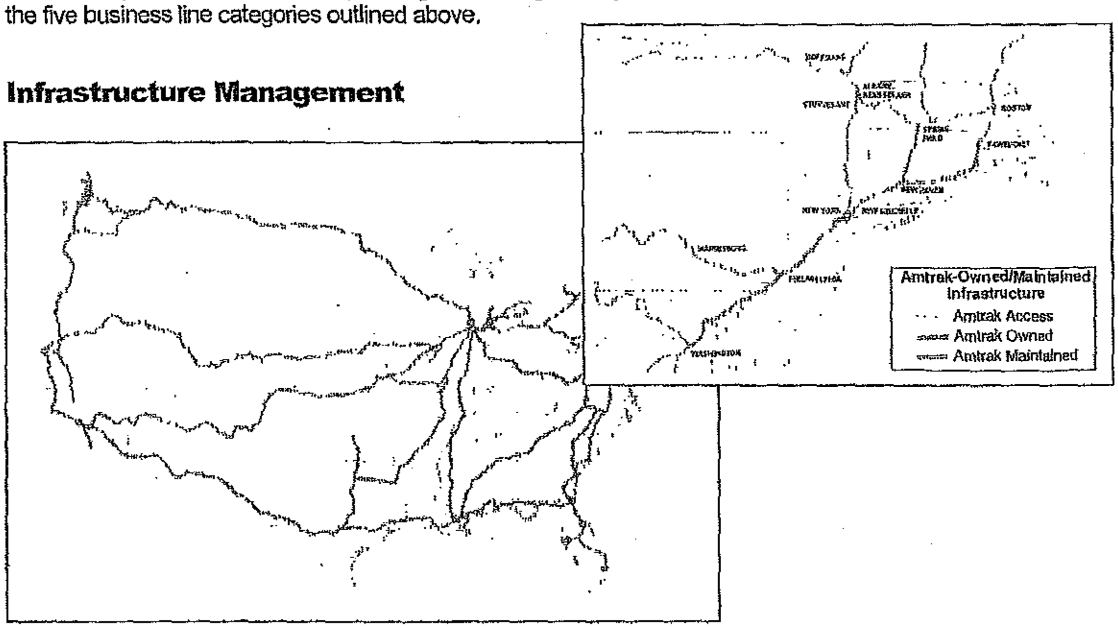
Amtrak will work with the FRA to establish a pilot state route competition project.

These steps will require thorough evaluation and development before they can be effectively implemented. The implementation planning phase of this effort over the next several months will lay out the specific approach to executing these initiatives.

II. Operating Initiatives

In conjunction with the structural initiatives described above, Amtrak has begun a number of operating initiatives intended to advance its vision for passenger rail while specifically targeting improvements in Amtrak's bottom line performance. These operating initiatives generally fall within the five business line categories outlined above.

Infrastructure Management



Amtrak owns the infrastructure from Washington through New York to New Rochelle, NY; New Haven to the RI/MA state line; New Haven-

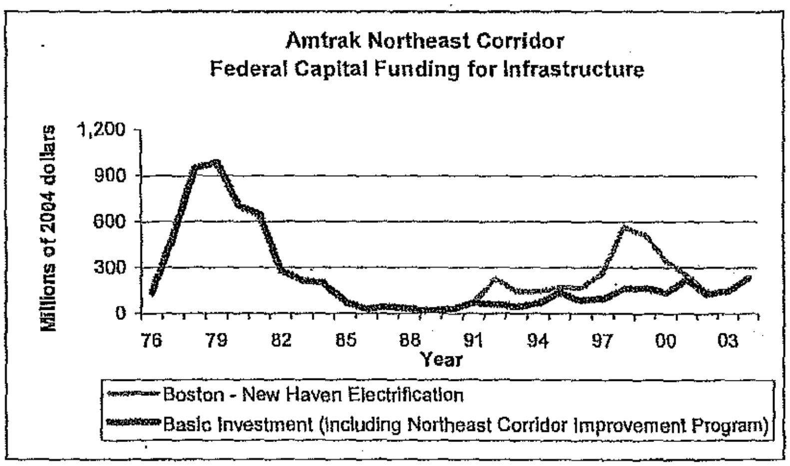
Springfield; Philadelphia-Harrisburg; 29 miles of trackage on the NY-Albany Empire Corridor and in the Albany area; a 96 mile portion of the Michigan line from Porter to Kalamazoo; and yard and terminal track in several other locations.

The Northeast Corridor spine, Amtrak's primary infrastructure asset, is a critical national transportation asset. During the 1980s and 1990s, lack of federal investment combined with periodically counterproductive and costly Amtrak investment priorities resulted in significant deferred maintenance on the corridor. Amtrak has developed a five-year capital plan that if funded will return the Amtrak-owned NEC infrastructure to a state of good repair. Over the last two years, the company has made substantial progress in that effort in spite of constraints in the availability of workforce and suppliers, as well as inadequate appropriations levels.

Funding/Pricing Steps

Nearly all proposals call for federal funding to return the NEC to a state of good repair. Amtrak will deliver on this goal if such funding is provided.

Virtually all "reform" proposals advanced in recent years call for a return of the Northeast Corridor to a state of good repair, and with few exceptions, propose that the federal government fund such a program – similar to the highly successful Conrail model. Amtrak is now structured and operating at capacities needed to achieve this goal over five years if federal funding is provided. As discussed above, the company will highlight its capital request for the corridor separately to facilitate a fully informed understanding of its NEC infrastructure capital program.



All users should cover their full proportionate share of operating and capital costs by FY11.

After achieving an NEC state of good repair, the challenge becomes ensuring ongoing reliability in corridor operations. Pursuant to Amtrak's plan, all users will be required to provide their full proportionate share of operating and capital costs – phased in over five years starting in FY07. This means that all expenses would be assigned using an agreed-upon usage-based formula; any increase in service levels would also require an appropriate capital contribution for added capacity needs.

Because the four commuter agencies that operated over the NEC prior to 1976 are permitted by statute and regulatory decisions to access the corridor on an "avoidable" cost basis, full implementation of this approach will require a legislative change (described in Section III below).

Finally, Amtrak proposes that the federal government and affected parties consider integrating corridor control under one umbrella. Specifically, we suggest examination of federal purchase of the Metro-North segment from New Rochelle to New Haven, and integration of the entire NEC infrastructure under the oversight of one manager, whether that be Amtrak or another qualified entity in the future. The MBTA segment from Boston to the Massachusetts/Rhode Island is under Amtrak management today through a long-term contract for maintenance and dispatching; nonetheless, it may be useful to consider integrating this section of the corridor permanently as well. This proposal would of course require legislative action (see Section III below), and approval from the relevant parties, notably Connecticut, New York, and Massachusetts.

Amtrak proposes that the federal government consider integrating the NEC under the control of one entity.

Efficiency Actions

Over the last two years, Amtrak's engineering department has undertaken a number of industry leading steps to improve the efficiency of operations, accountability of managers, and productivity of workforce. These include:

Amtrak's engineering department – already considered an industry leader – will continue seeking improvements in efficiency, accountability, and productivity.

- Training programs and investments in strategic technology designed to: reduce engineering personal injury rates, improve productivity of labor and equipment, and reduce failures of signal and electrical systems;
- Outsourcing of certain engineering activities on the NEC, including major project work such as the Connecticut bridge span replacement projects. Amtrak plans to continue outsourcing certain engineering work where it makes economic sense. The company could further save through increased outsourcing and bulk purchases of materials should Congress approve a more predictable, long-term capital funding program; and
- Amtrak is also seeking work rule changes from its maintenance of way unions to increase management flexibility in order to deliver production more efficiently and reduce federal subsidy requirements, without the need for layoffs.[10]

Planning and Stakeholder Involvement

Planning for the state of good repair program is essentially complete in Amtrak's five-year capital plan. The next step is to complete a master plan to address capacity bottlenecks and projected growth on the corridor. Amtrak has begun to develop this master plan, starting with a preliminary capacity needs assessment to be published in this year's five-year strategic plan, followed by a detailed investment plan in 2006.

[10] While Amtrak management is currently negotiating work rule changes with its unions, targeted legislative assistance may be needed if we are unable to successfully conclude those negotiations (see Section III for detail).

Amtrak will establish an Advisory Board that will provide input on an NEC Master Plan identifying investment needs, capital and access pricing, and solutions to operating issues.

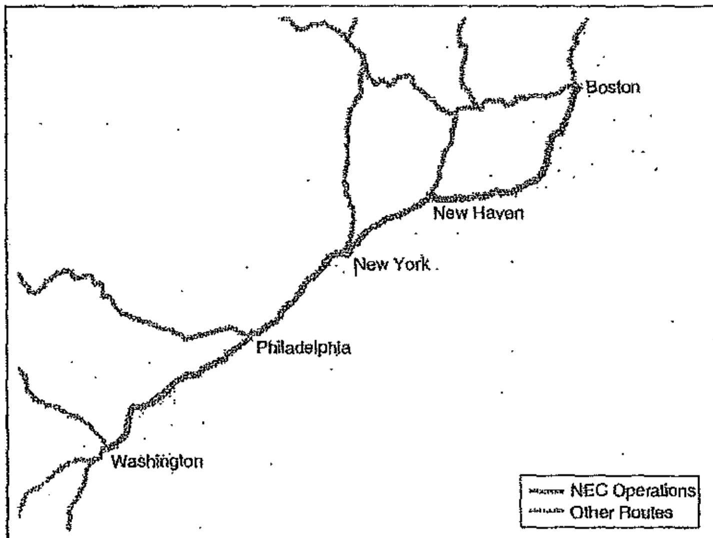
Development of this master plan for the NEC, along with formulation of a reasonable access pricing methodology, will require participation from all users of the corridor. While Amtrak currently works closely with all of its commuter and freight partners, in this initiative we would formalize the input process through an "NEC Infrastructure Advisory Board". This board would include representatives of all users of the NEC and state officials from the states served by the corridor, as well as FRA representatives. Its agenda would include:

- Development of a master plan laying out future investment needs to accommodate growth, and periodic review and revision of such a plan;
- Agreement on the proposed pricing approach for access and capital contributions;
- Formulation of reauthorization issues and legislative proposals;
- Resolution of collective operating issues and multi-lateral disputes; and
- Other issues, as appropriate.

NEC Operations

Amtrak serves 50 percent of the combined air/rail market between New York and Washington and 40 percent of the New York-Boston air/rail market.

On a typical weekday, Amtrak operates 97 train departures between New York and Washington and 42 departures between New York and Boston.[11] Amtrak serves 50 percent of the combined air/rail market in the New York to Washington market, and 40 percent of the air/rail market between New York and Boston. Amtrak dominates the market



Northeast Corridor trains, primarily Acela and Regional, serve more than 13 million riders annually, representing about 60% of Amtrak's ticket revenues. Ridership has increased 30% since 1996.

[11] These train counts exclude long distance trains that do not carry local passengers.

in virtually all shorter distance city pairs on the corridor (e.g., NY-Philadelphia/Wilmington, Philadelphia-Washington).

While demand for intercity rail service on the corridor is strong and growing, a range of impediments constrain ridership growth:

- Underinvestment in infrastructure has affected operational reliability;
- Maintenance complexities in the Acela equipment have resulted in fewer trainsets being available for service than originally expected and on two occasions have required that the Acela trainsets be removed from service;
- Commuter growth has created capacity bottlenecks that have increased travel times and hurt on-time performance; and
- Historical route alignments at specific NEC locations and on the 55 mile long Metro-North territory between New Rochelle and New Haven constrain the potential market share between longer distance city pairs such as Boston-New York (where Amtrak's fastest limited stop Acela services average less than 70 mph).

Current problems with the Acela equipment underscore the impediments to greater ridership growth.

Service Actions

Amtrak is actively working to increase the efficiency of its NEC operations within this constrained environment. Moreover, the company is actively working to improve on-time performance (OTP), the critical driver in customer satisfaction, particularly on premium services. Current and proposed initiatives include:

- Continued efforts to improve efficiency – maximizing load factors and minimizing costs – through scheduling improvements, including working closely with commuter operators using detailed terminal operating plans, train plan simulations, and joint scheduling around infrastructure improvements (underway);
- Introduction of reserved service on all Regional trains to improve equipment utilization and facilitate revenue and capacity management (Spring 2005);
- Performance audits – improvements in data from NEC dispatch systems, in part to address OTP problems resulting from increases in train movements to near theoretical capacity in several locations (FY06);
- Expansion of automated reservations and ticketing systems to speed on-board collection process (allowing staff to be redeployed to customer service activities), and to permit real-time inventory adjustments (phased in beginning in 2006); and
- Reconciliation of Acela and Regional branding to align products and service characteristics with the market (e.g., "wi-fi" internet access on Acela, reevaluation of food service on Acela and Regionals) (underway).

Amtrak is focusing its efforts on improving on-time performance and maximizing operational efficiencies to enhance service, meet customer expectations and reduce costs.

Amtrak is taking steps to attract, train and manage employees to ensure consistent, quality customer service.

Customer Service Improvement

Amtrak has historically suffered from uneven customer service throughout the system. In order to improve the consistency and quality of customer service, the company is focusing on attracting, developing and managing a highly skilled, service-oriented workforce. Specific steps include:

- Revised hiring practices for front line employees, including testing as part of the selection process (began summer 2004);
- An intensive annual three-day training program for employees and their managers, including both technical and leadership training, communication, team-building and conflict resolution skills (begun winter 2005);
- Establishment of a comprehensive database for tracking employee performance, with managers accountable for tracking and coaching front-line employee progress (FY06);
- Consistently enforcing zero-tolerance policy for poor customer service (ongoing); and
- Ensuring senior management attention on customer service through a new organizational focus.

Planned outsourcing and labor work rule changes would benefit the efficiency of all train operations, while ultimately helping to add jobs.

Outsourcing and Productivity

Amtrak is also taking a number of steps that will benefit the efficiency of all of its train operations, and better position the company for competition. These include additional outsourcing and labor work rule changes (several of which require contract changes)[12]:

- Amtrak is planning several near-term pilot projects to test outsourcing and identify any obstacles to broader implementation, including consideration of outsourcing janitorial/cleaning and food service (FY06); and
- Amtrak is also seeking work rule changes that will enhance operational flexibility and efficiency while maintaining service quality, including permitting management to determine the staffing of trains and yard crews where currently restricted, and broadening responsibilities for mechanical employees by eliminating craft distinctions.

State Corridor Operations

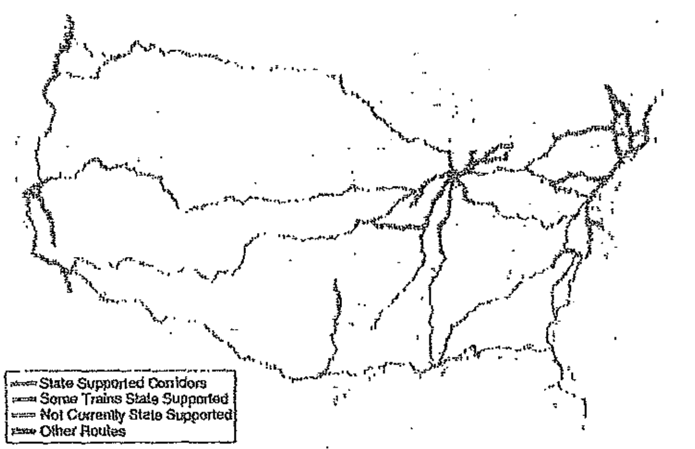
The future of the nation's intercity passenger rail system rests largely upon the development of corridors in congested regions where highway and airport capacity is currently constrained and capacity expansion opportunities are increasingly limited, costly and environmentally challenging. Even in the absence of a federal matching program for rail,

[12] While Amtrak management is currently negotiating work rule changes with its unions, targeted legislative assistance may be needed if we are unable to successfully conclude those negotiations (see Section III for detail).

a number of states have begun to invest in corridor development on their own, and 13 states provide some level of operating and capital support for short distance trains. As a rule, when states and Amtrak enhance service, the public enthusiastically responds. Ridership has increased 21 percent on corridor services since FY99 and 45 percent of all Amtrak departures are state-supported corridor trains.

The future of intercity passenger rail is in the development of state-supported routes along key congested transportation corridors.

As discussed further in Section III below, reaching rail's full potential in these corridors depends on the establishment of a federal matching capital investment program comparable to the other modes of intercity transportation. In the meantime, there are several initiatives that Amtrak is currently advancing to prepare for such a federal program and for the advent of true service competition envisioned here.



Amtrak currently provides non-NEC corridor service in 17 states – 13 of which support some or all of their trains – with annual ridership of 9.3 million. States support approximately 125 daily trains (about half of Amtrak's total). Most corridor trains that are not state-supported have been part of the national system since 1971.

Corridor Routes

Name	Endpoints
Currently State Supported	
Adirondack	(New York) Albany-Montreal
Ann Rutledge/Mules	St. Louis-Kansas City
Blue Water	Chicago-Port Huron
Capitol Corridor	San Jose-Auburn
Carolinian	(New York) Washington-Charlotte
Downeaster	Boston-Portland, ME
Ethan Allen	(New York) Albany-Rutland
Heartland Flyer	Oklahoma City-Ft. Worth
Hiawathas	Chicago-Milwaukee
Illini	Chicago-Carbondale
Illinois Zephyr	Chicago-Quincy
Pere Marquette	Chicago-Grand Rapids
Piedmont	Charlotte-Raleigh
San Joaquins	Bakersfield-Oakland/Sacramento
Vermonter	(Washington) Springfield-St. Albans
Some Trains Currently State Supported	
State House	Chicago-St. Louis
Cascades	Eugene-Vancouver, BC
Keystone Service	Philadelphia-Harrisburg
Pacific Surfliner	San Diego-San Luis Obispo
Not Currently State Supported	
Empire Service/Maple Leaf	New York-Niagara Falls
Regional	Washington-Newport News; New Haven-Springfield, MA
Pennsylvanian	New York-Pittsburgh
Wolverine	Chicago-Pontiac
Hoosier State	Chicago-Indianapolis

Corridor Development

Many states have worked aggressively to put the necessary elements in place so that if and when Congress approves a federal capital program, they stand ready to fund track and signal improvements, develop stations and facilities, and purchase equipment to add service, reduce trip times and improve reliability. Last year, Amtrak worked collaboratively with states to identify rail corridors that are ready for immediate incremental investment and summarized the results in an appendix to our five-year capital plan. Amtrak developed a "readiness" scale, and identified corridors that would be ready for incremental development with achievable benefits within five years if a federal program were in place. Amtrak is in the process of updating this report and will include it in our upcoming Strategic Plan.

The success of corridor development hinges on the establishment of a reliable, sufficient federal matching capital investment program.

All states that participated in the corridor appendix effort identified the need for rolling stock as a key element of any corridor development or improvement in service. Indeed, under most any scenario for future restructuring of the intercity passenger rail system, new equipment will be needed for corridors. The corridor appendix outlined a "rolling stock partnership" with Amtrak proposing to work closely with states to procure next generation passenger rail equipment. Recently, Amtrak has worked with the *States for Passenger Rail Coalition* to begin developing standard specifications for single-level, multi-level and diesel-multiple unit equipment. The partnership currently includes 10 states plus Amtrak, and has been meeting regularly since August 2004.

Corridor Readiness Results
(Based on 2004 Study)

Corridor Route	Lead Agency	Long-Term	Near-Term Program (2-5 years)							Tier Score
		Master Plan	Service Plan/Forecasts		Investment Plan		Host RR(s) Sign-off	State Funding Commitment		
			Revenues	Oper Expenses	Infrastructure	Equipment		20% Capital	Oper Deficit	
Boston - Portland	Maine									
Boston - New York - Washington	Amtrak	SEE AMTRAK STRATEGIC PLAN FOR DETAIL								
New York - Albany	New York	TO BE DETERMINED								
Philadelphia - Harrisburg	Pennsylvania Amtrak	✓	✓	✓	✓	✓	✓	✓	✓	1
Washington - Raleigh - Charlotte										
[illegible]	Virginia									
[illegible]	North Carolina	✓	✓	✓	✓	✓	✓	✓	✓	1
Chicago - Milwaukee - Madison	Wisconsin	✓	✓	✓	✓	✓	✓	✓	✓	1
Chicago - Detroit/Pontiac	Michigan									
Chicago - Springfield - St. Louis	Illinois	✓	✓	✓	✓	✓	✓	✓	✓	1
Eugene - Seattle - Vancouver										
[illegible]	Oregon	✓	✓	✓	✓	✓	✓	✓	✓	1
[illegible]	Washington									
San Diego - LA - San Luis Obispo	California	✓	✓	✓	✓	✓	✓	✓	✓	1
San Jose - Sacramento - Reno	Capitol Corridor Joint Powers Auth	✓	✓	✓	✓	✓	✓	✓	✓	1
Bakersfield - Sacramento/Oakland	California	✓	✓	✓	✓	✓	✓	✓	✓	1

Amtrak is working with ten states to design and purchase next generation passenger rail equipment in order to address future needs throughout the corridor system.

States have suggested that Amtrak can play an ongoing role in helping to coordinate rolling stock issues across the country. In that regard, this initiative calls for an equipment/clearinghouse function – possibly through a special-purpose entity – in which participating states would hold a stake. Potential roles for this entity include:

- Owner/lessor of Amtrak legacy equipment;
- Standardization of equipment;
- Acquisition, ownership, leasing, financing and exchange/ redeployment flexibility;
- Maintenance and overhauls; and
- Corridor fleet planning.

Operating Funding

Thirteen states currently provide operating support (a total of $135 million in FY04) for certain corridor trains. This amount covers most of the "direct" operating losses for the state-supported trains (formerly known as 403(b) trains).[13] Under Amtrak's current policy, all state-supported services need to cover their full direct operating losses through a combination of farebox revenues and state support. Implicit in that policy, however, is an "embedded" subsidy from Amtrak (and thus from the federal government) to the states in the form of unallocated overhead and equipment-related costs.

State Operating Support Received in FY 2004

($ Millions)

State	Amount
California	68.2
Illinois	12.0
Maine	2.6
Michigan	7.3
Missouri	6.2
New York	4.4
North Carolina	2.7
Oklahoma	3.5
Oregon	4.3
Pennsylvania	5.9
Vermont	2.2
Washington	10.9
Wisconsin	5.1
Total	**135.4**

Note: Numbers may not add due to rounding

Additionally, a number of corridor trains that have been considered "system trains", receive no state support.[14] States benefiting from these trains are receiving an implicit subsidy for their entire direct and indirect cost.

Under this initiative, states will transition to coverage of fully-allocated operating losses (excluding interest and depreciation), plus an equipment capital charge, for all corridor trains over a four year period starting in FY08. Beginning in FY08, states will be stepped up to this full charge for their corridor trains on a schedule – 25 percent each year until full costs are recovered by FY11. Amtrak envisions the federal government enacting a federal capital match comparable to other modes (80-20) by FY08 in order for this operating transition to be effective. Without such a federal program in place, however, the increased operating burden on the states would likely result in the curtailment or discontinuance of many if not most corridor services.

States will transition to coverage of fully-allocated operating losses (excluding interest and depreciation) plus an equipment capital charge for all corridor trains by FY11; in the event that a federal capital match program is not effective by FY08, the transition period will likely have to be restructured or suspended.

Amtrak believes that development of these corridor services is the centerpiece of future intercity passenger rail development in the U.S., and therefore a federal capital program is critical if this initiative is to be successful. In the event that a federal capital match program is not effective by FY08, the transition period will likely have to be restructured or suspended. In the meantime, Amtrak will begin to determine and notify each state of its full subsidy amount so that states can prepare for eventual coverage of operating losses and equipment costs.[15] Amtrak will also begin aggressive efforts to reduce the amounts that states will ultimately have to pay through a comprehensive review and implementation of revenue enhancement and savings opportunities.

In addition, as Amtrak develops its activity-based costing tool, it will begin to shift the methodology for pricing all of its services, including state trains. Prices will be based on unit costs for each service provided

[13] Direct costs are costs associated with an individual route – such as fuel, crew and railroad payments – that are "avoidable" (i.e., would disappear if the route was eliminated) plus an allocated portion of "shared" route costs – such as stations, yard operations and training – that benefit multiple routes. Direct costs exclude computer systems, G&A and corporate overhead, as well as interest and depreciation/equipment ownership costs, all of which are currently covered by Amtrak on state-supported routes.

[14] "System trains" are certain trains that Amtrak operates on short distance routes that were part of the DOT-designated "Basic System" of Amtrak routes that Amtrak was required to operate from its inception in 1971 until a 1997 statutory change.

[15] Amtrak also proposes that the full "embedded" subsidy be passed directly to the states from the federal government, phased out over the four-year transition period (see Section III below).

rather than on an allocation method using the company's legacy Route Profitability System. In addition to providing a clearer accounting of the costs of state trains, this approach will facilitate pricing of individual "unbundled" services should states begin to seek other providers for particular services.

Customer Service and Efficiency Improvements

Amtrak's efforts to improve customer service and efficiencies will benefit state services.

As described above under NEC operations, Amtrak is undertaking a series of customer service, outsourcing, and work rule initiatives that will benefit state services as well. Any savings accruing from these initiatives will, of course, be passed onto the states in the form of reduced costs for services.

Moreover, in an effort to address deteriorating on-time performance across the system – largely due to growing freight rail congestion and infrastructure problems – Amtrak has initiated a route and freight carrier specific performance incentive program.[16] This experimental approach is now being tested on routes operated by four of our six major host railroads.

Amtrak is also conducting further comprehensive reviews of all expense items in order to identify additional opportunities for savings or efficiencies. These changes would bring down the overall cost of individual rail services to "purchasers" (e.g., states). For example, in an effort to significantly reduce annual losses from food service operations that now approach $100 million, Amtrak is evaluating several options for immediate action:[17]

- Eliminating food service on short distance corridor trains;
- Modifying and curtailing food service options on all trains;
- Implementing cart service or vending machines in place of full service café/lounge cars;
- Combining diner and lounge service on long distance trains; and
- Outsourcing food service on some or all trains.

Route Competition

Amtrak will work with the FRA to advance a pilot project for competition on an existing state-supported route.

In addition, Amtrak is prepared to set the stage for eventual competition for corridor routes by working with the FRA to advance a pilot project for competition on an existing state-supported route.[18]

Under this proposed pilot, FRA would provide the selected state with funds equivalent to the imputed direct and indirect subsidy under Amtrak's current state pricing policy. The state would then develop a competitive RFP for services. Amtrak would cooperate fully in providing any requested services – but those services would be provided on a full

[16] Most Amtrak routes operate on rights-of-way owned, maintained, dispatched and managed by freight railroads.
[17] Any change considered for a state-supported route will require consultation with the state.
[18] Congress directed a study of potential state corridor route competition under PL-108-199 and set aside $2.5 million for a pilot competitive state route project.

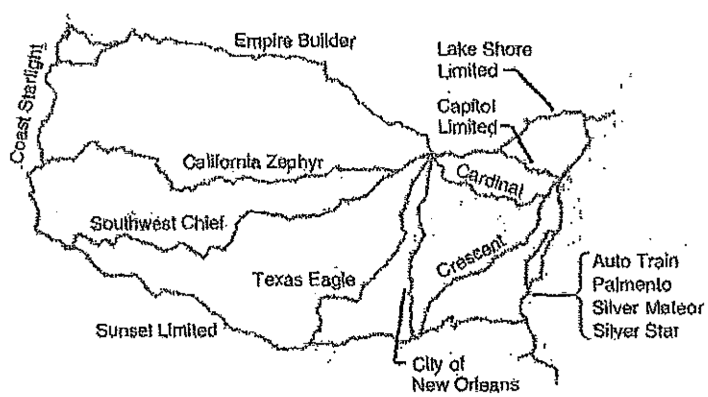
cost basis consistent with any future competitive environment for rail services.

At the conclusion of the process, Amtrak, the FRA, state, and private provider(s) would be in a position to identify and report to Congress any issues that might necessitate legislative action. It is Amtrak's hope that the selected state could issue an RFP during FY06 with implementation in FY07.

National Long Distance Operations

Amtrak currently operates 15 long distance trains on 14 routes. These routes pass through anywhere from three to 12 states, and use freight railroad track for 95% of their route mileage. Long distance trains have often been a focal point in the debate over "reform" of the passenger rail system.

Long distance trains are a foundation for future rail development and provide an important transportation link for many rural communities across the country.



Amtrak runs 15 long distance trains on 14 routes, covering 18,500 route miles and serving 41 states (23 with no other Amtrak service). Efforts to cut routes or scale back service (e.g., 1979 DOT route restructuring plan, 1994 Amtrak plan) have generally been ineffective. Under current labor agreements, near-term savings from route eliminations are generally offset by labor protection costs. Since 1971, 17 routes have been discontinued in whole or part; portions of 2 have been retained by states.

Amtrak continues to believe that these trains play a valuable role, including:

- Serving as a foundation of a future rail development program;
- Forming the basis for, and connections to, emerging state-supported corridors; and
- Providing an important transportation link for many underserved rural communities and regions across the country.

Amtrak also believes that continuation of long distance service will require continuing limited federal operating and equipment support.

The company recognizes, however, that the operating losses on these routes must be minimized, and is currently reviewing every aspect of long distance operations to identify opportunities for revenue enhancement, productivity and efficiency. For routes that cannot be brought to an acceptable level of financial performance by these measures, states will be given the opportunity to cover the "gap" between farebox revenues and the minimum performance threshold discussed below.

Proposed Evaluation Process

Amtrak will establish measures that will be used to evaluate and determine the future of existing long distance trains and new routes.

In order to inject objectivity to the policy debate about long distance trains, Amtrak will establish a set of benefit performance metrics that we will use to evaluate and determine the future of each long distance train, as well as prospective new long distance routes. Specifically, Amtrak has adopted the following schedule of route evaluation and continuation/discontinuance:

- Establish performance metrics with minimum thresholds for performance (FY05);
- Rank routes by selected performance metrics (beginning in FY05);
- Announce and publish annual projections regarding likely route terminations (under performance thresholds), and affected states' projected operating coverage requirements to satisfy performance thresholds assuming no improvement in financial performance (FY06);
- Continue aggressive long distance financial performance improvement program (see below) (began in FY05);
- Notify Congress and states of route restructuring necessary to ensure all routes cover minimum performance thresholds (FY07); and
- Initiate managed route termination process for routes that fall short of performance thresholds, and for which state "gap" coverage is not provided, beginning in FY08 – phased in over two years (50% of gap coverage each year).

Note: Congress at all times retains the option of funding the operating cost coverage "gaps" on any routes scheduled for discontinuance.

Performance Improvement Program

Amtrak will aggressively pursue customer service enhancements, including a pilot program to incent host freight railroad on-time performance improvements and a premier long distance train relaunch.

In order to reduce the overall operating loss from the national long distance network, and to help bring trains that fail to meet performance thresholds into (or closer to) compliance with those thresholds, Amtrak will continue working aggressively on a program to improve train performance.

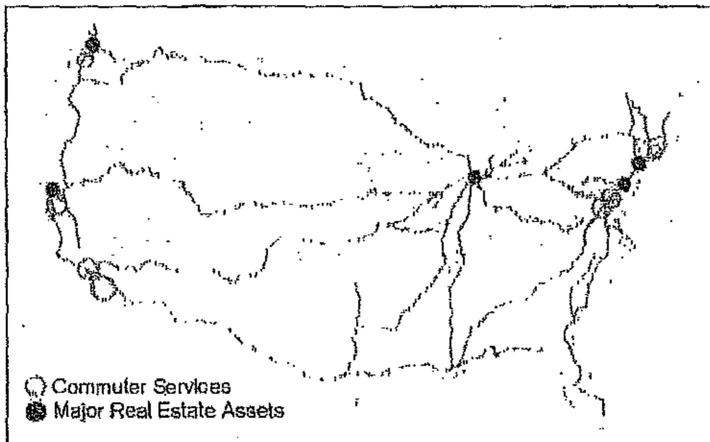
In addition to the customer service, outsourcing and work rule savings identified in the other train operations business lines, Amtrak is pursuing the following performance improvement efforts:

- As described above, Amtrak has initiated a test OTP incentive program with four of our six major host railroads (underway).
- Outsourcing of certain station services. Amtrak will work with local businesses to sell tickets and perform customer services for trains that generally come through once a day in each direction (FY06).
- Margin improvement prototype. In August, Amtrak will "relaunch" one of our premier long distance trains – the Empire Builder (from Seattle/Portland to Chicago) – to evaluate the potential for a series of service enhancements designed to improve financial performance through increased revenues. These enhancements include: deploying the first of the refurbished and upgraded coach, lounge, sleeper and diner equipment from the capital overhaul program; requiring that all frontline Empire Builder employees attend our new customer service training program; enhancing services and amenities, including lounge car service; and introducing special marketing to promote the new service. The success of the initiative will be measured not only through ridership and revenue results, but also through on-board and on-line surveys; and lessons learned will be applied to other trains throughout the system to improve margins (August 2005).
- Work with FRA to solicit interest in a parallel plan and pilot program for full outsourcing of luxury class services on selected long distance routes. Under such a plan, Amtrak would continue to operate the locomotive and coach service (with minimal food service), but would outsource premier sleeping and dining car services to qualified operators interested in providing such luxury class service (FY05-06).

Ancillary Businesses

Amtrak generates a net profit from several ancillary or "non-core" businesses that leverage existing skills and assets, including:

Amtrak will continue to pursue profit-making opportunities where it makes business sense and does not interfere with its core intercity passenger rail business.



Amtrak has several non-core businesses that provide operating contributions which serve to defray system support costs. These businesses – commuter services (e.g., train operations, mechanical), reale state/commercial, and reimbursable work – also help maximize productive use of Amtrak's assets and can help spin-off additional core business. Total operating contribution from these non-core businesses was about $55M in FY04.

- Commuter services (sole source and competitively bid contracts for operations and mechanical work);[19]
- Real estate development;
- Reimbursable work (e.g., engineering services provided to other railroads); and
- Other commercial activities, such as fiber optic leasing.

Over the last three years, Amtrak has been exiting non-core contracts that do not meet financial and business criteria (e.g., MBTA and Metrolink commuter operations). Amtrak will continue to pursue these businesses on a selective basis, as long as they do not interfere with the core intercity passenger rail business and resources are available to bid on and perform the work.

Unallocated Costs

System support overhead will be allocated back to the business lines by FY11; security and debt service remain unallocated.

There are three categories of costs that will initially be accounted for separately from the business lines:

- System Support. These include shared overhead functions such as finance, human resources, government and public affairs, planning, environmental, and portions of procurement and legal, and represent about three percent of Amtrak's total costs. The company plans to account for these services separately from the business lines initially. During a five-year phase in period, however, these costs will be allocated back to the business lines in increments of 20 percent per year, and be fully allocated by FY11. In the meantime, Amtrak will continue working to reduce these overhead costs, eliminating positions where efficiencies can be identified.
- System Security. Funding needs to enhance Amtrak asset security and provide better information for incident prevention and response will not be assigned to any of the operating business lines. Many of these requirements arise in response to the post-9/11 risk environment, and should be the financial responsibility of the federal government (perhaps through the Department of Homeland Security) rather than burdening individual business lines.
- Debt service. Much of Amtrak's debt was incurred either for the explicit purpose of covering operating deficits or to free up other funds for operating or capital purposes. Amtrak believes it would be unfair to burden individual business lines (and their potential funding sources such as states) with legacy debt that may or may not have been used to add value to the specific services.[20] A more consistent approach would be to apply a "capitalc harge" consistently to the business lines based on actual infrastructure or equipment usage (Amtrak plans to develop such a charge). In the meantime, Amtrak will continue to exhaust all avenues to restructure its debt on more favorable terms.

[19] Excludes commuter access to the Northeast Corridor.

[20] One approach to Amtrak's legacy debt would be to create a defeasance portfolio of treasury securities in order to eliminate this burden from future operations (see Section III below).

III. Legislative Initiatives

As discussed in the preceding section, Amtrak is currently undertaking steps to lay the groundwork for a growing and competitive passenger rail system. But Amtrak cannot do it alone. The ultimate success of these efforts is dependent on public sector action.

Amtrak does not presume to have the answers to all of the challenges that Congress faces as it takes up reauthorization.

In this section, we outline essential legislative actions needed to develop intercity passenger rail to greater potential. While Amtrak's Board and management have considered these issues in depth and believe we can offer informed advice on legislation, we do not presume to have the answers to all of the challenges that Congress faces as it takes up reauthorization. Amtrak hopes to work closely with Congressional committees and all key stakeholders to help shape a reauthorization bill for Amtrak and the nation's intercity passenger rail system.

Federal Action – Funding and Reauthorization

Ultimately, the future prospects of the nation's intercity transportation system rest in the hands of the federal government. Because of the interstate nature of America's transport system, the federal government has served as a coordinator, principal financier and developer of much of the highway, aviation, transit, port and waterway networks. As the country enters a new era of increasingly constrained capacity throughout these networks, particularly in the nation's more densely populated regions, we believe intercity passenger rail can assume a complementary role in federal transportation policy strategies that address such issues.

Reliable Funding

The establishment of a reliable federal capital match program for intercity rail would eliminate the current modal funding bias and allow states to make market-based investment decisions.

All other modes of transportation currently enjoy a federal capital matching program ranging from 50-100%. Passenger rail, however, has never benefited from a capital match. Today, if a state or local agency is interested in addressing a transportation need, they have a choice of investing in transit, highways or airports and leveraging their dollars as much as nine to one, or investing in rail and receiving no federal match. The demand is clearly present as a number of states have chosen to begin developing rail corridors in spite of this imbalance, but a serious effort to establish rail as part of the solution requires modal equity. In other words, as federal match programs have demonstrated with other modes of transportation, state and private industry investment will find rail attractive with a federal program commitment; without that commitment, unleveraged investment and the risk that without federal support passenger rail might not exist at all make investment in infrastructure, equipment and operations too risky for many states and most private investors.

Amtrak agrees with the Administration and every other responsible proposal for passenger rail "reform" that such a capital matching program should be established. We also believe that such a program should be comparable to other modes of transportation at this stage of development – generally 80-20, perhaps richer under certain circumstances, to stimulate development where it is most needed. Finally, for such a matching program to be meaningful, it clearly needs to have some sort of reliable funding source.

Long-term predictable federal funding is needed for the Northeast Corridor, national long distance routes and system security.

In addition to funding for state corridor development, **long-term predictable federal funding** is needed in several other areas:

- 100 percent of funding necessary to return the Northeast Corridor infrastructure to a state of good repair, and ongoing capital funding on the same matching basis as for other corridors to maintain reliability (after accounting for funding from commuter and freight users proportionate to their use of the infrastructure); and
- Limited continuing operating and capital funding for agreed upon national long distance operations and equipment, at levels sufficient to support routes that meet the established performance thresholds; possible limited infrastructure investment targeted to add capacity that would benefit both passenger and freight rail growth; and
- System security – to ensure that safety and security risks to the nation's intercity rail system are minimized.

Transitional funding will be needed in several areas, including support to states for operating and station ADA compliance.

In addition, **transitional funding** will be needed for:

- Support for investment in an activity-based costing system (described in Section I);
- Transition operating support to states to cover the current imputed subsidy provided by Amtrak for corridor services -- phased out over four years starting in FY08;
- Capital support to state and local governments for compliance with Americans with Disabilities Act (ADA) at stations. Intercity passenger rail faces a 2010 deadline for compliance with ADA. Amtrak is currently conducting assessments of all stations it serves for compliance with ADA along with state of good repair condition.[21] Funding is needed for the five-year period until compliance is achieved; Amtrak believes that funding for stations off the NEC mainline is most appropriately provided directly to state and local governments who will ultimately determine which stations are to remain in service;
- Debt service payments, or elimination of Amtrak's debt burden. Amtrak's existing debt burden arose during years of reduced federal funding when the company financed capitala nd operating expenses through a variety of asset sales and leasebacks, along with mortgages at premium prices. Rather than burdening business lines with legacy debt, Amtrak proposes that the federal government either cover the annual debt service payments, or eliminate annual payments through the creation of a defeasance portfolio of treasury securities.

[21] While Amtrak owns just a fraction of the stations we serve (74 of a total of 523), the company is currently legally obligated to make many of these stations ADA compliant by 2010. Amtrak can offer technical support to state or local governments/authorities to bring stations into compliance; but we believe that it is more appropriate for the states and local governments to take responsibility for such stations. In the absence of funding for such station compliance, other alternatives, such as a reevaluation of the rules for determining which stations Amtrak must bring into compliance and the nature of compliance at different types of stations should be explored.

- Amtrak's system support overhead functions, phased out over five years as these costs are allocated back to business lines.

- Any labor protection or other costs that result from route discontinuances or other restructuring actions.

Amtrak also suggests that the federal government, in collaboration with the affected NEC states, consider unifying the entire NEC corridor infrastructure under single ownership, through purchase of the Metro-North segment from New Rochelle to New Haven, and ultimately of the MBTA segment from Boston to the MA/RI state line. This would bring the entire NEC under the oversight of one entity (Amtrak currently, with the potential for alternatives in the future), and eliminate the historically balkanized operations on the north end of the corridor from Boston to New York. Commuter and freight partners would benefit from the level of service and participation required for the other segments under unified control.

Need for predictable funding. It is important to note that in a capital-intensive industry like rail, capital investment decisions must be made well in advance of outlay of funds, and funding commitments often extend over multiple years; thus predictability of funding is essential.

The current dependence on the annual appropriations process with no multi-year funding predictability hinders a capital intensive business like passenger rail.

Specifically, Amtrak or any infrastructure and equipment investment company must know its probable funding levels at least 18 months in advance of the beginning of the fiscal year. Twelve months before the fiscal year, the railroad must start making firm commitments for materials and contracts, and six months prior to the new year, it needs to have bids from contractors in hand and all material orders placed for the year. Two months before the fiscal year, the railroad needs to give notice to proceed to contractors in order to begin work in a timely fashion at the start of the year. A critical aspect of a federal rail funding program, like for the other modes of transportation, is having the funds committed in a long-term and predictable manner.

At a minimum, it is important that Congress remove the requirement included in recent appropriations bills to use capital funds by the end of the fiscal year or lose them. The lag time in enactment of the annual appropriations bills (often several months after the fiscal year has begun) means that the company must play "catch up" to get much of its capital work done by the end of the year, and some added flexibility in the ability to spend funds beyond the end of the fiscal year would be helpful in this regard.

A summary of these funding needs – both ongoing and transitional – is provided in the Grant Request section of this document.

Platform for Competition

For competition to develop in the passenger rail industry, the playing field must be level for all operators in all respects.

In order to ensure equal footing among competitors in the passenger rail service industries, federal legislation is needed in several areas:

Amtrak operating rights. Amtrak currently holds the statutory operating rights to access freight railroad rights-of-way and to do so at incremental cost. This benefit was part of an arrangement made with railroads in connection with their transfer of unprofitable passenger rail operations to the newly established Amtrak in 1971. Just as railway labor requirements put Amtrak at a competitive disadvantage, other operators are at a disadvantage in competing with Amtrak with respect to these access rights. For competition to develop in the passenger rail industry, the playing field must be level for all operators in all respects.

Host railroad concerns must be addressed in allowing for open competition.

While freight railroads have generally resisted the concept of franchising of operating rights to operators other than Amtrak, we believe that the market for services now almost exclusively supplied by Amtrak must be opened to competition if intercity passenger rail service is to regain a viable position in the U.S. Moreover, we believe that host railroad concerns can be addressed and ultimately resolved by making franchises exclusive over defined routes, long-term (three to five year minimum terms), granted only to operators meeting qualifications acceptable to host railroads, and subject to termination under established conditions.[22]

While there may not be a simple solution to this issue, open, competitive operator/supplier markets are vital to the future of intercity passenger rail, and Amtrak is committed to working with all stakeholders to arrive at an approach that can bring about fair competition.

Labor flexibility is essential if intercity passenger rail is to thrive and add jobs in the future.

Labor flexibility. Establish equitable legal and regulatory framework for labor among Amtrak and its competitors, including limited additional labor flexibilities similar to 1981 legislation that transferred commuter operations from Conrail. Amtrak proposes two legislative changes to accomplish this flexibility and, in turn, facilitate the development of competitive markets for passenger competition for rail service operators and suppliers:

- Make all intercity passenger rail operators subject to the same labor law, and allow Amtrak and other intercity passenger rail operators' labor contracts to terminate at expiration;[23] and
- Transition out of the Railroad Retirement system by allowing all new intercity passenger rail employees to be placed in Social Security, with the possible added option of 401(k) retirement plans.[24]

[22] There are several alternatives to directly granting operating rights to other qualified operators; Amtrak could retain the statutory rights to access, and contract those rights – including, if desired, qualified train operating employees – to the states/new operators.
[23] Amtrak proposes that this provision be applied only to Amtrak or other future operators of intercity passenger rail services.
[24] In addition, we propose that Amtrak's police officers be placed in an alternative pension system, such as the Federal Employees Retirement System, more appropriate for the retirement needs of the police force; such a program would be in addition to Social Security.

Tort reform. The prospect of significant damage claims, and the resulting cost of liability insurance is currently a major impediment to effective competition, and drives up the cost of passenger rail service to both federal and state governments. To address these issues, Congress should also consider limiting the recovery of punitive damages in personal injury lawsuits arising out of intercity passenger service that is provided by Amtrak or other operators operating under Amtrak's federal statutory rights (except in wrongful death actions where punitive damages are the sole remedy), and should allow federal court jurisdiction of any such lawsuit without the need to obtain consent from every party.

DOT-designated entity. DOT would designate an entity to oversee the transition to a competitive environment, similar to the United States Railway Administration set up for the transition of Conrail. The entity would be responsible for distributing federal funds, providing selected assets and rights to states; ensuring an equitable legal and regulatory framework for labor; and other tasks essential to fair competition.

Such a legislative agenda is complex, and should be undertaken only in conjunction with enactment of a federal funding structure for passenger rail capital sufficient to stimulate long-term state and private investment.

Other Legislative Needs

Several smaller legislative changes are needed to complete implementation of the reform initiatives.

Amtrak liquidity and cash management. Amtrak's dependence on the annual appropriations process creates unnecessary expenses and inefficiencies in its treasury operations. Moreover, lenders' insecurity about Amtrak's receipt of appropriations often means that debt payments of six months to one year, along with letters of credit issued in the normal course of business, must be collateralized with cash.

Amtrak recommends that a "zero based" cash management system be established that would rely on a $250 million working capital credit facility to provide a safety net of borrowing authority in times of need, a vehicle for maximum efficiency in investing available cash reserves, and support for letters of credit and debt service. Such a credit facility would not be utilized for either long-term operating or capital investment support; indeed, to prohibit such use, the credit facility would include the requirement that it be paid down to a zero balance at least once each year.

In order to establish this credit facility, Amtrak requests that Congress either (1) authorize Amtrak to borrow from the Federal Financing Bank (FFB) and/or (2) direct the FRA to be the guarantor of Amtrak loans from the FFB.

Stock redemption. Under the Amtrak Reform and Accountability Act (ARRA) of 1997, Amtrak was required to redeem its common stock at fair market value before October 1, 2002.[25] However, the law did not specify the mechanism for redemption of stock. To address this issue, Amtrak recommends that Congress direct Amtrak to redeem its

[25] Amtrak common stock is currently held by successors to four original railroad shareholders.

common stock, for fair market value, until October 1, 2005; declare that any common stock not tendered to Amtrak by that date shall be null and void; and provide that, pending the issuance of new voting stock, Amtrak shall continue to be validly incorporated in the District of Columbia and voting by Amtrak shareholders shall not be required to approve corporate actions.

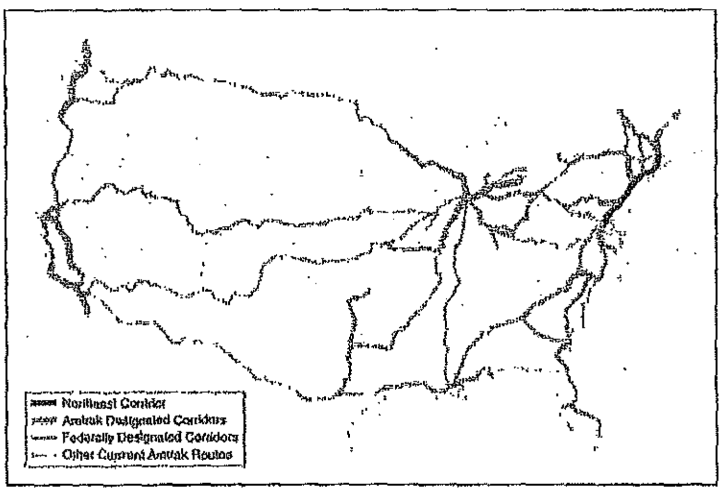
Commuter access costs. Under current law and regulation, four commuter agencies – New Jersey Transit, SEPTA, MARC, and LIRR – all receive the right to access the Northeast Corridor at "avoidable cost". Other commuter agencies that initiated service after passage of the law in 1976 pay a negotiated amount for access.[26]

Amtrak believes that the most appropriate approach to NEC access is for all users to pay their proportionate share of both operating and capital costs based on usage. The precise formula for assigning costs will require further refinement, and should be developed through a collaborative effort among all users and the federal government. This approach will require legislative action to ensure all NEC commuter agencies are treated on the same basis, and so that there is no further debate about the methodology for costing.

State Requirements

Even without a federal capital match, states have been putting their own resources into initial corridor development.

Even in the absence of a federal capital match program for rail, states have begun to put their own resources into developing passenger rail corridors. States have invested well in excess of one billion dollars in intercity passenger rail over the last 10 years. Additionally, 13 states provide some level of operating support for intercity services.



As with highways, states are in the best position to lead planning and development of their corridors, including determining service frequency,

[26] While Amtrak's current policy is to charge these non-statutory commuter authorities the fully allocated cost for the infrastructure, no contracts under older negotiated rates have been renegotiated. In addition, as a result of a 1985 statutory amendment, freight users of the NEC pay fully allocated costs.

quality, and speed. They best understand their transportation needs and options, and can make the tradeoffs necessary to make effective investment decisions.

In order for a federal matching program for corridors to work effectively, participating states will need to complete the following tasks[27]:

- Develop detailed plans for service, infrastructure and equipment, including full financial analysis of operations and investment needs;
- Negotiate with relevant host railroads to identify infrastructure required to deliver the speeds and frequency of operations planned;
- Identify the source and availability of capital funds to provide the state match (e.g., 20% assuming an 80% federal match);
- Identify ongoing funding to phase in coverage of 100% of operating losses;
- Manage the corridor development process, including working with host railroads and equipment vendors (perhaps through a central equipment clearinghouse – see State corridor operations business line above); and
- Lead competitive bidding process for corridor operations.

States need to take the lead on planning, securing operating and capital match funds, managing corridor development and ultimately contracting with an operator.

During the planned four-year transition period starting in FY08, all states with short distance passenger rail service will be required to phase in to 100% coverage of the fully-allocated operating losses (excluding interest and depreciation) plus an equipment capital charge for their services. During the transition period, states (rather than Amtrak) would receive funds from the federal government equal to the amount of their current imputed subsidy for Amtrak service, and use those to pay Amtrak the full costs of operations.[28] Amtrak would become one of an emerging market of service providers, and would ultimately receive no continuing subsidy for corridor services.

This approach provides the advantage of full transparency of costs to the state, and forces both the states and Amtrak to operate within what we believe will be increasingly competitive passenger rail provider markets.

[27] Amtrak and others could offer technical support to help states complete these tasks.
[28] In the absence of such federal transition operating funding, Amtrak would continue to provide the subsidy as it does today, but would phase it out by FY11 (see page 23 for discussion of transition plan).

Reform Implementation Plan

Amtrak will work with stakeholders to develop a step-by-step implementation plan.

While significant discussion and analysis has gone into the development of Amtrak's strategic reform initiatives, we recognize the need to develop a step-by-step plan detailing each of the initiatives outlined above, including business plans, budgets, policies, milestone goals, and timetables, and expect that process to encompass several months. In order to meet the aggressive schedule we believe will be necessary to provide timely input on reauthorization, we will likely secure outside help to assist in developing the plan.

The plan will be released in late FY05 in the form of our FY06-10 Strategic Plan. Unlike in prior years, this year's document will contain business plans for each line of business, along with operating and capital investment plans to meet the objectives – driven by the milestone goals and timetables.

Development of the plan will require input from a number of stakeholder interests – e.g., Congress, states, freight railroads, commuter authorities, labor, DOT, rail labor and various interest groups – and we will actively consult with those groups over the coming months to ensure that their views are considered. We will also work closely with Congress to provide input in the reauthorization process, in order to ensure that Amtrak's plan is consistent with the approach ultimately taken by Congress.

As we begin to implement the plan (many aspects of which we have begun during the development of Amtrak's strategic reform initiatives), we will provide regular reports on progress, as well as continued monthly performance and financial reports. In the future we will also provide an annual assessment of lessons learned at each phase, and propose any adjustments to the plan details or overall objectives as necessary.

We propose to complete the implementation planning process during the summer, and publish the FY06-10 Strategic Plan in the fall of 2005.

FY06 Grant Request

The strategic reform initiatives will reduce Amtrak's federal subsidy requirement over time.

As indicated in our annual report to Congress in February, Amtrak's FY06 federal funding requirements are linked to the strategic reform initiatives outlined in this document. While our strategic initiatives will not lessen the overall federal funding needs for intercity passenger rail – indeed an adequate state corridor development program will require a significant new infusion of capital funds – they will reduce Amtrak's federal subsidy requirement over the next five years.

It is important to note, however that even under a highly aggressive implementation schedule, little reduction in necessary federal support will be realized in FY06; and in fact, there will be some additional transition funding requirements associated with the plan. In this section, we present the FY06 grant request by business line (as a preliminary estimate) and in the aggregate, and suggest some initial targets for savings to be realized over the next five years assuming implementation of Amtrak's strategic initiatives. A more precise delineation of the FY06 business line breakdown, along with additional detail on Amtrak's five-year needs, will be provided in our FY06-10 Strategic Plan to be published by the end of this fiscal year.

FY06 Request

Amtrak's FY06 Grant Request is $1.82 billion – or if a credit facility is established, the request becomes $1.645 billion.

Amtrak's aggregate grant request for FY06 is $1.82 billion. Our initial estimates of the operating ($560 million total) and capital needs ($787 million total) by business line are:

- Infrastructure Management – $479 million;
- NEC Operations – $28 million contribution;
- State Corridor Operations – $166 million;
- National Long Distance Service – $537 million;
- Ancillary Businesses – $61 million contribution; and
- System Support and Security – $254 million.

In addition to these operating and capital needs, $278 million is needed for debt service payments, and $20 million for restructuring transition costs and $175 million for working capital.

If the cash management legislative initiative (establishment of a credit facility through the Federal Financing Bank) outlined in Section III above is enacted, the credit facility would displace the need for a working capital grant, and the total FY06 grant request would be reduced to $1.645 billion.

Finally, if Amtrak's legacy debt were defeased by FY06, debt service payments would not be required and the total Grant Request would drop by $278 million.

Amtrak cannot continue to operate at the current funding level of $1.2 billion in FY06.

Urgency of Request

Amtrak's Board and management want to emphasize that Amtrak cannot continue to operate at the current funding level of $1.2 billion in FY06. Moreover, in light of problems recently affecting our Acela service on the NEC, it is increasingly likely that our available working capital will be exhausted by the end of FY05.

As discussed in our February report, the company is currently operating at a spending rate of $1.4 billion, and will need to further increase the level of capital investment to minimize the risk of an operational breakdown due to the years of underinvestment we have inherited. Moreover, we are pursuing every possible avenue to achieve short-term operating savings, but legal, labor and practical constraints leave us no real short-term maneuverability in our operating budget. Significant reform and resulting savings can be achieved only through a methodical, multi-year transition process with legislative assistance.

We understand that Congress is operating in a severely constrained budget environment. If we believed it was responsible to recommend cuts in our capital program, or possible to offer further savings to our operating budget, we would do so. But we have no such latitude in our position as fiduciaries of the corporation and stewards of the nation's passenger rail system.

The reform initiatives underpinning this grant request comprise the work product of in-depth research, analysis and planning involving a broad group of Amtrak management, transportation experts and all members of Amtrak's Board of Directors. We believe that these initiatives will, in time, dramatically reduce the requirement of ongoing federal financial support for Amtrak and reinvigorate intercity passenger rail.

We look forward to working with Congress over the coming months to explain the rationale for the grant request and the merits of our strategic approach.

Preliminary Business Line Summary

As discussed in Section I above, Amtrak is in the process of providing financial summaries by business line (see table on next page). At this stage, we can provide an estimate of how the grant request breaks down by business; more precise estimates will be provided in our Strategic Plan.

These numbers should not be construed as distinct grant requests that can be adjusted and funded separately, since:

- Numbers are preliminary;
- Many costs are allocated, and therefore underfunding of one would impact the costs of others; and
- Service level reductions will not proportionately reduce costs in any particular line.

These business line numbers should not be construed as distinct grant requests that can be adjusted and funded separately.

For example, if the long distance network was reduced or eliminated, several corresponding cost shifts would likely yield minimal overall savings to the grant request. Such a service change would result in:

- Immediate loss of revenue, but a transition period to eliminate direct costs;
- A shift in shared costs (such as stations and terminals) to other business lines;
- A short-term increase in overhead costs assigned to system support for activities that could not be eliminated immediately; and
- Labor protection costs associated with labor on all discontinued routes for the first five years following discontinuance.

A similar dynamic would occur for partial reduction in service levels, or changes in the other business lines. Finally, it is important to note that placing "firewalls" between business lines would result in cost penalties since an error margin and overhead contingency would have to be added to ensure solvency of any line.

Nonetheless, Amtrak believes that policy-makers and stakeholders benefit from greater transparency, and that understanding the costs of each line of business can help shed light on longer-term strategies and investment priorities.

FY06 Grant Request by Business Line (Estimated) *

($ millions)	Infrastructure Mgt (a)	NEC Ops (b)	State Corridor Ops (c)	Long Distance Ops (d)	Ancillary Business (e)	Unallocated System (f)	Total
Operating							
Direct (g)	35	(165)	30	315	(75)	-	140
System (h)	15	60	65	105	-	175	420
Subtotal	50	(105)	95	420	(75)	175	560
Capital (i)	429	77	71	117	14	79	787
Business Line Total	**479**	**(28)**	**166**	**537**	**(61)**	**254**	**1,347**

Many costs shared or allocated; not all business line costs are "avoidable"

Restructuring (j)	20
Debt Service (k)	278
Subtotal (l)	***1,645***
Working Capital (m)	175
Amtrak Total	**1,820**

* Numbers should not be construed as distinct grant requests that can be funded separately; not all business line costs are eliminated if line is eliminated; estimates are preliminary and may not add due to rounding
(a) Maintenance, capital expenditures and management on Amtrak-owned infrastructure
(b) Train operations on NEC spine from Boston to Washington
(c) Train operations on other short-distance corridors - some currently state supported, and others currently "system" segments
(d) Train operations on routes of more than 750 miles
(e) Often referred to as "non-core" business, includes profitable real estate/commercial, reimbursable and commuter services
(f) Overhead support for entire national system (to be allocated to business lines 20% per year over five years)
(g) Costs associated with an individual route (e.g., fuel, train crew and railroad payments) that are "avoidable" (i.e., would disappear if route was eliminated) plus allocated portion of "shared route" costs (e.g., stations, yard operations and training), estimated using Route Profitability System, adjusted; assumes rough estimates of "cross-charges" between lines
(h) System overhead, general & administrative, computer systems, office facilities, legal expenses, and other "fixed" costs (i.e., costs that do not vary in the short run with changes in activity levels)
(i) Project based capital needs assessment; assumes all infrastructure-related capital assigned to infrastructure management line
(j) Initial expense of activity-based costing model and placeholder for pilot project investments
(k) Legacy debt; could be relieved through creation of defeasance portfolio of treasury securities
(l) Subtotal excluding infusion of working capital; if access to short-term credit facility granted, then total request would be $1,645 million
(m) One-time infusion of working capital is critical to manage cash flow (if credit facility is not granted)

Aggregate Request Summary

Amtrak's FY06 request is summarized in the table below.

FY06 Grant Request vs. FY05

($ millions) *	FY05 Plan	FY05 Budget	FY06 Request
Capital			
Legal Mandates (a)	*132*	*114*	*145*
Infrastructure (b)	*412*	*330*	*483*
Rolling Stock	*306*	*207*	*221*
Other Services (c)	*90*	*65*	*110*
Non-Federal Funding	*(173)*	*(200)*	*(172)*
Subtotal, Capital	767	516	787
Operating	570	570	560
Debt Service (incl. DOT loan)	358	273	278
Restructuring Costs (d)			20
Subtotal, Capital/Operating/Debt	1,695	1,359	1,645
		Working Capital (e)	175
		Total Federal Grant	1,820

* Numbers may not add due to rounding

(a) Security fencing,N Y tunnels life safety,A DA assessments, mandatory rolling stock inspections, and environmental remediation and pollution control

(b) The increase in FY06 represents deferred projects (e.g.,b ridges, signal systems, interlocking reconstruction and catenary renewal) needed to achieve state of good repair and ensure reliable operations.

(c) Information technology, real estate, procurement, and financial systems

(d) Activity-based costing model, placeholder for pilot project investments

(e) One-time infusion of working capital critical; alternative: access to short-term credit facility

Capital needs represent ongoing state-of-good repair primarily for equipment and infrastructure (see capital detail table on next page). The operating loss decreases slightly in FY06 despite increased fuel and insurance costs. Debt service payments (principal and interest) are mandatory, unless they are defeased during a restructuring. A one-time infusion of working capital will be necessary to manage cash flow throughout the year – unless Amtrak obtains access to a credit facility (discussed above), in which case the Grant Request would be reduced by $175 million. Finally, a placeholder is included for first year transition costs to cover initial steps in development of an activity-based costing tool, and costs associated with pilot outsourcing and route competition projects (discussed in the Strategic Reform Initiatives above).

FY 06 Capital Needs ($ millions)*	Total	Infra Mgt	NEC Ops	State Corr Ops	Long Dist Ops	Ancillary Business	Support/ Security	Program Description
		Estimate by Business Line						
LEGAL MANDATES	**77**	**38**	**3**	**1**	**1**	**-**	**34**	Security fencing, NY tunnels life / safety, ADA assessments and improvements, rolling stock mandatory inspections and modifications, environmental remediation and pollution control.
Legislative, judicial or regulatory mandates	146	106	3	1	1	-	34	
Non-Federal funding	(68)	(68)	-	-	-	-	-	NY Tunnels/Long Island Rail Road, $50.2 million; Federal Railroad Administration (special grant), $18.1 million.
INFRASTRUCTURE	**383**	**383**	**-**	**-**	**-**	**-**	**-**	
Major Projects Major projects -- Assets exceed useful life	86	86	-	-	-	-	-	Thames bridge replacement, Hell Gate catenary and track renewal, CETC consolidation, Baltimore oil static line replacement, and Chicago Lake Street interlocking. Also funds design of Niantic and Conn River bridge replacements and NY-WAS frequency converter replacement.
Ongoing Asset Replacement Replacement of infrastructure components, including track, bridge decks, signals, and catenary wire	298	298	-	-	-	-	-	Includes concrete tie installation, interlocking reconstruction, catenary renewal and other production programs. Includes projects funded under joint benefit agreements with commuter agencies.
Partnerships / Agreements Major projects -- Jointly funded with states / other railroads	99	99	-	-	-	-	-	Shell interlocking, other Metro-North projects, Keystone Program, Flores-O'Neill (CA) double track, Michigan Positive Stop, Chicago-St. Louis signals, Chicago congestion relief, and West Detroit track connection.
Non-Federal Funding	(100)	(100)	-	-	-	-	-	State of Pennsylvania; Keystone Program, $25 million; New Jersey Transit - Joint Benefit Program (Ongoing Asset Replacement), $58 million; other programs, $17 million.
ROLLING STOCK	**221**	**-**	**57**	**59**	**104**	**-**	**-**	
Passenger Equipment Overhaul and remanufacture of passenger cars and locomotives, including switcher locomotives	189	-	51	50	87	-	-	Basic overhauls and remanufacture of Amtrak's passenger car and locomotive fleet, including single and bi-level corridor and long-distance passenger equipment, and electric and diesel locomotives.
Non-Passenger Equipment Baggage cars; Maintenance of Way ballast cars	6	-	2	1	3	-	-	Basic truck overhauls to maintain in reliable condition.
New Equipment Acquisition Replacement of equipment exceeding useful life; state partnership	13	-	-	5	8	-	-	Begins replacement of 50-year old "Heritage" cars used primarily as specialty equipment such as diners / dorms; delivery of 70 units scheduled for FY07 and FY08; $5 million for spec development, design and start of procurement of next generation corridor equipment (in collaboration with States for Passenger Rail).
Facilities and Equipment Support Equipment, facility modifications to improve productivity	14	-	5	3	6	-	-	State-of-good-repair improvements to back shops / Service and Inspection (S&I) facilities.
OTHER SUPPORT SERVICE	**105**	**8**	**17**	**11**	**11**	**14**	**45**	Purchase of automated ticketing machines; upgrade of call center and on-line reservation systems; station development, Philadelphia, Chicago and Wilmington; warehouse improvements; heavy vehicle replacement; station signage and requirements to upgrade train communications.
Marketing, real estate, procurement, transportation, finance and information technology	110	8	17	11	11	19	45	
Non-Federal Funding	(5)	-	-	-	-	-	(5)	-	TEA-21 Grant, Philadelphia 30th Street Station Development project; METRA, Chicago Union Station Ventilation project.
Total Federal Request	**787**	**429**	**77**	**71**	**117**	**14**	**79**	

* Numbers may not add due to rounding

Long-Term Funding Targets

Over the next several months, Amtrak will be developing more detailed projections of the financial benefits of the strategic initiatives outlined in this document and publishing those in our five-year Strategic Plan. In the meantime, we have developed preliminary estimates for purposes of setting broad targets for improvement over the period (see table below).

The targets are aggressive; they assume operating savings of nearly $550 million against the baseline forecast operating loss. Individual business lines have an even tougher hurdle to meet, with system overhead fully allocated by FY11. The target for long distance operations, for example, assumes a 33 percent improvement in operating loss versus baseline.

It is important to note that these targets assume all actions outlined in the Strategic Reform Initiatives outlined above are completed, including legislative initiatives such as a reliable federal capital matching program and other reforms.

FY11 Federal Needs: Targets *

($ millions)	Infrastructure Mgt (a)	NEC Ops (b)	State Corridor Ops (c)	Long Distance Ops (d)	Ancillary Business (e)	Unallocated System (f)	Total
Operating							
FY06 Operating (g)	50	(105)	95	420	(75)	175	560
Net Inflation (h)	20	15	40	90	5	35	205
System (fully allocated)	-	55	55	80	20	(210)	-
Baseline (before initiatives)	*70*	*(35)*	*190*	*590*	*(50)*	-	*765*
Strategic Initiative Results (i)	(70)	(85)	(190)	(190)	(10)	-	(545)
Subtotal	-	(120)	-	400	(60)	-	220
Capital (j)	400	120	-	50	10	-	580
Business Line Total	**400**	-	-	**450**	**(50)**	-	**800**
Restructuring (k)							-
Debt Service (l)							-
Working Capital (m)							-
Amtrak Total							**800**
State Corridor Capital Match (n)							**TBD**

* Assumes completion of all actions outlined in Strategic Reform Initiatives above, including legislative changes such as reliable capital matching program and platform for competition; numbers rounded

(a) Assumes proportionate recovery of operating costs from users; proportionate sharing of capital costs from commuters/freights; intercity NEC ops share assumed to be matched 80-20

(b) Operating surplus roughly covers 20 percent of capital costs for infrastructure and equipment overhauls; excludes replacement equipment

(c) All operating and equipment overhaul capital costs passed to states (who would receive 80-20 capital under this proposal)

(d) Losses from operations reduced (after inflation and system overhead allocation) from measures outlined below; small ongoing equipment overhaul need

(e) Profit slightly reduced from increasingly competitive market; profits offset federal funding need

(f) System overhead support fully allocated to business lines by FY11

(g) Operating contribution/loss subtotals from FY06 request

(h) Annual revenue growth of 2% net of expense inflation of 3% (over FY06 forecast)

(i) Assumes all initiatives - including legislative changes - implemented. Target assumptions: outsourcing ($90 million), productivity ($60 million), RRTA phase-out ($55 million), cumulative revenue benefit from gas price increases ($80 million), customer service enhancement benefit ($100 million), proportionate share access payment increase from NEC commuter agencies ($30 million), additional state operating contributions from fully-allocated costing on all corridor trains ($115 million) and long distance ($15 million)

(j) Capital cost reduction assumptions FY11 vs. FY06: proportionate share capital contribution increases from NEC commuter agencies ($30 million), capital from states for equipment ($55 million), reduction in backlog projects ($107 million), RRTA savings ($15 million)

(k) Assumes no additional restructuring expenses (e.g., labor protection payments)

(l) Assumes legacy debt defeased

(m) One-time infusion of working capital or access to credit facility assumed to be granted in FY06

(n) Program hinges on enactment of reliable, long-term funding for intercity passenger rail, including capital matching program to states comparable to other modes (generally 80-20)

This is a critical year in history of intercity passenger rail service. Amtrak hopes that the objectives, initiatives and funding requests summarized in this document have provided policy-makers with a clear sense of Amtrak's approach, and some options for the reauthorization process. As we have noted, Amtrak's Board and management is committed to carrying out these initiatives and looks forward to working with Congress and others in the coming months to chart a new course for passenger rail.

AMTRAK®

NATIONAL RAIL PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

MAY 26, 2005

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, May 26, 2005.

Members of the Board of Directors attending the meeting were David L. Gunn (President and Chief Executive Officer), Floyd Hall, David M. Laney (Chairman), and Jeffrey Rosen (representing the Secretary of Transportation). Enrique Sosa participated in the meeting via conference call.

Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Joe Bress, Bill Crosbie, Lorraine Green, Gerri Mason Hall, Gil Mallery, Joe McHugh, Barbara Richardson, Alicia Serfaty, David Smith, and Fred Weiderhold of the Management Executive Committee (MEC) were present.

John Carten, David Hughes, John Prader, and Medaris Oliveri of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:10 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

APPROVAL OF MINUTES

Mr. Laney called the Directors' attention to the minutes of the April 14, 2005 and April 19, 2005 meetings of the Board of Directors. Upon motion made by Mr. Hall and seconded by Mr. Rosen, the minutes were approved as submitted.

(4-0)

ACTION ITEMS

RESOLUTION APPOINTING AN APPEALS OFFICER FOR AMTRAK'S RETIREMENT SAVINGS PLAN

Mr. Laney directed the Board's attention to a resolution appointing an Appeals Officer for Amtrak's Retirement Savings Plan. Ms. Serfaty advised the Board that pursuant to Amtrak's Retirement Income Plan, claims for unpaid benefits are submitted to the Retirement Plan

Committee for an initial determination. She explained that in accordance with section 402(a)(2) of the Employee Retirement Income Security Act (ERISA), if the claimant is not fully satisfied with the Committee's determination, the claim may be appealed to an officer of the company designated by the Board of Directors as a fiduciary of the Retirement Income Plan. Ms. Serfaty stated that Management recommends the appointment of Lorraine Green, Vice President-Human Rights, as the fiduciary and company officer designated to hear benefit claim appeals for Amtrak's Retirement Income Plan.

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolution:

> WHEREAS, Amtrak's Retirement Income Plan contains a claims procedure for processing denial of benefit claims; and
>
> WHEREAS, The Plan claims resolution procedure includes a final appeal to a company officer who is appointed as a fiduciary to the Plan; therefore, be it
>
> RESOLVED, That the Board of Directors hereby appoints Lorraine Green, Vice President-Human Resources and an Amtrak Officer, as the appeal officer and a fiduciary to the Retirement Income Plan as set forth in the Plan document.

(4-0)

Exemption 5
Commercial Privilege

RESOLUTIONS AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT FOR A WAREHOUSE FACILITY IN NEW CASTLE, DELAWARE FOR MATERIALS MANAGEMENT STORAGE

Mr. Laney called the Board's attention to resolutions authorizing the execution of a lease agreement for a warehouse facility in New Castle, Delaware for storage of material. Mr. Gunn stated that Management planned to build a 91,000 square foot warehouse adjacent to the Wilmington Shops for supplies required for support of the capital program, increases in the preventive maintenance program, and off-the books inventories reclaimed from the field. Mr. Prader advised the Board that warehouse construction costs escalated as the result of unfavorable site conditions. He reported that Management has downsized the new warehouse facility to 44,000 square feet, reducing the capital expenditure from [redacted] to [redacted]

Mr. Prader informed the Board that space over and above that of the new warehouse will be needed for the storage of material. He stated that Management recommends leasing a 120,000 square foot warehouse in the Boulden Industrial Park in New Castle, Delaware as a more economical alternative. He reported that the term of the

Exemption 5
Commercial Privilege

lease is three years and nine months, commencing on June 1, 2005 and that the total annual rental cost of this facility will be [redacted]

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Rosen, the Board voted to approve the following resolutions:

> WHEREAS, Amtrak Materials Management needs to lease a 120,000 square foot warehouse in Boulden Industrial Park, New Castle, Delaware for material storage; and
>
> WHERAS, Amtrak located a 120,000 square foot warehouse that meets or exceeds Materials Management storage needs; and
>
> WHEREAS, A Lease Agreement was negotiated with an annual rental not to exceed [redacted] (including Industrial Park fees and utilities) for a term of three years and nine months, commencing June 1, 2005 ("Lease Agreement"); and
>
> WHEREAS, All such terms and conditions are acceptable to Management; and
>
> WHEREAS, Management recommends that the Corporation authorize the execution and delivery of the Lease Agreement on the terms and conditions set forth in the Executive Summary; therefore, be it
>
> RESOLVED, That the Corporation is authorized to execute and deliver a Lease Agreement with respect to leasing certain property in Boulden Industrial Park, New Castle, Delaware for Materials Management storage on the terms and conditions set forth in the Executive Summary; and

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President-Real Estate Development is hereby authorized, directed, and empowered to take any and all actions to execute and deliver, in the name and on behalf of the Corporation, a Lease Agreement together with any and all other necessary documents and instruments to effectuate the transaction contemplated by the foregoing.

(4-0)

RESOLUTION AUTHORIZING THE EXECUTION OF A THIRD AMENDMENT AGREEMENT TO A LEASE FOR OFFICE SPACE IN OAKLAND, CALIFORNIA

Mr. Laney directed the Board's attention to a resolution authorizing the execution of the Third Amendment to a Lease for office space in Oakland, California. Mr. Gunn informed the Board that Amtrak leases 16,684 square feet of space for offices and an operations center at 530 Water Street in Oakland, California. He stated that the Jack London Station is being renovated to accommodate 21 of the 55 employees currently at this location. Mr. Mallery reported that the landlord at Water Street has agreed to significantly reduce Amtrak's leased space effective upon termination of the current lease in December 2005. He indicated that the Third Amendment will extend the lease for a period of three years with a one year option.

Following discussion, upon motion made by Mr. Rosen and seconded by Mr. Sosa, the Board voted to approve the following resolution:

WHEREAS, Amtrak currently leases 16,684 square feet of office and operation center space ("Premises") at 530 Water Street in Oakland, California owned by Oakland Portside Association ("Landlord"); and

WHEREAS, The current lease terminates on December 15, 2005; and

WHEREAS, Due to the renovation of office space in Jack London Station, Amtrak continues to need only a portion of the Premises; and

WHEREAS, Landlord and Amtrak have negotiated an amendment to the current lease of the Premises; and

WHEREAS, Such terms are acceptable to Management; and

WHEREAS, Management recommends that the aforementioned Third Amendment to the Lease between Landlord and Amtrak be approved; therefore, be it

RESOLVED, That the President and Chief Executive Officer or the Vice President-Real Estate Development or her designee is authorized to execute and deliver, in the name of and on behalf of the Corporation, the Third Amendment to the Lease, together with any and all other necessary documents and instruments, to effectuate the transaction contemplated by this resolution.

(4-0)

RESOLUTIONS AUTHORIZING AN EXTENSION AMENDMENT BETWEEN AMTRAK AND NORTHERN VIRGINIA AND THE POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSIONS FOR OPERATION OF COMMUTER RAIL SERVICE

Mr. Laney called the Board's attention to resolutions authorizing a five year extension to the Operating Agreement between Amtrak and Northern Virginia and the Potomac and Rappahannock Transportation Commissions for operation of commuter rail service. Mr. Mallery stated that since 1992, Amtrak has operated Virginia Railway Express (VRE) service between Washington, D.C. and Fredericksburg, Virginia and between Washington, D.C. and Manassas, Virginia.

Mr. Mallery informed the Board that Amtrak and the Commissions have reached agreement in principle to extend the 1998 Operating Agreement through June 30, 2010. He indicated that the Commissions are expected to vote on the proposed Extension Agreement in early June. He reported that the Extension Agreement will retain the existing financial agreement between the parties for the provision of services by Amtrak as well as VRE access to Washington Union Station (WUS) and Washington Union Terminal (WUT). He noted that the Extension Agreement will require a $500,000 access fee for additional storage tracks at WUT, a contribution of $500,000 toward jointly beneficial capital projects in year one and $1 million annually thereafter, and a revised management fee consistent with Amtrak's current Commuter Service Pricing Policy.

A Board-led discussion concerning the proposed agreement ensued. In response to a question from Mr. Rosen, Mr. Mallery stated that the VRE agreement will serve as a model for other commuter service agreements on the Northeast Corridor (NEC).

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

> WHEREAS, Amtrak currently provides commuter rail services for Northern Virginia and the Potomac and Rappanhannock Transportation Commissions, including transportation and maintenance of equipment services and access of the Virginia Railway Express (VRE) to Amtrak's Washington Union Station and Union Terminal via the Agree-

ment between National Railroad Passenger Corporation and Northern Virginia and the Potomac and Rappahannock Transportation Commissions for the operation of commuter rail service (Operating Agreement); and

WHEREAS, The Operating Agreement, signed effective March 1, 1998, is due to expire on June 30, 2005; and

WHEREAS, The Commissions approached Amtrak to continue providing commuter rail service for an additional period; and

WHEREAS, Management has determined that continued operation of VRE train service is advantageous to Amtrak, both financially and operationally; and

WHEREAS, Management and the Commissions recognize that Amtrak must be properly reimbursed for all costs associated with the operation of VRE train service, including VRE's use of Amtrak's Washington Union Terminal and Union Station; and

WHEREAS, Management and the Commissions recognize that, based upon VRE's use of Amtrak assets, the Commissions must also contribute a suitable amount for jointly beneficial capital projects to sustain and improve those assets; therefore be it

RESOLVED, That the Board of Directors authorizes the Corporation to execute and deliver an Extension Amendment between National Railroad Passenger Corporation and Northern Virginia and the Potomac and Rappahannock Transportation Commissions for operation of commuter rail service through June 30, 2010; and

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President-Strategic Planning and Contract Administration is hereby authorized, directed, and empowered to take any and all actions to execute and deliver in the name of and on behalf of the Corporation, an Extension Amendment between National Railroad Passenger Corporation and Northern Virginia and the Potomac and Rappahannock Transportation Commissions for operation of commuter rail service, together with any and all other necessary documents and instruments, to effectuate the transaction contemplated by the foregoing.

(4-0)

Mark Dayton of the Department of Transportation Office of the Inspector General (DOT OIG) joined the meeting.

RESOLUTION NAMING AMTRAK POLICE OFFICER OF THE YEAR FOR 2004

Mr. Laney called the Board's attention to a resolution naming John Clayborne of Amtrak's Police Department as Officer of the Year for 2004. Mr. Crosbie reviewed Mr. Clayborne's accomplishments during 2004 that led to his nomination.

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolution:

WHEREAS, In 2004, Detective John Clayborne quickly reacted to information that a package addressed to President Bush at the White House was about to be loaded onto an Amtrak train; and

WHEREAS, Detective Clayborne's immediate response and investigative expertise led to the discovery that the sender was questionable, averting what could have been a serious threat; and

WHEREAS, In 2004, Detective Clayborne was commended by the Finney County (Kansas) Sheriff's Office after he located a mother who was deemed unfit and her children on an Amtrak train, and placed the children with the appropriate child-care agency in New Mexico; and

WHEREAS, In 2004, Detective Clayborne's outstanding drug interdiction work resulted in two of the largest seizures of U.S. currency in the Amtrak Police Department's history ($1.2 million in June and $751,000 in November); and

WHEREAS, In 2004, Detective Clayborne and his counterparts made 11 drug seizures resulting in the arrests of 13 individuals; and

WHEREAS, In 2004, Detective Clayborne successfully located a suicidal juvenile runaway at the Amtrak Albuquerque station and took the girl into custody; and

WHEREAS, In 2004, Detective Clayborne responding to the report of a suspicious passenger on a train, coordinated with the Immigration and Naturalization Service (INS), and determined that the subject was in the United States illegally; and

WHEREAS, The subject was removed from the train and taken into custody for deportation with no delay to the train; and

WHEREAS, In 2004, Detective Clayborne investigated 142 Amtrak incidents, bringing all to a successful conclusion; therefore, be it

RESOLVED, That the Board of Directors of the National Passenger Railroad Corporation approves the selection of Detective John Clayborne as Amtrak's 2004 Officer of the Year.

(4-0)

UPDATE ON *ACELA* SERVICE

FINANCIAL IMPACT OF DISCONTINUING ACELA SERVICE

Mr. Smith briefed the Board on the financial impact of removing the *Acela* trainsets from service on April 15, 2005. He indicated that assuming recovery of half of the ridership on the north end of the NEC and almost all of the ridership on the south end, a $12 million loss of revenue per month is projected while the *Acelas* are out of service. He attributed the loss not only to reduced ridership but degradation of revenue due to lower yield ticket revenue. He stated that a revenue loss will also occur as result of New Jersey Transit's (NJT) takeover of operation of a portion of *Clocker Service* from Philadelphia to New York. Mr. Gunn commented that rebuilding of *Amfleet* cars helped reduce the impact of taking the *Acela* trainsets out of service.

Mr. Smith informed the Board that $3 million in cost savings have been achieved with the discontinuance of *Acela* service. Mr. Crosbie reported that work force reductions consisting of 85 Amtrak onboard service employees and 30 Gate Gourmet employees have been implemented. He stated that the *Acela* locomotive engineers will fill other vacant positions. He indicated that menu changes have been implemented that will achieve additional cost savings and that these savings will be ongoing. Mr. Smith reported that Amtrak is still accruing, but not paying, $2 million per month for maintenance of the *Acela* trainsets since invoiced amounts are based upon mileage. He advised the Board that the net loss for discontinuance of *Acela* service is projected at $9 million monthly. A Board-led discussion concerning revenue, ridership, and financing of the *Acela* trainsets ensued.

ON-TIME PERFORMANCE

Mr. Crosbie informed the Board that *Metroliner* on-time performance (OTP) is close to 85 percent compared to the *Acela's* OTP of 70 to 75 percent and discussed factors contributing to these numbers. He also discussed equipment availability and the failure rate of the electric locomotives.

BRIEFING ON LEGAL ISSUES

Privilege and Confidential
Attorney-Client Privilege

Ms. Serfaty briefed the Board on legal issues related to the *Acela* trainsets. [redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

Exemption 5
Attorney-Client Privilege

BRAKE DISCS

Mr. Crosbie advised the Board of the schedule for testing the new Knorr discs, the proposed production schedule and when, if all goes well, the *Acelas* will return to service. He discussed the process for accepting the new brake discs, the results of prior testing, and issues associated therewith. He indicated that the Board will be updated as new information concerning brake defects becomes available.

Mr. Yachmetz advised the Board regarding the substance of reports from the brake manufacturer.

GOVERNMENT AFFAIRS

FY06 APPROPRIATIONS PROCESS

Mr. McHugh briefed the Board on the timetable for the FY06 appropriations process. He indicated that the process is expected to mirror last year's funding schedule. He reported that most of the discretionary accounts will be funded through an omnibus bill sometime after the beginning of the fiscal year. He stated that it is likely Amtrak will have to operate under a Continuing Resolution for a period of six to eight weeks in FY06. He indicated that the leadership of House and Senate committees has changed and provided the Board with the names of key members of Congress. A Board-led discussion concerning Amtrak funding ensued.

REAUTHORIZATION PROCESS

Mr. McHugh informed the Board that the House Transportation and Infrastructure Committee has reported out a bill that authorizes Amtrak funding for three years at $2 billion per year (HR 1631). He noted that the bill contains no structural changes to Amtrak and is awaiting full House action. He reviewed the schedule for the reauthorization process and commented that no further action is anticipated until the Senate produces a bill.

A Board-led discussion concerning legislative issues ensued. Mr. McHugh recommended that Amtrak continue to apprise members of Congress of the Corporation's financial situation. Mr. Laney requested that Management provide the Board with a legislative calendar of events.

CONGRESSIONAL HEARINGS

Mr. McHugh advised the Board that the House Railroad Subcommittee will hold three oversight hearings in June and July concerning Amtrak management practices.

FINANCIAL PERFORMANCE

Mr. Smith briefed the Board on Amtrak's financial and operating performance for April 2005. He noted that Amtrak's adjusted loss was $1 million below budget and that revenue was $12 million below budget. He reported that as result of the *Acelas* being taken out of service during the last 15 days of April, Amtrak incurred a revenue loss of $14 million. He stated that this amount was offset by $6 million in revenue from alternative sources, resulting in an $8 million net revenue reduction. He reported a $4 million slippage against budget in long-distance train revenue.

Mr. Smith informed the Board that fuel was $3 million unfavorable to budget, which was offset by $10 million in salary, wage, and benefit savings. He advised the Board of a $3 million favorable adjustment in the valuation of repair and replacement inventory.

MARKETING PERFORMANCE

RIDERSHIP AND REVENUE

Ms. Richardson briefed the Board on April ridership and revenue results. She stated that ridership was below budget, prior year, and forecast due to discontinuance of the *Acela.* She reported that the long-distance trains did not sustain the positive performance that occurred as result of the Easter holiday and spring break in March. She indicated that favorable load factors on short-distance trains have continued from March. She said that revenue in April was $8 million or 7 percent below prior year due to shortfalls in *Acela* and long-distance train revenue, which was partially offset by short-distance train revenue. She presented comparative revenue data on long distance, *Acela*/Metroliner, and NEC trains.

PERFORMANCE FACTORS

Ms. Richardson briefed the Board on factors impacting ridership in April, which she identified as decreased trip length due to low-cost carrier competition, discontinuance of *Acela Express* service, negative trends on long-distance trains, the impact of CSX track work on the OTP of Florida trains, and continued low-yield corridor growth.

FARE ACTIONS

Ms. Richardson advised the Board of fare actions that will be initiated in June for regional trains, long-distance sleepers, state-supported trains, and *the Wolverines*.

REPLACEMENT OF *ACELA* SERVICE

Ms. Richardson briefed the Board on Amtrak's communications plan and other actions taken by Management in connection with the replacement of *Acela* service. She noted that in order to minimize the impact of the discontinuance of *Acela* service, trains were placed in slots that would reclaim the greatest amount of revenue. She noted that Management is developing a relaunch strategy to recapture *Acela* customers who have defected to the shuttle.

INSURANCE PROGRAM

A brief discussion concerning Amtrak's insurance program ensued. In response to a request from Mr. Hall, Mr. Smith indicated that he will provide this information at the June Board meeting.

Messrs. Bress, Mallery, McHugh, Prader, and Weiderhold as well as Madames Green, Hall, and Richardson left the meeting.

EXECUTIVE SESSION

FY05 BUDGET

The Board met in executive session with Messrs. Carten, Crosbie, Dayton, Hughes, Smith, and Yachmetz as well as Madames Oliveri and Serfaty present.

Exemption 5
Deliberative Process

Mr. Smith provided the Board with cash flow projections through the end of FY05 as well as October FY06. The Board discussed at length issues around Amtrak's FY05 cash flow, opportunities to enhance revenues, reduce expenses, and the FY06 appropriation and cash flow projections. During the session, Mr. Rosen requested information about the status of the FY05 budget gap. [redacted]

Paul Nissenbaum of Amtrak's staff joined the meeting. Mr. Gunn, Mr. Mallery, and Ms. Richardson rejoined the meeting.

AMTRAK REFORM PLAN

At the request of Mr. Laney, Mr. Nissenbaum informed the Board about responses of state officials, members of Congress, and congressional staffs to briefings regarding the *Amtrak Reform Plan*. Mr. Nissenbaum also discussed questions and concerns raised during the briefings. He stated that a follow-up conference call meeting is planned with state officials in June. Mr. Hall indicated that he would like to participate in the call.

Mr. Nissenbaum informed the Board that Management has begun to develop options for NEC access charges and an infrastructure advisory board. Mr. Laney requested that Management brief the Board on Management's proposal for an NEC infrastructure organization at an upcoming Board meeting. In response to a request from Mr. Laney, Mr. Nissenbaum stated that Management will provide the Board with a proposal and matrix for evaluation criteria for long-distance trains at an upcoming Board meeting.

STRATEGIC INITIATIVES

FOOD SERVICE

Mr. Crosbie advised the Board that the loss on *Acela* food service amounts to $10 million annually. He reported that the *Acela* menu has been changed and will not be brought back when *Acela* service is relaunched.

Mr. Crosbie indicated that Amtrak's decision to take food service off the Albany to New York trains on July 1, 2005 is generating a significant amount of pushback. Mr.

McHugh and Mr. Yachmetz indicated that they have also received complaints regarding this action.

Mr. Hall suggested that Management explore additional food service expense reductions in connection with first class passenger service. Mr. Crosbie advised the Board of the status of Gate Gourmet, the contractor responsible for onboard food service.

EMPIRE BUILDER MARGIN IMPROVEMENT PROJECT

Ms. Richardson provided the Board with a status report on the *Empire Builder* margin improvement project. She reported that train interiors have been refurbished and that service training is expected to be completed in June. She indicated that the dining car experience has been upgraded and that the fare structure for this train is being evaluated. She stated that the launch of the new service is on schedule for August. A Board-led discussion concerning VIA Rail service ensued.

OTHER INITIATIVES

Mr. Crosbie directed the Board's attention to a list of cost savings and productivity/cost avoidance initiatives that have implemented by the Operations Branch. [redacted] He advised the Board that due to the fact that the *Acela* has lower capacity, two or three rebuilt *Metroliners* will operate at peak hours when the *Acelas* are brought back into service. A discussion concerning the scheduling of trains on the NEC ensued.

Mr. Crosbie informed the Board that Management is planning to establish the position of Vice President-Customer Service. He stated that this position will be responsible for all functional areas related to the customer and will serve as a customer advocate. He stated that the position and candidate will be presented for Board approval at a later date.

Mr. Laney requested that Management provide the Board with a schedule of presentations on strategic initiatives over the coming months. Mr. Hall requested that Management provide background material on the initiatives in advance of the Board meetings.

Exemption 5
Deliberative Process

RESERVATION SALES CALL CENTERS

[redacted] Ms. Richardson indicated that she would provide information regarding actions that Management has taken to reduce RSCC costs and that Mr. Bress will address labor issues. Mr. Hall requested that a briefing on RSCCs be placed on the agenda and that the briefing include actions taken to date as well as possible alternatives.

ACELA IMPROVEMENTS

Mr. Crosbie informed the Board of improvements being made to *Acela* trainsets while they are out of service. He indicated that tear-down inspections, some required modifications, and overhauls of the trainsets are being carried out.. He stated that the Consortium has agreed to to refurbish certain items on the interiors of the *Acela* trainsets. He stated that Management is also reevaluating scheduling of the *Acelas* in order to improve OTP when they return to service. He indicated that efforts have also been made to improve cell phone communications on the *Acela* trainsets and that testing of WiFi is being carried out. He indicated that he will provide the Board with a presentation on the status of the WiFi project at a later date.

REPORT ON AMTRAK FINANCIAL SYSTEMS

Mr. Smith briefed the Board on Amtrak's financial systems, which he indicated are of 1987 vintage. He described the capabilities of the corporation's current route profitability system (RPS) and advised the Board that to provide reports by line of business would be a labor intensive process. He discussed the development and challenges of an integrated financial system. He presented a timetable for the evolution of the current RPS financial system to an activity based management system. He also briefed the Board on the implementation of the Human Resources/Payroll system, which is expected to be completed in July 2007.

The meeting recessed at 12:34 p.m. and reconvened at 12:59 p.m. Board members present were Mr. Hall, Mr. Laney, and Mr. Rosen. Mr. Sosa participated via conference call. Also present Messrs. Bress, Carten, Crosbie, Dayton, Hughes, Mallery, McHugh, Nissenbaum, Smith, Weiderhold, and Yachmetz as well as Madames Oliveri, Richardson, and Serfaty.

UPDATE ON THE REQUEST FOR PROPOSAL TO OPERATE NEW MEXICO COMMUTER RAIL SERVICE

Mr. Mallery briefed the Board on Amtrak's participation in the bid process for the selection of an operator of New Mexico commuter rail service. He identified other participants in the bid process and stated that Amtrak anticipates receiving a request for a best and final offer (BAFO) the week of May 21, 2005. He called the Board's attention to the letter submitted to the Mid-Region Council of Governments (MRCOG) that accompanied Amtrak's bid proposal. He stated that the letter advises the Council that Amtrak's participation is contingent upon MRCOG making an immediate major capital investment in infrastructure improvements.

UPDATE ON CONNECTICUT DEPARTMENT OF TRANSPORTATION AND NEW JERSEY TRANSIT NEGOTIATIONS

Mr. Mallery informed the Board that Amtrak's operating agreement with the Connecticut Department of Transportation (ConnDOT) for operation of Shore Line East commuter rail service is due to expire on June 30, 2005. [redacted]

UPDATE ON THE REQUEST FOR PROPOSAL TO OPERATE COMMUTER RAIL SERVICE FOR THE NORTH COUNTY TRANSIT DISTRICT

Mr. Mallery updated the Board on the North County Transit District's (NCTD) bid solicitation for the operation and maintenance of *Coaster Service*. He stated that Amtrak has been the contract operator of this service

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

since it was initiated in 1995 and that the current contract will expire in June 2006.

[redacted]

[redacted]

UPDATE ON LABOR RELATIONS

Mr. Bress advised the Board that under the High Speed Rail Labor Agreement, Amtrak pays the wages of agreement-covered employees. He stated that at the time of the discontinuance of *Acela* service, there was a maintenance staff of 234 employees and that Amtrak posted notice to abolish 96 positions. He stated that the affected employees have either been absorbed by conventional train service, or under an agreement with the unions, are refurbishing the *Acela* trainsets in Boston. He noted that employees assigned to the Boston project will be required to perform all duties for which they have been trained. A Board-led discussion concerning the Presidential Emergency Board (PEB) process ensued.

Scott Braverman and James Coston of Corridor Capital in Chicago joined the meeting.

REFORM IMPLEMENTATION PLAN FOR THE WEST COAST CORRIDORS

Mr. Braverman and Mr. Coston briefed the Board on a Reform Implementation Plan for the West Coast Corridors developed by the consulting firm of Corridor Capital. Mr. Braverman said that the Implementation Plan encompasses the design, promotion, and operation of intercity passenger rail service and includes five objectives. A proposal was distributed, and Mr. Braverman and Mr. Coston made a presentation explaining the elements of the proposal.

Mr. Yachmetz left the meeting.

Mr. Gunn rejoined the meeting. Messrs. Braverman, Bress, Coston, Hughes, Mallery, McHugh, Nissenbaum, and Smith left the meeting. Mr. Sosa left the call.

SECURITY AND INSPECTOR GENERAL REPORTS

UPDATE ON SECURITY

Mr. Crosbie called the Board's attention to a written report on Amtrak Police and Security covering the March through May 6 time period. He briefed the Board on security-related incidents that occurred during May and June. He stated that Amtrak has requested a meeting with the new DHS Under Secretary to discuss rail security, potential grants, and the DHS rail passenger security directives from a financial and security standpoint. Mr. Crosbie announced that Amtrak has received a $6.5 million grant from DHS. Mr. Weiderhold advised the Board that all funding in the grant has been earmarked.

Mr. Crosbie announced that six Amtrak Police Officers received Heartsaver Awards for their role in saving a life with an automated external defibrillator. He advised the Board of a three year program to place defibrillators on Amtrak trains.

INSPECTOR GENERAL REPORT

Mr. Weiderhold reported that Amtrak's Inspector General (OIG) met with the TSA Compliance Division, which is planning to audit Amtrak against DHS passenger rail security directives. He reported that Amtrak's OIG also met with DHS officials and that Amtrak will be included in the rail corridor initiative, which provides $9.9 million for rail security. He indicated that DHS has informally indicated that it will provide Amtrak assistance with the First Street Tunnel.

UPDATE ON ACTIONS TAKEN IN RESPONSE TO THE RAND REPORT

Mr. Crosbie called the Board's attention to a report on actions taken by Management in response to the Rand Report.

UPDATE ON RAIL OPERATIONS

Mr. Crosbie indicated that the Operations Branch Report for FY05 through April appears in the Board book. He reported favorable operating and capital budget results for the Operations Branch.

Mr. Crosbie provided the Board with a report on the cost of fuel for the FY03 through FY05 time period. He reported that fuel costs are projected to be unfavorable to budget by $27 million in FY05. He noted that the consumption of fuel decreased in both FY04 and FY05 due to Amtrak's exit from the Mail and Express business. A discussion concerning Amtrak's fuel hedging program ensued.

LEGAL ISSUES

CLAIMS MANAGEMENT

Due to time limitations, Mr. Laney requested that Management reschedule the briefing on Claims management for the June Board meeting.

SARBENES OXLEY INITIATIVE

Due to time limitations, Mr. Laney requested that Management reschedule the briefing on the Sarbenes-Oxley initiative for the June Board meeting.

NEXT MEETING

Mr. Carten indicated that the next Board meeting will be held on June 23, 2005. Mr. Hall requested that the merit and variable pay plan be placed on the agenda for this meeting.

ADJOURNMENT

There being no further business before the Board, upon motion made by Mr. Hall and seconded by Mr. Rosen, the meeting was adjourned at 2:32 p.m.

John M. Carten
John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

JUNE 23, 2005

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, June 23, 2005.

Members of the Board of Directors attending the meeting were David L. Gunn (President and Chief Executive Officer), Floyd Hall, David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Joseph Boardman and Mark Yachmetz of the Federal Railroad Administration (FRA) and Mark Dayton of the Department of Transportation Office of the Inspector General (DOT OIG) attended the meeting.

Joe Bress, Bill Crosbie, Lorraine Green, Joe McHugh, Barbara Richardson, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present.

John Carten, David Hughes, Medaris Oliveri, and Ed Walker of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:20 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to the minutes of the May 26, 2005 meeting of the Board of Directors. Upon motion made by Mr. Hall and seconded by Mr. Sosa, the minutes were approved as submitted.

(4-0)

OLD BUSINESS

DEPARTMENT OF HOMELAND SECURITY GRANT

In response to a question from Mr. Boardman, Mr. Weiderhold briefly discussed a $6.5 million grant from the Department of Homeland Security (DHS). Mr. Weiderhold indicated that he would provide Mr. Boardman with a list of projects that are to be funded by this grant. In response to a question from Mr. Boardman, Mr. Crosbie stated that Amtrak, like many federal agencies, will incur ongoing maintenance and other expenses that are not funded by grants.

LEGAL MATTERS

RESOLUTIONS AUTHORIZING AN ADVANCE PURCHASE ORDER AGREEMENT WITH ALSTOM TRANSPORTATION INC. TO PROVIDE LONG-LEAD PARTS NECESSARY TO MAINTAIN THE *ACELA* TRAINSETS

Mr. Laney directed the Board's attention to resolutions authorizing an Advance Purchase Order Agreement with Alstom Transportation Inc. for long-lead parts and materials required for the maintenance and overhaul of the *Acela* trainsets. [redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

> WHEREAS, The Agreement for the Provision of Management Services for High Speed Rail Equipment and Related Facilities dated May 1, 1996 between Amtrak and the Consortium consisting of Alstom Transportation, Inc. ("Alstom") and Bombardier Corporation (as modified by the Settlement Agreement and Amendment to Trainset/Facilities Contract, Locomotive Contract and Management Services Contract dated March 16, 2004) provides Amtrak with two long-term contractual options for maintaining and overhauling the high speed *Acela* Trainsets: 1) a Material Only Option pursuant to which the Consortium would continue to provide procurement and inventory management of applicable parts; and 2) an Inventory and Purchase Agreement Option pursuant to which Amtrak would assume responsibility for these functions (the "Maintenance Option"); and
>
> WHEREAS, Amtrak will be required to make a selection of either of these Options by January 1, 2006 in order to facilitate commencement of one of the Options by October 1, 2006; and
>
> WHEREAS, As set forth in the attached Executive Summary, Management has identified approximately $11.8 million in critical parts that require over a year to manufacture and deliver, which are necessary for maintaining the high speed *Acela* trainsets ("*Acela* Long Lead Parts"); and

WHEREAS, Recently Alston has offered to deliver the *Acela* Long Lead Parts by October 1, 2006, and the acquisition of such parts from Alstom will not affect selection or implementation of either Maintenance Option; be it therefore

RESOLVED, That the Corporation is authorized to negotiate and execute an agreement with Alstom for the acquisition of the *Acela* Long Lead Parts, the acquisition being subject to approval of the Federal Railroad Administration under applicable provisions of the Grant Agreements, for FY2005 Operating and Capital Expenses concerning the acquisition of advance purchase items; and be it

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President Procurement and Materials Management is authorized to execute an agreement with Alstom for the *Acela* long lead parts and to take all other actions and execute all other documents and instruments in order to carry out the foregoing resolution.

(3-0-1) (Mr. Rosen abstained.)

OPTIONS FOR THE PROCUREMENT OF ACELA PARTS

Mr. Rienzi briefly discussed [redacted] options [redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

A Board-led discussion ensued [redacted]

Exemption 5
Deliberative Process

John Prader and Sharon Hofknecht of Amtrak's Procurement Department staff joined the meeting.

[redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

Exemption 5
Deliberative Process

[redacted] It was the consensus of the Board that Management should proceed with negotiations with Alstom TLS based upon terms outlined to the Board.

EXECUTIVE SESSION

The outside Directors met in executive session without a secretary present to discuss confidential matters.

Tracy Kenny and Elizabeth Lawson of KPMG joined the meeting. Messrs. Boardman, Carten, Crosbie, Dayton, Smith, Weiderhold, and Yachmetz as well as Madames Oliveri and Serfaty rejoined the meeting.

UPDATE ON THE FY04 AND FY05 AUDITS OF AMTRAK'S FINANCIAL STATEMENTS

FY04 AUDIT OF AMTRAK'S FINANCIAL STATEMENTS

Ms. Kenny provided the Board with a status report on the FY04 audit of Amtrak's financial statements. She reported that the audit has been completed but that the "going concern" issue still needs to be resolved. She described the two-step process for reaching a determination concerning this issue. She noted that Management has indicated that sufficient information concerning Amtrak's FY06 appropriation is not yet available. She stated that until KPMG receives and evaluates Management's Letter of Representation, a final opinion cannot be issued by KPMG. A Board-led discussion concerning Amtrak's FY06 appropriation ensued.

FY05 AUDIT OF AMTRAK'S FINANCIAL STATEMENTS

Ms. Kenny announced that KPMG is planning to initiate the FY05 audit of Amtrak's financial statements before the end of the fiscal year and to complete the audit by the end of the calendar year. She indicated that the number of hours required for the FY05 audit will be approximately the same as FY04 and that KPMG's engagement letter for FY05 will need to be approved by the Board.

Ms. Kenny, Ms. Lawson, and Mr. Weiderhold left the meeting. David Kurtz and Dan Erickson of Lazard joined the meeting.

AMTRAK DEBT STRUCTURE

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Deliberative Process

[redacted]

Mr. Kurtz briefed the Board on issues related to Amtrak [redacted] A Board-led discussion concerning options for conserving cash ensued.

EXECUTIVE SESSION

At 10:40 a.m., Amtrak's outside Board of Directors met in executive session without a secretary present to discuss confidential matters.

At 11:05 a.m., Messrs. Boardman, Carten, Crosbie, Dayton, Gunn, Smith, Weiderhold, and Yachmetz as well as Madames Green, Oliveri, and Serfaty rejoined the meeting.

PERSONNEL MATTERS

RESOLUTIONS CREATING AN E-BAND POSITION AND APPROVING EMMETT H. FREMAUX, JR. AS VICE PRESIDENT-CUSTOMER SERVICES

Mr. Laney directed the Board's attention to resolutions creating an E-band position and approving Emmett H.

Fremaux, Jr. as Vice President-Customer Services. Mr. Crosbie advised the Board that this position will be responsible for on board services, station services, and other service functions related to passengers. He stated that the new position will not result in a net increase in headcount or expenses.

Mr. Crosbie informed the Board that Management recommends Emmett H. Fremaux for this position. He reviewed Mr. Fremaux's background and work experience, noting that he had previously served as Vice President-Customer Relationships and Revenue at Amtrak. He stated that Mr. Fremaux will assume the duties of Vice President-Customer Services as of August 1, 2005. Ms. Green advised the Board that Mr. Fremaux has also been offered the senior benefits package.

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Rosen, the Board voted to approve the following resolutions:

> WHEREAS, Management recommends an organizational change that will provide direct support of the Board's initiative to improve customer service as identified in the Amtrak Strategic Reform Initiative; and
>
> WHEREAS, Management recommends consolidation of on board services, station services, and all

service delivery functions under a new senior executive, the Vice President-Customer Services, reporting to the Senior Vice President-Operations in order to bring all passenger-related functions under the direction of a senior manager whose sole responsibility will be to provide consistent and high quality customer service; and

WHEREAS, Management has identified a well qualified candidate with significant experience in customer service; therefore, be it

RESOLVED, That the Board of Directors approves the creation of a new E-band position titled Vice President-Customer Services, which reports to the Senior Vice President-Operations; and

FURTHER RESOLVED, That the Board of Directors approves hiring Emmett Fremaux for the position of Vice President-Customer Services at the salary shown on the attached.

(4-0)

MANAGEMENT COMPENSATION PROGRAM

It was the consensus of the Board that, due to budgetary constraints, consideration of the implementation of a pay-for-performance program will be postponed for a year.

Mr. Boardman and Ms. Green left the meeting.

Exemption 5
Deliberative Process

LEGAL MATTERS

Exemption 5
Attorney-Client Privilege

SARBENES-OXLEY INITIATIVE

[redacted]

[redacted]

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve Management's recommendation to comply with section 404 of the Sarbenes-Oxley Act as systems are replaced and, where appropriate, select existing systems for a compliance review. (4-0)

CLAIMS MANAGEMENT PROGRAM

Due to time limitations, a presentation on the Claims Management Program was postponed.

BUDGET INITIATIVES

Mr. Laney stated that it is highly likely that Amtrak's appropriation will be less than Amtrak's FY06 budget request of $1.8 billion and urged Management to develop the FY06 budget based upon $1.2 billion in federal funding. He requested that Management [redacted]

Exemption 5
Deliberative Process

The Board requested that Management provide a menu of options to the Board within the next two weeks. Mr.

[redacted]

Exemption 5
Deliberative Process

ACELA UPDATE

Mr. Crosbie advised the Board of the tentative schedule for the return of the *Acela* trainsets to service. Mr. Laney requested that Management provide the Board with Amtrak's plan for relaunch of *Acela* service.

The meeting recessed at 12:05 p.m. and reconvened at 12:20 p.m. Board members present were Messrs. Gunn, Hall, Laney, Rosen, and Sosa. Also present were Messrs. Carten, Crosbie, Dayton, Smith, Weiderhold, and Yachmetz as well as Madames Oliveri and Serfaty. Al Broadbent of Amtrak's staff joined the meeting.

BRIEFING ON AMTRAK SECURITY

SECURITY OVERVIEW

Mr. Broadbent briefed the Board on security-related issues and incidents as well as actions taken by Management to enhance the security of Amtrak passengers and facilities.

Maria Cino, Deputy Secretary of the Department of Transportation, joined the meeting. Mr. Broadman rejoined the meeting.

RISK ASSESSMENT

Mr. Broadbent advised the Board that on May 10, Amtrak initiated risk assessment planning in conjunction with Science Applications International Corporation

(SAIC). He stated that Amtrak's risk assessment, which has been funded by the Department of Homeland Security (DHS), is projected to take approximately five months to complete. Mr. Broadbent indicated that a vulnerability and threat assessment of the NEC was conducted by SAIC in early June and that Amtrak's Security Plan will be developed based upon the outcome of the risk assessment.

SEGWAY PILOT PROJECT

Mr. Broadbent informed the Board that the Amtrak Police Department is piloting the use of segways at Washington Union Station (WUS) as a police force multiplier.

RAND ACTION PLAN

Mr. Crosbie called the Board's attention to an update on the status of the Rand Action Plan provided in the Board book.

RAIL OPERATIONS UPDATE

Mr. Crosbie called the Board's attention to a report on Rail Operations for FY05 through May.

EXECUTIVE SESSION

The outside directors and Deputy Secretary Cino met in executive session without a secretary present to discuss confidential matters.

At the conclusion of the session, Messrs. Bress, Carten, Crosbie, Dayton, Mallery, Smith, Weiderhold, and Yachmetz as well as Madames Oliveri and Serfaty rejoined the meeting. Paul Nissenbaum of Amtrak's staff also joined the meeting.

STRATEGIC REFORM INITIATIVES

STRATEGIC REFORM INITIATIVES CALENDAR

Mr. Nissenbaum presented a draft calendar of strategic reform initiatives (SRI) for the Board's consideration and action during the June through December 2005 time frame. Mr. Laney requested an earlier date for a presentation on the Amtrak/FRA route competition approach, which had been slated for December. He suggested that Mr. Nissenbaum and Mr. Yachmetz confer about a suitable date. Mr. Crosbie indicated that it may be September before this initiative is ready for presentation to the Board.

PROPOSED REVISION OF BOARD AGENDA

Mr. Nissenbaum discussed the format for a revised Board agenda. He stated that the agenda for each Board meeting would include such items as a briefing on system-wide issues, an update on each business line, and presentations and discussions on one or two key issues. Mr. Laney requested that the proposed Board agenda continue to include such items as review of the pension plan, quarterly personnel updates, and other key issues. He suggested that initiatives appear on the agenda when Board action is required and that Management provide the Board with progress reports on initiatives at specified intervals.

STRATEGIC PLANNING AND ANALYSIS GROUP

Mr. Crosbie called the Board's attention to an organizational chart for the proposed Strategic Planning and Analysis group. He informed the Board that it will take several months to get this group in place and that there will be no net increase in headcount. In response to a question from Mr. Sosa, Mr. Crosbie indicated that he would provide him with the current organizational structure for the planning group. Mr. Sosa expressed concern about an interface between planning and operations. Mr. Nissenbaum advised the Board that the cross-functional Strategic Planning and Analysis group will include team members with transportation, mechanical, and engineering experience. Mr. Hall and Mr. Sosa suggested identifying the group with a title that includes both implementation and planning in the title.

UNSOLICITED PROPOSALS

Mr. Laney stated that a multidisciplinary team is needed to evaluate and respond to unsolicited proposals in a timely manner. He requested that Management develop a matrix outlining the process for evaluating and responding to such proposals along business lines.

STANDARIZATION OF COMPETITIVE PROPOSALS

Mr. Boardman commented that standards are needed for competitive proposals. He indicated that the FRA would work with Amtrak on the development of such standards.

Mr. Sosa left the meeting.

CONTRACT RELATIONS

RESOLUTIONS AUTHORIZING THE SUBMISSION OF A PROPOSAL TO OPERATE COMMUTER RAIL SERVICE FOR NORTH COUNTY TRANSIT DISTRICT

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

GOVERNMENT AFFAIRS

A written report on legislative activities was provided in the Board book for the June 23, 2005 Board meeting. Due to time limitations, a verbal report was not presented.

FINANCIAL REPORT

The Monthly Performance Overview for May 2005 was provided in the Board book for the June 23, 2005 Board meeting. Due to time limitations, a verbal report was not presented.

MARKETING UPDATE

Reports on May ticket results, route-by-route results, and key indicator reports as well as *Metroliner* on-time performance (OTP) charts were provided in the Board book for the June 23, 2005 Board meeting. Due to time limitations, a verbal report was not presented.

LABOR UPDATE

Due to time limitations, a report on labor matters was not presented.

NEXT MEETING

Mr. Rosen advised the Board that he could not attend the Board meeting scheduled for July 28 and inquired whether the meeting could be rescheduled for July 21. Mr. Laney requested that the Board Liaison Office contact

Board members to establish another date for the July Board meeting.

ADJOURNMENT

There being no further business before the Board, upon motion made by Mr. Hall and seconded by Mr. Rosen, the Board voted to adjourn the meeting at 1:37 p.m.

John M. Carten

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri

Medaris Oliveri
Assistant Corporate Secretary

Privileged and Confidential
Attorney-Client Communication

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Authorization for Advance Purchase Order Agreement with Alstom Transportation, Inc. to provide Long Lead Parts to Maintain and Overhaul the Acela Express Trainsets.

Background:

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

Exemption 5
Attorney-Client Privilege

VICE PRESIDENT – PASSENBER SERVICES
Employment Offer Summary

Candidate:	Emmett Fremaux
Position:	Vice President – Passenger Services
Supervisor:	William Crosbie Senior Vice President - Operations
Proposed Salary:	$ 185,000
Current Salary:	$ 175,000
Comparable Internal Salaries:	$ 151,000 - $208,200
External Market Analysis:	$ 109,000 - $195,000
Benefits:	Executive Committee Plan

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

JULY 12, 2005

The Board of Directors of the National Railroad Passenger Corporation held a conference call meeting on Tuesday, July 12, 2005. The meeting was held at the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. The meeting was called to order at 10:05 a.m.

Members of the Board participating in the call were Floyd Hall, David M. Laney (Chairman), and Jeffrey Rosen (representing the Secretary of Transportation). David L. Gunn (President and CEO) was present at the meeting.

Joseph Boardman and Mark Yachmetz of the Federal Railroad Administration (FRA) participated in the call.

Members of the Management Executive Committee (MEC) attending the meeting were Bill Crosbie, Barbara Richardson, Mike Rienzi, Alicia Serfaty, and David Smith.

John Carten, Vince Nesci, Paul Nissenbaum, Medaris Oliveri, and Dale Stein of Amtrak's staff were present.

Mr. Laney chaired the meeting. Mr. Carten and Ms. Oliveri recorded the minutes.

STATUS REPORT ON ACELA TRAINSETS AND RESERVATION SYSTEM

Mr. Crosbie announced that the first two *Acela* trainsets have been returned to service following outfitting with new brake discs. Mr. Gunn indicated that by July 18, six *Acela* trainsets will be operating between Washington D.C. and New York City and that *Acela* pricing will resume on July 12.

Mr. Gunn advised the Board that Amtrak now operates an all-reserved train system, which enables Management to lengthen consists and eliminate low-load frequencies when required.

REPORT ON AMTRAK'S CASH POSITION

Mr. Gunn referred to a memorandum sent to the Board on July 11, which provided a forecast of Amtrak's cash position and the need for full and timely receipt of federal grant funding. He called the Board's attention to a graphic display of Amtrak's cash balance forecast based upon the assumption of full and timely receipt of grant funding and a FY06 Continuing Resolution of $1.2 billion. A brief discussion ensued concerning the timing of Amtrak's grant request and the receipt of funding.

Mr. Gunn reported that June's financial results have just come in and that the Corporation is back on budget despite the adverse impact of the *Acela* trainsets being taken out of service. He stated that Amtrak should end FY05 on budget. He noted that the original FY05 budget called for a year-end cash balance of $75 million.

APPROPRIATION BILLS

Mr. Gunn reported that the House approved $1.2 billion in its FY06 appropriations bill for Amtrak in June and that the Senate markup is expected later in July.

GAP CLOSING INITIATIVES FOR FY06

Mr. Gunn called the Board's attention to a list of gap closing initiatives prepared for the Board's consideration. Mr. Nissenbaum commented that the value of the initiatives has not yet been assessed. Mr. Gunn indicated that the value of the initiatives will be incorporated into the FY06 budget as revenue targets or cost reductions. Mr. Crosbie stated that the initiatives have been categorized by the five business segments outlined in *Amtrak's Strategic Reform Initiatives*. He noted that some of the initiatives will require funding in order to carry them out.

NORTHEAST CORRIDOR OPERATIONS

ACELA RELAUNCH/EQUIPMENT REDUCTION

Mr. Gunn and Mr. Crosbie discussed proposed initiatives for Northeast Corridor (NEC) operations, which included redeployment of *Metroliners* with relaunch of *Acela* service in the fall and storage of an equivalent number of Amfleet cars. Mr. Crosbie stated that storage of surplus Amfleet cars will result in a reduction in capital maintenance and overhaul expenses.

MODIFY FOOD SERVICE

Mr. Crosbie informed the Board that food service on New York to Washington trains will be scaled back. Mr. Gunn stated that hot meals will no longer be served on the *Acela* and that passengers will be offered a sandwich

Exemption 5
Deliberative Process

or a salad. Mr. Crosbie indicated that Management is also exploring closing the Boston commissary.

[redacted]

Mr. Hall also inquired about personnel reductions in first-class service. Mr. Gunn indicated that staffing has been reduced from three to one attendant for *Acela Express* first class. He discussed the duties of the attendant in first-class service.

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

MODIFY PRICING/CONSIST SIZING AND SCHEDULES

MULTI-RIDE DISCOUNTS

Mr. Gunn advised the Board that Management has been analyzing the relationship of fares to costs. [redacted]

OTHER DISCOUNT FARES

In response to an inquiry from Mr. Rosen, Ms. Richardson briefly discussed discount fares offered to senior citizens, students, and veterans as well as fares offered to passengers who are members of the National Association of Rail Passengers (NARP) and American Automobile Association (AAA).

Joe McHugh of the MEC joined the meeting.

[redacted]

CORRIDOR OPERATIONS

REVIEW OF NON STATE-SUPPORTED TRAINS

Mr. Nissenbaum informed the Board that the Strategic Reform Initiatives call for system corridor trains to become state-supported trains within a six year period. Mr. Nissenbaum noted that the states currently are not paying for such services. He indicated that a collaborative process with the states to identify ways to reduce costs will be required. Mr. Gunn cited the Empire Corridor as an example, commenting on low ridership west of Schnectady.

LONG-DISTANCE OPERATIONS

Mr. Crosbie advised the Board of an initiative to reduce rural station staffing through attrition. He stated that it will be carried out on a divisional basis and that it will be a slow process without labor reform. Mr. Gunn indicated that Quik Trak machines that are ADA compliant will be used in lieu of station agents.

SLEEPER AND DINING CAR SERVICE RESTRUCTURING AND COACH-ONLY SERVICE

Mr. Crosbie pointed out that the sleeper/dining service restructuring and coach-only service initiatives are interrelated. He reported that the Operations Planning Group is working on restructuring Florida service. He indicated that Operations Planning is analyzing the impact of operating one Florida train with sleeper service and removing sleepers from other Florida trains.

Mr. Gunn left the meeting.

It was the consensus of the Board that restructured service should be phased in and the results analyzed before further implementation. Mr. Crosbie indicated that changes in service will be well communicated in advance of implementation.

A Board-led discussion ensued concerning the values in the Department of Transportation Inspector General (DOT IG) *Report on the Analysis of Cost Savings on Amtrak's Long Distance Services*, which recommended sleeper/dining car restructuring. Mr. Gunn indicated that Amtrak's estimates would be available in the next presentation on gap closing initiatives.

PILOT LUXURY CLASS SERVICES OUTSOURCING

In response to a question from Mr. Laney, Mr. Nissenbaum stated that Amtrak will work with the FRA to identify opportunities for a pilot on route competition and outsourcing luxury sleeper/diner service.

SELECTED ROUTE TRUNCATION/ELIMINATION

[redacted]

FY06 BUDGET TARGET

A Board-led discussion ensued concerning the target for the FY06 budget and how to achieve this target. Mr. Laney directed Management to prepare a budget of $1.2 billion for FY06. Mr. Gunn advised the Board that to achieve this target would entail the elimination of long-distance service. Mr. Nissenbaum noted that the starting point for the budget reduction would be $1.645 billion rather than $1.4 billion. Mr. Laney instructed Management to preserve as much of the capital budget and long-distance operations as possible in its planning for FY06.

David Hughes of Amtrak's staff joined the meeting.

Mr. Gunn informed the Board that in order to reach the $1.2 billion target, decisions regarding the budget would need to be made within the next few weeks in order to implement changes to achieve such savings. He requested that the Board adopt a resolution directing Management to develop a budget at $1.2 billion with instructions as to how it should be achieved.

Mr. Laney indicated that he would work with the other Board members and the Corporate Secretary to provide Management with direction concerning the FY06 budget.

INFRASTRUCTURE

SELECTED PROJECT DEFERRALS

Mr. Nissenbaum informed the Board that the capital program for FY06 is projected at $787 million. He stated that Management has identified $170 million in projects that can be deferred without significantly impacting Amtrak's performance in FY06. Mr. Hughes reported that these projects include phase II of the Oakland Maintenance Facility; rebuild of the Hellgate Line; creating a back-up facility for Amtrak's Centralized Electrification Traffic Control (CETC) Center; construction of a warehouse for *Acela* parts in Wilmington, Delaware; equipment actions; maintenance; and overhaul. He advised the Board that for a budget set at the $1.2 billion level would require deferral of 20 additional projects. Discussion of the projects and impact of deferring capital projects ensued.

SYSTEM-OTHER

REDUCE SYSTEM CAPITAL

Mr. Nissenbaum informed the Board of other options to reduce the FY06 budget gap, which included deferral of technology, environmental, and other projects. Upon mention by Mr. Nissenbaum of the Turboliner dispute with New York State, Mr. Boardman recused himself and left the call due to his involvement in a lawsuit filed by the New

York Department of Transportation (NYDOT) against Amtrak concerning Turboliner service. Ms. Serfaty stressed the importance of maintaining the confidentiality of settlement discussions and potential outcomes.

MECHANICAL FACILITY CONSOLIDATION

Mr. Crosbie advised the Board of an initiative to consolidate mechanical facilities to achieve cost savings and to explore outsourcing. In response to a question from Mr. Rosen, Mr. Crosbie noted that the elimination of the Beech Grove facility is dependent upon decisions concerning other gap closing options.

Exemption 5
Deliberative Process

Privileged and Confidential

Exemption 5
Commercial Privilege

[redacted]

[redacted]

Exemption 5
Commercial Privilege

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Commercial Privilege

Exemption 5
Deliberative Process

[redacted]

TICKETING AND RESERVATIONS

Mr. Hall inquired [redacted] Mr. Laney requested that Management [redacted]

Exemption 5
Deliberative Process

[redacted]

LAZARD FRERES CONTRACT

A discussion ensued concerning Lazard Freres' scope of work. Mr. Laney indicated that the Lazard Team has completed its initial assignment of looking at debt restructuring opportunities. He reported that the team is now in phase II, which provides for review of Amtrak cash management and identifying opportunities for cash conservation between the present and the end of FY05.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 12:18 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Approving Changes to Authorized FY05 Capital Expenditures

Background:
At the Board meeting on February 3, 2005 the Board approved the FY05 Capital Budget reset. Management has since identified several changes that are required in order to support continued improvement in infrastructure along the right of way, mechanical facilities, communication and project management systems, station facilities and equipment acquisition.

Management continually reevaluates budgeted capital spending to determine what can be reasonably accomplished during FY05. As a result, changes are requested to current authorizations to meet revised requirements. Total revised requirements equal $10,431,660 including 44 projects of which 3 require Board approval. Two are new projects, equipment acquisition of 3 bucket trucks and rail replacement on the Harrisburg line. The third is an increase in funding equal to $1.1 million for the Oakland, CA Maintenance Facility. The funding for these changes comes from projects that either will be completed at less than the budgeted costs, or from projects that will not be completed as originally planned.

Recommended Action:
Management recommends the Board approve the attached resolution authorizing the respective changes to the FY05 Capital Authorizations.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Sale of Portions of the Branford, CT and New London, CT Substations and Granting of Easements to the Connecticut Light & Power Company

Background:
As part of the Northend Electrification Project, Amtrak constructed two new substations in Connecticut. These substations are located on Amtrak controlled or owned property in Branford, CT and New London, CT and provide electric traction power to Amtrak trains within the state. The substations receive their power from the Connecticut Light & Power Company (CL&P). In addition to the substations, Amtrak also utilized a CL&P franchise to construct a high voltage cable beneath a city street in New London. This cable (the "Williams Street Cable") connects the Amtrak New London substation with the CL&P substation, and provides high voltage service to the Amtrak substation.

In 2000, Amtrak and CL&P signed an Interconnection Agreement covering the parties' responsibilities for construction, operation and maintenance of the substations in Branford and New London. Due to various technical requirements, certain high voltage equipment that was to be maintained by CL&P (the "CL&P Equipment") was located within the substations on Amtrak property. The Interconnection Agreement provides that upon acceptance of the electrification system from Amtrak's contractor, Balfour Beatty/MEC ("BBC/MEC"), Amtrak will:

- Transfer ownership of the CL&P Equipment of the substations to be maintained by CL&P and the Williams Street Cable to CL&P;
- Grant CL&P easements giving them access to Amtrak property in order to maintain the CL&P Equipment; and
- Reimburse CL&P for any tax liability (Contribution in Aid of Construction, or "CIAC" tax[1]) created by this transfer of the CL&P Equipment and the Williams Street Cable.

The Interconnection Agreement provided for an almost immediate transfer of the assets and easements; however, due to the ongoing dispute with BBC/MEC Amtrak has not formally "accepted" the Electrification System from the contractor and therefore could not turn over the assets.

CL&P accommodated the Amtrak position for several years, but has recently sought more persistently to have Amtrak fulfill its obligations under the Agreement. Accordingly, after discussions with CL&P, Amtrak's Inspector General and outside counsel, it has been determined that transfer of these assets will not compromise

[1] CIAC is a federal tax assessed against a utility when a third party contributes funding to construct an asset to be owned by that utility. The asset is considered as "income" for the utility. Amtrak's tax exemption is not applicable as the tax is assessed against the utility, not Amtrak.

any claim or cause of action relating to our dispute with BBC/MEC. Amtrak is now able to fulfill its contractual obligations to CL&P.

Amtrak Engineering has agreed with CL&P on a listing of the equipment to be transferred. Amtrak Finance Department has agreed with CL&P on the depreciated value and approximate concomitant tax liability of the transfers:

Branford
Value of equipment: $360,431
CIAC tax obligation: $68,482

New London
Value of equipment
(Williams St. Cable & substation): $1,042,446
CIAC tax obligation: $198,065
(Values are as of May, 2005)

Budget Impact
Total CIAC tax obligation is approximately $267,000. Funding has been accrued since November, 2002 to pay the CIAC tax liability.

Recommended Action
Amtrak is contractually obligated to transfer this property, reimburse CL&P for the taxes and grant these easements. Management recommends that the Board approve the attached Resolution, granting Management authority to execute the necessary documents completing the transfer of assets and easements, and payment of CIAC tax liability.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Authorizing Execution of Letter Agreement and Related Documents for East Side Access Project in New York City

Background:
One of the Metropolitan Transit Authority's ("MTA") larger capital projects in New York City is a planned rail connection that will allow trains of MTA's subsidiary, Long Island Rail Road ("LIRR"), to access Grand Central Terminal: called the "East Side Access" Project and expected to cost in the vicinity of $7 billion (the "Project"). Today, LIRR's only station in Manhattan is Penn Station. The eastern end of the Project will be at Amtrak's Sunnyside Yard ("SSY") and will include the construction of tunnels under SSY. While the Project is expected to present only minimal operational concerns at SSY, it will provide several substantial benefits to Amtrak including 1) track realignment that will eliminate the current requirement whereby Amtrak trains to and from New England must cross the LIRR main line, 2) construction of a new car wash, 3) demolition of eight old SSY buildings, and 4) payment of $35 million to Amtrak for the construction of two new buildings to replace the eight being demolished. In addition, MTA has agreed to fully indemnify Amtrak regarding any environmental costs associated with the Project and to pay Amtrak in advance for expenses (e.g., force account costs such as flagging protection) that Amtrak will incur in connection with the Project. In return, Amtrak will grant certain rights, e.g., easements to construct and use the new tunnels as well as use of certain SSY loop tracks – which LIRR will need to access its new maintenance facility.

At this stage, Amtrak and MTA have negotiated a letter agreement and accompanying term sheet which describe in general terms the obligations of the parties (the "Letter Agreement"). While not self-implementing, in that follow-on agreements will be needed to implement the agreed-upon terms, the Letter Agreement does obligate MTA to pay the $35 million by December 31, 2005. If payment from MTA is not received by December 31, 2005, the Letter Agreement terminates.

Budget Impact:
This Project will result in the payment of $35 million to Amtrak, along with reimbursement for costs incurred by Amtrak.

Recommended Action:
Management recommends that the Board approve the Resolutions authorizing execution of the Letter Agreement as well as easements, agreements and other instruments needed to implement the Project.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

July 21, 2005

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, July 21, 2005.

Members of the Board of Directors attending the meeting were David L. Gunn (President and Executive Officer), Floyd Hall, David M. Laney (Chairman), and Jeffrey Rosen (representing the Secretary of Transportation). Enrique Sosa participated in the meeting by telephone.

Mark Yachmetz of the Federal Railroad Administration (FRA) and Mark Dayton of the Department of Transportation Office of the Inspector General (DOT OIG) attended the meeting.

Joe Bress, Bill Crosbie, Barbara Richardson, Alicia Serfaty, and David Smith of Amtrak's Management Executive Committee (MEC) were present.

John Carten, Medaris Oliveri, and Ed Walker of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:10 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

LAZARD REPORT

Mr. Laney announced that the Board received phase II of the Lazard Report and that discussion of the report would be postponed until the Board has had an opportunity to review it. He indicated that if action is required, a conference call will be scheduled.

STATUS REPORT ON THE FY05 BUDGET

Mr. Smith advised the Board that the budgeted FY05 federal funding requirement was $570 million for operating expenses and that Management expects to be on or close to budget by year end. He noted that $6 million in gap closing initiatives still need to be achieved for FY05.

PRELIMINARY FY06 BUDGET PRESENTATION

HEADCOUNT

Mr. Smith provided the Board with preliminary projections for Amtrak's FY06 budget. He stated that the authorized headcount for the upcoming year is 20,496, which is 500 full time equivalents (FTEs) less than in FY05. He commented that due to vacancies, Amtrak routinely operates at a headcount that is 7 to 9 percent under the authorized number and that the budget forecast reflects the anticipated 1,400 to 1,800 vacancies.

EXPENSES

Mr. Smith called the Board's attention to high-level revenue and expense projections for FY06. He briefly discussed labor wage assumptions and other differences in Amtrak's FY05 and FY06 budgets. He noted that the single largest expense in the operating budget is salaries/wages/benefits, which is projected at approximately $1 billion for FY06. He pointed out that train fuel expenses are projected to increase from $79 million budgeted for FY05 to $137 million in FY06. Mr. Crosbie commented that Amtrak has significantly reduced the amount of fuel consumed as a result of termination of the Mail and Express program and resizing of Amtrak trains. In response to a question from Mr. Laney, Mr. Smith indicated that the price of electrical power has increased by two percent.

Gil Mallery joined the meeting.

LABOR CONTRACTS

Mr. Gunn briefed the Board on the labor negotiation process, noting that a number of Amtrak's contracts with the labor unions have been expired since 1999. [redacted]

Exemption 5
Deliberative Process

[redacted] Mr. Laney suggested that the Board further discuss this issue at the September Board meeting.

Joe McHugh of the MEC and Paul Nissenbaum of Amtrak's staff joined the meeting.

REVENUE

Mr. Smith advised the Board [redacted]

Exemption 5
Commercial Privilege

A discussion concerning differences in revenue and expenses in the FY05 and FY06 budgets ensued.

FY06 BUDGET ALLOCATION

Mr. Gunn indicated that Amtrak's FY06 Grant Request of $1.645 billion included $560 million for operating expenses, $787 million for capital expenses, $278 million for debt service, and $20 million for working capital. He informed the Board that an operating budget based upon

$560 million in federal funding will require $105 million in gap closing initiatives. Mr. Smith briefly discussed challenges that will need to be met for an operating budget of $560 million in FY06.

David Hughes of Amtrak's staff joined the meeting.

FY06 GAP CLOSING INITIATIVES

Mr. Crosbie distributed a list of proposed gap closing initiatives for FY06. He noted that the values provided in the report are preliminary estimates and could change. He also noted that the list is a mix of initiatives that are underway and initiatives under review.

NORTHEAST CORRIDOR OPERATIONS

REDEPLOY AMFLEET CARS AND STORE SURPLUS CARS

Mr. Crosbie informed the Board that Management plans to redeploy *Metroliner* cars with relaunch of *Acela* service. He stated that upon completion of the transfer of *Clocker* service to NJT in the fall, surplus Amfleet cars that are in poor condition will be placed in storage. He indicated that storage of surplus cars as result of the

Acela relaunch and transfer of *Clocker* service is projected to achieve $17 million in capital reductions due to the fact that such cars will not be included in Amtrak's remanufacture/overhaul plan. Mr. Gunn commented that if rid-ership continues to grow, these cars will be redeployed.

REDUCTION IN MULTI-RIDE DISCOUNT

Mr. Crosbie advised the Board that Management has redefined its multi-ride fare policy for monthly and ten-trip tickets and projects a financial impact of $100,000 if implemented. Mr. Gunn stated that this initiative also has the potential of reducing ridership demand during peak periods, which will facilitate a reduction in train or consist size and achieve an additional operating reduction of $600,000 to $800,000 and $1.3 million in capital reductions.

REDUCTION IN REGIONAL CONSISTS

Mr. Crosbie discussed an initiative to reduce revenue car consists operating on the NEC from seven to six cars, permitting the elimination of the second assistant conductor. He indicated that this initiative would reduce staffing by 112 positions and take eight Amfleet I coaches out of service. He stated that further analysis will be required to ensure that there is a trained work force available to meet high demand periods such as on the weekends. He commented that high demand during peak periods can be reduced through pricing policies. He indicated that operational reductions from this initiative are projected at $100,000 to $500,000 and capital reductions at $3.5 million.

[redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

CORRIDOR OPERATIONS

REVIEW SERVICE AMENITY CHANGES ON NON-STATE SUPPORTED TRAINS IN CONSULTATION WITH THE AFFECTED STATES

Mr. Nissenbaum briefly discussed an initiative to restructure non-state supported corridor trains in order to reduce losses. He stated that this initiative would be done in consultation with the affected states. He indicated that net operating reductions are estimated at between $1 million and $2 million as a placeholder.

LONG-DISTANCE OPERATIONS

[redacted]

[redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Mike Rienzi of the MEC as well as Vince Nesci of Amtrak's staff joined the meeting. Mr. Walker left the meeting.

RESTRUCTURE BRANDS TO REDUCE SLEEPER/DINER NEEDS

Mr. Crosbie discussed an initiative to restructure brands in order to better respond to the market and reduce the number of sleepers and diners. He stated that under the plan, full service would be available on the *Silver Meteor, Auto Train, Lake Shore Limited, Coast Starlight, Southwest Chief, California Zephyr,* and *Empire Builder.* He proposed basic service consisting of one sleeper and a combined diner/lounge car with café service for the *Texas Eagle, City of New Orleans, Sunset Limited, Capitol Limited, Silver Star,* and *Crescent.* He recommended a pilot program on two or three trains to determine customer reaction to this initiative. He commented that the diner/lounge car probably would not be available until next year. He projected this initiative would achieve $14.6 million to $17.7 million in operating reductions and $18.8 million in capital reductions.

INFRASTRUCTURE

[redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Mr. Hughes announced that he and Mr. Yachmetz plan to meet on August 2 to review capital projects for FY06.

DEFERRAL OF SELECTED FY06 SYSTEM CAPITAL PROJECTS

Mr. Crosbie called the Board's attention to an initiative to defer selected system capital projects not essential to FY06 operational and system reliability. He stated that this initiative would reduce the original $142 million program to $98 million. He noted that mandated police, security, and environmental projects are still included in the scaled down program. Mr. Gunn briefly discussed the Hellgate Line rehabilitation project and the Centralized Electrification and Traffic Control (CETC) project as well as the potential risks of delaying these projects.

[redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

CALL CENTER EFFICIENCY OPTIONS

Ms. Richardson briefed the Board on three initiatives to reduce the costs of Amtrak call center operations, [redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

Exemption 5
Deliberative Process

[redacted] Ms. Richardson noted that each of these initiatives would require capital investment.

Mr. Laney suggested that the Board postpone further discussion concerning the FY06 gap closing initiatives and consider items that require a vote before Mr. Sosa had to leave the call.

APPROVAL OF MINUTES

Mr. Laney directed the Directors' attention to the minutes of the June 23, 2005 Board of Directors meeting. Mr. Yachmetz requested that the vote on resolutions authorizing an advance purchase order agreement with Alstom Transportation Inc. be changed to reflect that Mr. Rosen abstained.

Upon motion made by Mr. Hall and seconded by Mr. Sosa, the minutes were approved as amended.

(4-0)

ACTION ITEMS

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY05 CAPITAL EXPENDITURES

Mr. Smith called the Board's attention to resolutions approving reprogramming changes in the FY05 capital budget. He stated that these changes are required to meet revised requirements related to mechanical facilities, right-of-way, communication and project management systems, station facilities, and equipment acquisition. He noted that funding for these changes will come from projects completed under budget or that will not be completed as originally planned. He indicated that the $10.4 million change includes 44 projects of which three require Board approval. He reported that acquisition of three bucket trucks and rail replacement on the Harrisburg Line are new projects that exceed $500,000 and therefore require Board approval. He stated that the $1.1 million increase in funding for the Oakland Maintenance Facility also requires Board approval.

RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR SUBLEASE OF OFFICE SPACE IN WASHINGTON, D.C.

Mr. Laney directed the Board's attention to a resolution authorizing the execution of an agreement for sublease of office space from the Association of American Railroads (AAR). Mr. Crosbie informed the Board that top management of Amtrak's Security Department is currently located in Wilmington, Delaware and Washington, D.C. and that the new space would permit consolidation. A brief discussion of this and other options ensued.

RESOLUTIONS APPROVING THE SALE OF PORTIONS OF THE BRANFORD AND NEW LONDON, CONNECTICUT SUBSTATIONS AND ASSOCIATED EQUIPMENT AND GRANTING OF EASEMENTS TO THE CONNECTICUT LIGHT & POWER COMPANY

Mr. Laney called the Board's attention to resolutions approving the sale of portions of the Branford and New London, Connecticut substations and associated equipment and granting of easements to the Connecticut Light & Power Company (CL&P). [redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

Exemption 5
Attorney-Client Privilege

RESOLUTIONS AUTHORIZING THE EXECUTION OF A LETTER AGREEMENT AND RELATED DOCUMENTS NECESSARY TO IMPLEMENT AGREEMENTS FOR THE EAST SIDE ACCESS PROJECT

Mr. Laney directed the Board's attention to resolutions authorizing the execution of a letter agreement and related documents for the implementation of agreements for the East Side Access Project. Mr. Mallery informed the Board that the Metropolitan Transit Authority (MTA) is planning a rail connection in New York City, referred to as the East Side Access Project, that will allow Long Island Rail Road (LIRR) trains to access Grand Central Terminal. He stated that the cost of the project is projected at $7 billion. He indicated that the project will include the construction of tunnels under Sunnyside Yard (SSY).

[redacted]

Exemption 5
Deliberative Process

Following further discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolutions:

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY05 CAPITAL EXPENDITURES

WHEREAS, On February 3, 2005, the Board of Directors approved the reset FY05 Capital Budget; and

WHEREAS, Management must present for Board approval any capital reprogramming exceeding $1 million and new projects exceeding $500,000; and

WHEREAS, Management has identified project changes that require such Board approval; therefore, be it

RESOLVED, That the Board of Directors approves the proposed reprogramming of the FY05 Capital Expenditures as described in the attached Executive Summary; and

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the Grant Agreement for FY05 Capital Expenses and approves the forwarding of this request for reprogramming to the FRA for this purpose.

(3-0-1)

Mr. Rosen abstained since he will be participating in discussions at the Department of Transportation (DOT) concerning approval of the reprogramming request.

RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR SUBLEASE OF OFFICE SPACE IN WASHINGTON, D.C.

WHEREAS, The Association of American Railroad ("AAR") currently subleases from Capitol Place Three Associates Limited Partnership ("Owner") a building located at 50 F Street, N.W. in Washington, D.C. ("Building"); and

WHEREAS, Amtrak's Security Department desires to relocate a portion of its offices to the Building; and

WHEREAS, Amtrak and AAR have negotiated an Agreement of Sublease for a portion of the Building consisting of approximately 3,790 square feet of office space on the third floor ("Premises") for Amtrak's Security Department; and

WHEREAS, Such terms are acceptable to Management; and

WHEREAS, Management recommends that the aforementioned Agreement to Sublease be approved; therefore, be it

RESOLVED, That the President and Chief Executive Officer or the Vice President-Real Estate Development or her designee is authorized to execute and deliver, in the name of and on behalf of the Corporation, the Agreement to Sublease together with any and all other necessary documents and instruments to effectuate the transaction contemplated by this resolution.

(4-0)

RESOLUTUIONS APPROVING THE SALE OF PORTIONS OF THE BRANFORD & NEW LONDON, CONNECTICUT SUBSTATIONS AND ASSOCIATED EQUIPMENT AND GRANTING OF EASEMENTS TO THE CONNECTICUT LIGHT & POWER COMPANY

WHEREAS, Amtrak constructed new substations in Branford and New London, Connecticut and associated equipment in New London as part of the Northend Electrification Project; and

WHEREAS, Amtrak and the Connecticut Light & Power Company ("CL&P") executed an Interconnection Agreement in September 2000 concerning, *inter alia*, the sale of portions of both substations and the sale of associated equipment in New London as well as the granting of access rights to those substations to CL&P; and

WHEREAS, Amtrak is bound by the terms of the Interconnection Agreement to complete the sale of the aforementioned portions of both substations and the sale of the associated equipment in New London, to grant easements, and to pay applicable federal Contribution in Aid of Construction taxes, all as described in more detail in the attached Executive Summary (the "CL&P Transactions"); therefore, be it

RESOLVED, That Amtrak is authorized to complete the CL&P Transactions; and

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President-Procurement and Materials Management or the Vice President-Real Estate Development, with respect to related real property matters, is authorized, directed, and empowered to perform all such actions and to make, execute, and deliver in the name of the Corporation such documents, instruments, and agreements as may be necessary to effectuate the purposes of the foregoing resolution.

(4-0)

RESOLUTIONS AUTHORIZING THE EXECUTION OF LETTER AGREEMENTS AND RELATED DOCUMENTS NECESSARY TO IMPLEMENT AGREEMENTS FOR THE EAST SIDE PROJECT

WHEREAS, The Metropolitan Transit Authority ("MTA") has announced plans to construct a multi-billion dollar rail connection that will permit Long Island Rail Road trains to access Grand Central Terminal in New York City (the "East Side Access Project"); and

WHEREAS, The East Side Access Project, as currently designed, will require the construction of tunnels, the eastern end of which will be at Amtrak's Sunnyside Yard ("SSY"); and

WHEREAS, Amtrak and MTA have negotiated a letter agreement and term sheet that set out the terms and conditions whereby Amtrak will grant to MTA certain easements necessary for the design, construction, and maintenance of the tunnels and other improvements necessary for the East Side Access Project at SSY in exchange for specified operational and financial benefits to Amtrak to be funded by MTA, all as set forth in more detail in the attached Executive Summary; and

WHEREAS, Management believes that execution of the letter agreement and related documents contemplated therein (the "Letter Agreement") is in the best interest of the Company; therefore, be it

RESOLVED, That Amtrak is authorized to execute the Letter Agreement; and

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President-Strategic Planning and Contract Administration and the Vice President-Real Estate Development, with respect to real property matters, is authorized, directed, and empowered to perform all such actions and to make, execute, and deliver in the name of the Corporation such documents, instruments, and agreements as may be necessary to effectuate the purposes of the foregoing resolution.

(4-0)

LEGAL MATTERS

Privileged and Confidential
Attorney-Client Communication

[redacted]

Exemption 5
Attorney-Client Privilege

(4-0)

Messrs. Bress, Hughes, Mallery, McHugh, Nesci, Nissenbaum, and Rienzi left the meeting.

PERSONNEL ACTIONS

RESOLUTIONS CREATING THE NEW E-BAND POSITION OF VICE PRESIDENT-PLANNING AND ANALYSIS AND AUTHORIZING THE APPOINTMENT OF PAUL NISSENBAUM

Mr. Laney directed the Board's attention to resolutions creating the new E-band position of Vice-President-Planning and Analysis and authorizing the appointment of Paul Nissenbaum. Mr. Gunn described organizational changes that will consolidate Operations Scheduling, Operations Planning, and Strategic Planning under a new senior executive. He indicated that the new position of Vice President-Planning and Analysis will be responsible for the development of corporate planning, operations planning, and business development programs. Mr. Crosbie stated that Management recommends Paul Nissenbaum for this position. He briefly discussed Mr. Nissenbaum's background and experience.

A Board-led discussion followed. In response to questions from Mr. Laney, Mr. Crosbie indicated that the Planning group will be fully integrated with Operations as recommended by Mr. Sosa and that this group will be responsible for handling unsolicited proposals. Mr.

Crosbie stated a formal process will be developed to evaluate unsolicited proposals.

RESOLUTION ELECTING PATRICK LEININGER AS CONTROLLER

Mr. Laney called the Board's attention to a resolution electing Patrick Leininger as Controller. Mr. Smith stated that Management recommends Patrick J. Leininger for this position. Mr. Smith briefly discussed Mr. Leininger's background and experience.

Upon motion made by Mr. Rosen and seconded by Mr. Hall, the Board voted to approve the following resolutions:

RESOLUTIONS CREATING THE NEW E-BAND POSITION OF VICE PRESIDENT-PLANNING AND ANALYSIS AND THE APPOINTMENT OF PAUL NISSENBAUM TO THIS POSITION

WHEREAS, Management recommends an organizational change that will provide direct support of the Board's direction to implement the Amtrak Strategic Reform Initiatives; and

WHEREAS, Management recommends consolidation of Planning, Operations, Scheduling, and Service Planning under a new senior executive, the Vice President Planning and Analysis, reporting to the Senior Vice President-Operations in order to coordinate all corporate planning functions under the direction of a senior manager whose sole responsibility will be to provide consistent and high quality direction and analysis; and

WHEREAS, Management has identified a well qualified candidate with significant experience in planning and analysis; therefore, be it

RESOLVED, That the Board of Directors approves the creation of a new E-Band position titled Vice-President Planning and Analysis that reports to the Senior Vice President-Operations; and

FURTHER RESOLVED, That the Board of Directors approves the appointment of Paul Nissenbaum to the position of Vice President-Planning and Analysis at the salary shown on the Executive Summary.

(4-0)

RESOLUTION ELECTING PATRICK LEININGER AS CONTROLLER

WHEREAS, The Controller is an officer of the Corporation, and incumbents must be elected to serve in that position by the Board; and
WHEREAS, Management has conducted a search of executive candidates to serve as the Controller; and

WHEREAS, Patrick J. Leininger's qualifications and experience are well suited for the position of Controller; and

WHEREAS, Management recommends the election of Patrick J. Leininger to the position of Controller; therefore, be it

RESOLVED, That the Board approves the election of Patrick J. Leininger to the position of Controller at the salary shown on the Executive Summary.

(4-0)

OTHER PERSONNEL MATTERS

Mr. Smith announced that Sharyn Seitz has been hired to fill the position of Assistant Vice President-Financial Planning, which was formerly held by Lisa Frace.

Mr. Sosa left the call. Ms. Richardson and Messrs. Bress, Mallery, Nesci, Nissenbaum, and Rienzi rejoined the meeting.

FY06 GAP CLOSING INITIATIVES (CONTINUED)

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

[redacted]

Gate Gourmet Contract

Exemption 5
Commercial Privilege

Exemption 5
Deliberative Process

[redacted]

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

Other Vendors

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

Senate Appropriations Bill

Mr. Rosen advised the Board that the Senate Transportation Appropriations bill stipulates that no later than six months from the date of enactment, operating grants to Amtrak may not be used to subsidize losses from food and beverage service. [redacted]

Exemption 5
Deliberative Process

Mr. Hughes rejoined the meeting.

STRATEGIC PLANNING UPDATE

DOT OIG RECOMMENDATION
COACH ONLY SERVICE WITH LIMITED FOOD SERVICE

Mr. Crosbie referenced the DOT OIG's *Report on the Analysis of Cost Savings on Amtrak's Long Distance Services* that assessed eliminating all sleepers, diners, lounge cars, and baggage service and outsourcing food service. [redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

[redacted]

Mr. Walker and Mr. Gunn discussed actions that could be taken to improve the performance of the *Sunset Limited*.

Mr. McHugh rejoined the meeting.

<u>FY06 BUDGET DEVELOPMENT</u>

Mr. Crosbie advised the Board that the next step in the process [redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

Messrs. Bress, Carten, Dayton, Hughes, Mallery, McHugh, Nesci, Nissenbaum, Rienzi, Smith, and Yachmetz as well as Madames Oliveri, Richardson, and Serfaty left the meeting.

EXECUTIVE SESSION

At 11:40 a.m., the Board met in executive session with Mr. Gunn and Mr. Crosbie present to discuss budetary matters. The executive session concluded at 12:44 p.m., and the meeting was adjourned for lunch.

The meeting reconvened at 1:00 p.m. Present were Board members Gunn, Hall, Laney, and Rosen. Also present were Messrs. Bress, Carten, Crosbie, Smith, Walker, Weiderhold, and Yachmetz as well as Madames Oliveri and Serfaty. Al Broadbent of Amtrak's staff and Mark Mason, Assistant Director of the Washington Office of the Federal Bureau of Investigation (FBI), joined the meeting.

POLICE AND SECURITY

Mr. Mason briefed the Board on security-related matters.

Mr. Broadbent and Mr. Mason left the meeting.

EXECUTIVE SESSION

Beginning at 1:25 p.m., the Board again met in executive session with Mr. Crosbie present to further discuss budgetary matters. At 2:25 p.m., Mr. Laney left the meeting, and Mr. Hall assumed the chair. Messrs. Carten, and Yachmetz as well as Madames Oliveri and Serfaty rejoined the meeting.

BOARD DIRECTIVE REGARDING THE FY06 BUDGET

Mr. Hall announced that following a lengthy discussion regarding the FY06 budget, the Board directs Management to prepare a $1.4 billion budget that allocates $520 million in federal funding for operating, $278 million for debt service, $578 million for capital, and $24 million for working capital. He stated that the Board further directs Management to prepare a contingency plan to reduce the budget from $1.4 billion to $1.2 billion in the event that Congress passes an appropriation bill that is less than $1.4 billion. [redacted]

Exemption 5
Deliberative Process

Mr. Hall indicated that discussion concerning other strategic reform initiatives that were postponed due to time limitations would be taken up at the next Board meeting.

LABOR RELATIONS

Mr. Gunn advised the Board that at the present time, no significant activity is occurring with regard to labor negotiations.

MARKETING UPDATE

Reports on June ticket results, route-by-route results, and key indicator reports as well as *Metroliner* on-time performance (OTP) charts were provided in the Board book for the July 21, 2005 Board meeting. Due to time limitations, a verbal report was not presented.

GOVERNMENT AFFAIRS UPDATE

A report on the status of Amtrak's Senate and House Appropriations bills was provided in the July 21, 2005 Board book. Due to time limitations, a verbal report was not presented.

RAIL OPERATIONS UPDATE

A report on Rail Operations Branch performance results for FY05 through June was provided in the July

21, 2005 Board book. Due to time limitations, a verbal report was not presented.

CONTRACT RELATIONS UPDATE

A letter from the State of Connecticut regarding Amtrak's recommendation to unify the NEC infrastructure under single ownership through the purchase of the Metro-North segment of the corridor was included in the Board book. Due to time limitations, a verbal report was not provided.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 2:45 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Approving Changes to Authorized FY05 Capital Expenditures

Background:
At the Board meeting on February 3, 2005 the Board approved the FY05 Capital Budget reset. Management has since identified several changes that are required in order to support continued improvement in infrastructure along the right of way, mechanical facilities, communication and project management systems, station facilities and equipment acquisition.

Management continually reevaluates budgeted capital spending to determine what can be reasonably accomplished during FY05. As a result, changes are requested to current authorizations to meet revised requirements. Total revised requirements equal $10,431,660 including 44 projects of which 3 require Board approval. Two are new projects, equipment acquisition of 3 bucket trucks and rail replacement on the Harrisburg line. The third is an increase in funding equal to $1.1 million for the Oakland, CA Maintenance Facility. The funding for these changes comes from projects that either will be completed at less than the budgeted costs, or from projects that will not be completed as originally planned.

Recommended Action:
Management recommends the Board approve the attached resolution authorizing the respective changes to the FY05 Capital Authorizations.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Sale of Portions of the Branford, CT and New London, CT Substations and Granting of Easements to the Connecticut Light & Power Company

Background:
As part of the Northend Electrification Project, Amtrak constructed two new substations in Connecticut. These substations are located on Amtrak controlled or owned property in Branford, CT and New London, CT and provide electric traction power to Amtrak trains within the state. The substations receive their power from the Connecticut Light & Power Company (CL&P). In addition to the substations, Amtrak also utilized a CL&P franchise to construct a high voltage cable beneath a city street in New London. This cable (the "Williams Street Cable") connects the Amtrak New London substation with the CL&P substation, and provides high voltage service to the Amtrak substation.

In 2000, Amtrak and CL&P signed an Interconnection Agreement covering the parties' responsibilities for construction, operation and maintenance of the substations in Branford and New London. Due to various technical requirements, certain high voltage equipment that was to be maintained by CL&P (the "CL&P Equipment") was located within the substations on Amtrak property. The Interconnection Agreement provides that upon acceptance of the electrification system from Amtrak's contractor, Balfour Beatty/MEC ("BBC/MEC"), Amtrak will:

- Transfer ownership of the CL&P Equipment of the substations to be maintained by CL&P and the Williams Street Cable to CL&P;
- Grant CL&P easements giving them access to Amtrak property in order to maintain the CL&P Equipment; and
- Reimburse CL&P for any tax liability (Contribution in Aid of Construction, or "CIAC" tax[1]) created by this transfer of the CL&P Equipment and the Williams Street Cable.

The Interconnection Agreement provided for an almost immediate transfer of the assets and easements; however, due to the ongoing dispute with BBC/MEC Amtrak has not formally "accepted" the Electrification System from the contractor and therefore could not turn over the assets.

CL&P accommodated the Amtrak position for several years, but has recently sought more persistently to have Amtrak fulfill its obligations under the Agreement. Accordingly, after discussions with CL&P, Amtrak's Inspector General and outside counsel, it has been determined that transfer of these assets will not compromise

[1] CIAC is a federal tax assessed against a utility when a third party contributes funding to construct an asset to be owned by that utility. The asset is considered as "income" for the utility. Amtrak's tax exemption is not applicable as the tax is assessed against the utility, not Amtrak.

any claim or cause of action relating to our dispute with BBC/MEC. Amtrak is now able to fulfill its contractual obligations to CL&P.

Amtrak Engineering has agreed with CL&P on a listing of the equipment to be transferred. Amtrak Finance Department has agreed with CL&P on the depreciated value and approximate concomitant tax liability of the transfers:

Branford
Value of equipment: $360,431
CIAC tax obligation: $68,482

New London
Value of equipment
(Williams St. Cable & substation): $1,042,446
CIAC tax obligation: $198,065
(Values are as of May, 2005)

Budget Impact
Total CIAC tax obligation is approximately $267,000. Funding has been accrued since November, 2002 to pay the CIAC tax liability.

Recommended Action
Amtrak is contractually obligated to transfer this property, reimburse CL&P for the taxes and grant these easements. Management recommends that the Board approve the attached Resolution, granting Management authority to execute the necessary documents completing the transfer of assets and easements, and payment of CIAC tax liability.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Authorizing Execution of Letter Agreement and Related Documents for East Side Access Project in New York City

Background:
One of the Metropolitan Transit Authority's ("MTA") larger capital projects in New York City is a planned rail connection that will allow trains of MTA's subsidiary, Long Island Rail Road ("LIRR"), to access Grand Central Terminal: called the "East Side Access" Project and expected to cost in the vicinity of $7 billion (the "Project"). Today, LIRR's only station in Manhattan is Penn Station. The eastern end of the Project will be at Amtrak's Sunnyside Yard ("SSY") and will include the construction of tunnels under SSY. While the Project is expected to present only minimal operational concerns at SSY, it will provide several substantial benefits to Amtrak including 1) track realignment that will eliminate the current requirement whereby Amtrak trains to and from New England must cross the LIRR main line, 2) construction of a new car wash, 3) demolition of eight old SSY buildings, and 4) payment of $35 million to Amtrak for the construction of two new buildings to replace the eight being demolished. In addition, MTA has agreed to fully indemnify Amtrak regarding any environmental costs associated with the Project and to pay Amtrak in advance for expenses (e.g., force account costs such as flagging protection) that Amtrak will incur in connection with the Project. In return, Amtrak will grant certain rights, e.g., easements to construct and use the new tunnels as well as use of certain SSY loop tracks -- which LIRR will need to access its new maintenance facility.

At this stage, Amtrak and MTA have negotiated a letter agreement and accompanying term sheet which describe in general terms the obligations of the parties (the "Letter Agreement"). While not self-implementing, in that follow-on agreements will be needed to implement the agreed-upon terms, the Letter Agreement does obligate MTA to pay the $35 million by December 31, 2005. If payment from MTA is not received by December 31, 2005, the Letter Agreement terminates.

Budget Impact:
This Project will result in the payment of $35 million to Amtrak, along with reimbursement for costs incurred by Amtrak.

Recommended Action:
Management recommends that the Board approve the Resolutions authorizing execution of the Letter Agreement as well as easements, agreements and other instruments needed to implement the Project.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

NOVEMBER 16, 2005

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board conference room at the corporation's headquarters located at 60 Massachusetts, N.E. in Washington, D.C. on Wednesday, November 16, 2005.

Members of the Board of Directors attending the meeting were Floyd Hall, David Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Mr. Laney chaired the meeting and called it to order at 8:04 a.m.

EXECUTIVE SESSION

The outside Directors met in executive session without a secretary present to discuss confidential matters.

At 9:20 a.m., Board member David Hughes (Acting President and Chief Executive Officer); Mark Yachmetz of the Federal Railroad Administration (FRA); James Sprayregen and Lisa Laukitis of Kirkland and Ellis; Bill Crosbie, Alicia Serfaty, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC); and John Carten and Medaris Oliveri of Amtrak's staff joined the meeting. Mr. Carten and Ms. Oliveri of Amtrak's staff recorded the minutes of the meeting.

Exemption 5
Attorney-Client Privilege

[redacted]

Privileged and Confidential
Attorney-Client Communication

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

lutions would be presented for Board approval later in the meeting.

DIRECTORS AND OFFICERS' INSURANCE ISSUES

[redacted]

Exemption 5
Attorney-Client Privilege

Mr. Laney requested that Management take necessary action to carry out the recommendations of Kirkland and Ellis.

Mr. Sprayregen and Ms. Laukitis left the meeting. Joe Bress of the MEC joined the meeting.

LABOR UPDATE

Privileged and Confidential
Attorney-Client Communication

Mr. Bress briefed the Board on Management's negotiating strategy in the current round of labor negotiations. He also discussed the impact of wage cost-of-living adjustments (COLA) on the FY06 budget. A Board-led discussion ensued concerning the proposed strategy.

Mr. Bress left the meeting.

GOVERNMENT ACCOUNTABILITY OFFICE REPORT

Mr. Laney called the Board's attention to a Government Accountability Office (GAO) report titled "*Amtrak Management--Systemic Problems Require Action to Improve Efficiency, Effectiveness, and Accountability.*" He suggested that Board members review the report and directed Management to prepare a matrix of actions to be taken in response to the GAO recommendations. Mr. Crosbie indicated that Management has begun initiating such actions. Mr. Laney requested that the Board Liaison Office provide the Board with a copy of the final GAO report.

Joe McHugh of the MEC joined the meeting.

UPDATE ON LEGISLATIVE MATTERS

FY06 APPROPRIATIONS BILL

Mr. McHugh briefed the Board on the status of Amtrak's FY06 appropriation. He stated that the appropriation will likely be $1.315 billion, reflecting a compromise between the House and Senate bills. He indicated that the bill provides for establishing separate accounts for operating, capital, and debt service grant funding.

Mr. McHugh advised the Board that the bill includes holdbacks to ensure continued operation of commuter rail service in the event of an Amtrak shutdown and Amtrak's demonstrated progress toward reform. Mr. Rosen stated that $30 million to $50 million has been allocated for the Secretary of Transportation to use as efficiency incentives for reform progress.

Mr. McHugh reported language stipulating that operating grants should not be used to subsidize sleeper and diner service losses was removed from the original bill. He stated, however, that new language in the bill requires Amtrak to show progress in achieving sleeper and diner service efficiencies. Mr. Rosen commented that the Department of Transportation Office of the Inspector General (DOT OIG) will report on Amtrak's progress in achieving such efficiencies. Mr. McHugh reported that language permitting Amtrak to charge commuter authorities operating on the Northeast Corridor (NEC) the full costs of maintenance was also struck from the bill. He indicated that he will provide the Board with a copy of the Transportation Treasury Housing and Urban Development Appropriations Bill as soon as it becomes available.

REAUTHORIZATION BILL

Mr. McHugh reported that Senators Lott and Lautenberg offered S.1516, the *Passenger Rail Investment and Improvement Act of 2005*, as an amendment to the Senate reconciliation bill. He stated that the amendment passed by a 93 to 6 vote. In response to a request from Mr. Hall, Mr. McHugh indicated that he would provide the Board with a copy of the bill and a summary.

STATUS OF 2006 GRANT FUNDING

A discussion ensued concerning the timetable for Amtrak's FY06 grant funding. Ms. Serfaty asked that DOT inform Amtrak of any new requirements in connection with Amtrak's FY06 grant agreements as soon as possible and well in advance of the need for grant dollars so that any issues could be resolved quickly and funds could flow in an orderly fashion. Mr. Yachmetz agreed to provide Ms. Serfaty with any such requirements.

Mr. McHugh left the meeting.

[redacted]

Exemption 5
Attorney-Client Privilege

Privileged and Confidential
Attorney-Client Communication

[redacted]

[redacted]

Exemption 5
Attorney-Client Privilege

BOARD GOVERNANCE ISSUES (Continued)

RESOLUTIONS AUTHORIZING THE SUSPENSION OF COMMITTEES OF THE BOARD OF DIRECTORS

Ms. Serfaty called the Board's attention to resolutions authorizing the suspension of Board committees in the event that Board membership is reduced to four or fewer members. She stated that revisions have been made to the proposed resolutions which reflect the Board's recommended changes earlier in the meeting.

Upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolutions as amended:

> WHEREAS, The Board of Directors has formed and established charters for various Board Committees other than the Executive Committee ("Board Committees") to facilitate the activities and responsibilities of the Board in overseeing the operations and affairs of the Corporation; and
>
> WHEREAS, The membership of the Board Committees consists of three or more members of the Board of Directors; and

WHEREAS, On occasion the membership of the Board of Directors is reduced due to resignations, expiration of term, and other reasons; and

WHEREAS, Reductions in Board membership may have the result of making meetings and activities of Board Committees impractical and duplicative of Board meetings and activities; therefore, be it

RESOLVED, That in the event that membership of the Board of Directors is reduced to four or fewer members, the Chairman, the Board of Directors, or the Executive Committee is empowered to act, may suspend the meetings and other activities of one or more Board Committees; and

FURTHER RESOLVED, That during the period of time that meetings and activities of a Board Committee are suspended as authorized by these Resolutions, the duties and responsibilities of any such Board Committee shall be carried out by the full Board.

(4-0)

BOARD APPOINTMENTS AND QUORUMS

The Directors engaged in a discussion concerning Board terms and reappointments; Board and Executive Committee quorums; and the status of additional appointments to the Amtrak Board.

OIG REPORT ON THE EVALUATION OF MECHANICAL SERVICES

Mr. Weiderhold briefed the Board on an evaluation of Amtrak mechanical maintenance facilities initiated in the fall of 2004 by Amtrak's Office of the Inspector General (OIG). He presented an overview of the scope of the evaluation, qualifications of the staff conducting the evaluation, and the OIG's findings.

Mr. Weiderhold reported that in early September 2006, the OIG issued a report to Management that included 34 recommendations in nine major categories. He stated that the major finding of the evaluation was that Amtrak's practices have not kept pace with "best practices" at other class I railroads. He reviewed actions to be taken by Management in response to the OIG recommendations, which included [redacted]

Exemption 5
Deliberative Process

Exemption 5
Deliberative Process

[redacted]

Tracy Kenny and Chris Xystros of KPMG joined the meeting.

AUDIT PLAN

Ms. Kenny briefed the Board on KPMG's plan for the audit of Amtrak's FY05 financial statements. She discussed the stages of the audit, KPMG's approach for auditing Amtrak key processes, the status of the audit, and the timetable for completion of the audit. She commented that completion of the audit is dependent upon timely closing of the books for the capital area.

Ms. Kenny advised the Board that in the "going concern" analysis, KPMG will consider Amtrak's appropriation level and budget and whether there are any significant changes that could impact the corporation's financial statements.

Ms. Kenny informed the Board that the current KPMG contract provides for continuation of audit services until one of the parties terminates the contract. She indicated that the engagement letter for the audit of Amtrak's FY05 financial statements needs to be executed. Mr. Smith and Ms. Kenny briefly discussed KPMG fees over the term of the contract. Mr. Laney stated that with the Board's consent, he will execute the engagement letter on behalf of Amtrak. It was the consensus of the Board that Amtrak should engage the services of KPMG to audit Amtrak's FY05 financial statements.

At the request of Ms. Kenny, the outside directors met in executive session with Mr. Xystros and Ms. Kenny. At the conclusion of the executive session, Ms. Kenny and Mr. Xystros left the meeting.

EXECUTIVE SESSION

The outside Directors and Mr. Hughes then met in executive session without a secretary present on the Beech Grove office car beginning at 1:00 p.m. to discuss confidential matters. At 1:46 p.m., the meeting reconvened in the Board room with Board members Hall, Hughes, Laney, Rosen, and Sosa present. Messrs. Carten, Crosbie, Fremaux, Mallery, Nesci, Nissenbaum, Rienzi, Smith, Walker, Weiderhold, and Yachmetz as well as Madames Oliveri, Richardson, and Serfaty rejoined the meeting.

ACTION ITEMS

APPROVAL OF MINUTES

SEPTEMBER 22, 2005 BOARD MEETING

Mr. Laney called the Board's attention to minutes of the September 22, 2005 meeting of the Board of Directors. Mr. Laney and Mr. Rosen indicated that they had changes to the draft minutes which they will forward to Amtrak's General Counsel and Corporate Secretary. Mr. Laney requested that Board members submit any additional changes to the Board Liaison Office. Approval of the minutes was postponed pending the receipt and review of the proposed changes.

NOVEMBER 7, 2005 BOARD MEETING

Ms. Serfaty distributed the minutes of the November 7, 2005 Board meeting to the Directors. Upon motion made by Mr. Sosa and seconded by Mr. Hall, the minutes were approved as submitted.

(4-0)

RESOLUTION APPROVING THE RENEWAL OF A PENNSYLVANIA PUBLIC SERVICE LIQUOR LICENSE

Mr. Laney called the Board's attention to a resolution approving the filing of an application and other documents for the purpose of renewing Amtrak's liquor license for trains operating through Pennsylvania. Ms. Serfaty commented that the Commonwealth annually requires a Board resolution that designates Amtrak officials authorized to execute documents required by the Pennsylvania Liquor Control Board.

Upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolution:

> WHEREAS, It is the desire of the National Railroad Passenger Corporation to be granted a renewal of a Public Service Liquor License in the Commonwealth of Pennsylvania; therefore, be it
>
> RESOLVED, That the Board of Directors approves filing of said application with the Pennsylvania Liquor Control Board and that David N. Smith, Chief Financial Officer, and/or Dale M. Stein, Treasurer, is/are hereby authorized to execute the application and any other documents required by the Board.

(4-0)

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY05 CAPITAL EXPENDITURES

Mr. Laney directed the Board's attention to resolutions approving reprogramming changes totaling $19.795 million to Amtrak's FY05 authorized capital expenditures. Mr. Smith advised the Board that the proposed changes will fund revised engineering and mechanical requirements. He noted that the six engineering projects requiring Board approval involve life safety issues and infrastructure improvements. He stated that the mechanical reprogramming changes will ensure car availability and production flow. He identified the three mechanical projects requiring Board approval as overhaul of P42 locomotives, remanufacture of Superliner I sleepers, and remanufacture of Amfleet I coaches. He commented that the Executive Summary provides additional detail concerning the proposed changes in response to the Board's request at the September meeting. He indicated that funding for the reprogramming changes will come from projects completed under budget or not completed as originally planned.

Mr. Smith informed the Board that Management is initiating changes in the budget process that will result in submission of reprogramming requests to the Board in a more timely manner. He added that Management also plans to change the reporting of engineering budgetary items from a project to a program level. He indicated that detailed information concerning engineering projects will still be made available to the Board and FRA.

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolutions:

> WHEREAS, On February 3, 2005 the Board of Directors approved the reset FY05 Capital Budget; and
>
> WHEREAS, Management must present for Board approval any capital reprogramming exceeding $1 million and new projects exceeding $500,000; and
>
> WHEREAS, Management has identified project changes that require such Board approval; therefore, be it
>
> RESOLVED, That the Board of Directors approves the proposed reprogramming of FY05 Capital Expenditures totaling $19,795,122 as described in the attached Executive Summary; and
>
> FURTHER RESOLVED, That the Board of Directors recognized that $10,545,027 of this reprogramming must be approved by the Federal Railroad Administration (FRA) under the Grant Agreement for FY05 Capital Expenses and approves the forwarding of this reprogramming to FRA for this purpose.

(3-0-1)

Mr. Rosen stated that he abstained from the vote to avoid predetermination of DOT's assessment of the reprogramming changes when con-sidered by the FRA.

RESOLUTION AUTHORIZING THE EXECUTION OF A NET DEVELOPMENT GROUND LEASE AND AGREEMENT OF SALE FOR PROPERTY LOCATED ADJACENT TO AMTRAK'S KEYSTONE CORRIDOR RIGHT-OF-WAY IN DEVON, PENNSYLANIA

Mr. Laney directed the Board's attention to a resolution authorizing the execution of a net development ground lease and agreement of sale for Amtrak-owned property adjacent to the Keystone Corridor right-of-way in Devon, Pennsylvania to Fieldstone Associates, LP. Ms. Serfaty indicated that the transaction involves two parcels, referred to as the North Property and the South Property, that will be developed by Fieldstone, subject to rights of the Southeastern Pennsylvania Transportation Agency (SEPTA) pursuant to the 47 Station Lease Agreement.

Ms. Serfaty advised the Board that the 2.5 acre North Property will be sold for $300,000 for the development and sale of luxury townhouses. She stated that the 3.7 acre South Property will be leased for 99 years at a minimum rent of $120,000 per year. She noted that the developer will restore the dilapidated Devon Station for retail or other use, construct a new passenger station, upgrade the existing pedestrian tunnel, and construct a "kiss and ride" area for SEPTA commuters prior to sale of the North Property.

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolution:

WHEREAS, Amtrak is the owner of two parcels of property located north and south of the Keystone Corridor right-of-way in Devon, Pennsylvania (collectively "Property"); and

WHEREAS, Fieldstone Associates, LP ("Developer") has expressed interest in developing the Property for residential, commercial, retail, and parking uses; and

WHEREAS, Amtrak and Developer have negotiated a Net Development Ground Lease and Agreement of Sale for the sale of a portion of the Property for development of luxury townhouses and the leasing of a portion of the Property for the construction of a new station and a "kiss and ride" area; the rehabilitation of the old station; the upgrading of the existing pedestrian tunnel; and the construction, operation, and maintenance of mixed-use buildings for residential, commercial, and retail uses and parking facilities; and

WHEREAS, Such terms are acceptable to Management; and

WHEREAS, Management recommends that the aforementioned Net Development Ground Lease and Agreement of Sale be approved; therefore, be it

RESOLVED, That the President and Chief Executive Officer or the Vice President-Real Estate Development, or her designee, is authorized to execute and deliver, in the name and on behalf of the Corporation, the Net Development Ground Lease and Agreement of Sale, together with any and all other necessary documents and instruments to effectuate the transaction contemplated by this Resolution.

(4-0)

RESOLUTIONS AUTHORIZING THE EXECUTION OF THE LEASE OF RETAIL SPACE IN CHICAGO UNION STATION TO FIFTH THIRD BANK, A MICHIGAN BANKING COMPANY

Mr. Laney directed the Board's attention to a resolution authorizing the execution of the lease of retail space in Chicago Union Station (CUS) to Fifth Third Bank, a Michigan Banking Company. Ms. Serfaty informed the Board that the bank will lease space in the north and south concourses of the station at market rates for the installation of ATM machines for a term of three years with a three-year option period.

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolution:

WHEREAS, Amtrak, through its subsidiary Chicago Union Station Company ("CUSCO") is the owner of Chicago Union Station ("CUS") in Chicago, Illinois; and

WHEREAS, CUSCO leases certain spaces within CUS to commercial tenants; and

WHEREAS, Fifth Third Bank has expressed interest in leasing space in CUS for the operation of four automatic teller machines (ATMs); and

WHEREAS, Management has negotiated a three-year lease with one three-year option with Fifth Third Bank (the "Lease"), the essential terms and conditions of which are set forth in the Executive Summary provided to the Board; and

WHEREAS, Management recommends that the Board approve the Lease with Fifth Third Bank; therefore, be it

RESOLVED, That the Corporation authorizes CUSCO to execute and deliver the Lease for certain space in Chicago Union Station on the terms and conditions set forth in the Executive Summary; and

FURTHER RESOLVED, That the President or Vice President of CUSCO is hereby authorized, directed, and empowered to take any and all actions to execute and deliver, in the name of and on behalf of CUSCO, including the execution and delivery of the Lease, together with any and all other necessary documents and instruments to effectuate the transaction contemplated by the foregoing.

(4-0)

2006 BOARD MEETING DATES

Mr. Laney called the Directors' attention to the revised schedule of Board meeting dates for calendar year 2006. Mr. Rosen noted that submission of Amtrak's Legislative Report and Grant Request to Congress is due on or before February 15 and that a meeting has not been scheduled in February.

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the proposed Board meeting schedule for calendar year 2006, subject to change.

(4-0)

RESOLUTIONS AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH GATE GOURMET, INC. FOR COMMISSARY FOOD AND BEVERAGE SERVICES

Mr. Laney directed the Board's attention to resolutions authorizing the execution of an agreement with Gate Gourmet, Inc. (GGI) for the provision of food and beverage services on Amtrak trains. Mr. Fremaux informed the Board that Amtrak has reached agreement in principle with GGI and is currently negotiating the general provisions of the contract. He reviewed key elements and benefits of the new agreement, which will replace the agreement due to expire on September 30, 2006. He stated that if negotiations are not completed by November 30, 2005, Management is prepared to initiate a formal procurement for a new commissary service contractor.

[redacted]

Exemption 5
Deliberative Process

The Board engaged in a discussion concerning the proposed terms of the GGI agreement. In response to questions from Mr. Hall, [redacted]

Exemption 5
Deliberative Process

[redacted]

The Board engaged in a discussion of other aspects of Amtrak's food and beverage service. [redacted]

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

WHEREAS, Amtrak and Gate Gourmet, Inc. ("GGI") are parties to an Agreement dated January 29, 2005 pursuant to which GGI provides various services that support Amtrak's provision of food and beverage services onboard its intercity trains (the "Existing Agreement"); and

WHEREAS, The Existing Agreement will expire as of September 30, 2006 unless the parties take specific action to extend its term by an additional five years under the terms and conditions of the Existing Agreement; and

WHEREAS, Management has determined that it is not in the best interest of the Company to extend the Existing Agreement; and

WHEREAS, Management has negotiated and reached agreement with GGI on key business terms of a new agreement that are documented in a non-binding Term Sheet, which is more fully described in the Executive Summary provided to the Board; and

WHEREAS, Subject to Board authorization, Management is prepared to complete negotiations and execute a final agreement with GGI that is consistent in all material respects with the Term Sheet (the "Final Agreement") or in the event that a Final Agreement cannot be executed on or about November 30, 2005, to initiate a formal procurement process to select a food and beverage contractor on terms and conditions acceptable to the Company; therefore, be it

RESOLVED, That the Corporation is authorized to complete negotiations and to execute the Final Agreement with GGI, provided that the Board shall be advised of any material differences between the terms of the Term Sheet and the Final Agreement; and

FURTHER RESOLVED, That the President and Chief Executive Officer or Vice President-Procurement and Materials Management is authorized to execute the Final Agreement with GGI and to take all other actions and execute all other documents and instruments necessary to carry out the foregoing Resolution.

(4-0)

<u>RESOLUTIONS AUTHORIZING AN AGREEMENT WITH ALSTOM TRANSPORTATION, INC. TO PROVIDE PARTS AND SERVICES NECESSARY TO MAINTAIN AND OVERHAUL THE HIGH SPEED *ACELA* TRAINSETS</u>

Mr. Laney directed the Board's attention to resolutions authorizing an agreement with Alstom Transportation, Inc. to provide parts and services to maintain and overhaul the *Acela* trainsets. Mr. Rienzi briefly reviewed the three options for the purchase of parts and materials to maintain the *Acela* fleet presented to the Board in June 2005. [redacted]

Exemption 5
Deliberative Process

Exemption 5
Deliberative Process

[redacted]

LONG-LEAD PARTS PURCHASE ORDER

Mr. Rienzi reminded the Board that Amtrak executed a *Long-Lead Parts Purchase Order* with Alstom in August 2005 to ensure that there are no gaps in the supply chain when Amtrak takes over maintenance of the *Acela* trainsets in

October 2006. He stated that Alstom is scheduled to begin delivering such parts at that time. He reported that upon execution of the proposed agreement with Alstom, the Purchase Order will be terminated and delivery of the long-lead parts will be subsumed within the proposed Alstom agreement.

***ACELA* OVERHAUL AGREEMENT**

Mr. Rienzi informed the Board that Management plans to outsource *Acela* overhaul work and will issue a Request for Proposal (RFP) in early January 2006. He stated that some time next year, Management will present for Board approval the terms of an agreement for overhaul of the *Acela* fleet.

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

> WHEREAS, The Agreement for the Provision of Management Services for High Speed Rail Equipment and Related Facilities dated as of May 1, 1996 between Amtrak and the Consortium consisting of Alstom Transportation, Inc. ("Alstom") and Bombardier Corporation (as modified by the Settlement Agreement and Amendment to Trainset/Facilities Contract, Locomotive Contract, and Management Services Contract dated March 16,

2004) provides Amtrak with two long-term contractual options for maintaining and overhauling the High Speed *Acela* Trainsets: (1) a Material Only Option pursuant to which the Consortium would continue to provide procurement and inventory management of applicable parts; and (2) an Inventory and Purchase Agreement Option pursuant to which Amtrak would assume responsibility for these functions (the "Maintenance Option"); and

WHEREAS, Amtrak will be required to make a selection of either of these Options by January 1, 2006 in order to facilitate commencement of one of the Options by October 1, 2006; and

WHEREAS, As set forth in the Executive Summary, Management has recommended that the Company forego selection of both Maintenance Options and instead enter into an agreement with Alstom pursuant to which Alstom will provide the parts and services necessary to maintain and overhaul the high speed *Acela* trainsets; and

WHEREAS, The terms and conditions of the proposed agreement with Alstom are set forth in the Executive Summary and attachments thereto (the "Alstom Agreement"); be it therefore

RESOLVED, That the Corporation is authorized to complete negotiations and execute the Alstom Agreement and to exercise available options for material control services under the Alstom Agreement; and

FURTHER RESOLVED, That the President and Chief Executive Officer or Vice President-Procurement and Materials Management is authorized to execute the Alstom Agreement and to take all other actions and execute all other documents and instruments in order to carry out the foregoing Resolution.

(3-0-1)

Exemption 5
Deliberative Process

Mr. Rosen stated that he abstained from the vote to avoid predetermination of DOT's assessment of the proposed Alstom agreement when considered by the FRA.

RENAMING OF 30TH STREET STATION

Mr. Hall indicated that The Pew Charitable Trusts has proposed a [redacted] budget for the 30th Street Station Renaming Initiative, which provides for short-term and permanent signage programs as well as a marketing and public relations campaign. Mr. Hall stated that banners and promotional materials will be used to publicize the name change to Ben Franklin Station and that Cloud Gehshan will work with Amtrak to develop a permanent signage program.

The Board engaged in a discussion of the proposal.

[redacted]

and provide the Board with a recommendation concerning the proposal at the December Board meeting.

Mr. Laney left the meeting, and Mr. Hall assumed the Chair.

FINANCIAL REPORTS

REPORT FORMAT

Mr. Smith presented a proposed new format for reporting Amtrak's FY06 financial performance by the five business lines outlined in Amtrak's *Strategic Reform Initiatives and FY06 Grant Request* submitted to Congress in April 2005. He identified the business lines as Northeast Corridor Operations, State Corridor Operations, National Long-Distance Operations, Infrastructure Management, and Ancillary Businesses. He reported that system support overhead functions will be assigned to *Unallocated Expenses* during a transition period and will be fully allocated back to the business lines on a phased basis by FY11. He added that individual business lines will not be burdened with depreciation or debt service on legacy debt. Mr. Smith indicated that the report also provides comparative data and variances for the current and prior year. He advised the Board that monthly financial data will be reported using the same format.

FY06 BUDGET

Mr. Smith advised the Board that as result of Amtrak's FY06 total budget being reduced from $1.8 billion to $1.45 billion, the operating budget was reduced from $560 million to $540 million and the capital budget from $597 million to $562 million. He reported that the reset budget includes $277.1 million for debt service and $70.9 million for working capital. He discussed FY06 revenue, ridership, and expense projections and compared them against FY05 actuals. He stated that major budget variances from FY05 are attributable to increases in fuel prices, health benefits, and casualty and other claims.

Mr. Bress rejoined the meeting.

A Board-led discussion ensued. [redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Mr. Sosa left the meeting.

OTHER BUSINESS

Certain agenda items were not taken up due to time constraints. These items included *Report on Strategic Initiatives, Personnel and Compensation Matters, Update on the Phase II of the Lazard Proposal,* and *the Mission Statement.*

REPORT ON AMTRAK MARKET PERFORMANCE

Ms. Richardson distributed a report on Amtrak Market Performance dated November 16, 2005, which contained ridership and revenue data for FY05 and the first month of FY06, factors affecting market performance, and a proposed action plan.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 3:20 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Approving Changes to Authorized FY05 Capital Expenditures

Background:
At the Board meeting on February 3, 2005 the Board approved the FY05 Capital Budget reset. Management has since identified several changes that are required in order to support continued improvement of the infrastructure along the right of way, passenger safety and car availability and production flow.

Management continually reevaluates budgeted capital spending to determine what can be reasonably accomplished during FY05. As a result, changes are requested to current authorizations to meet revised requirements. Total revised requirements equal $ 10,545,027 in FY05 general funds, $ 1,415,724 in Penndot funds, $ 1,213,758 in New Jersey Joint Benefit Funds, $ 3,659,635 in FRA funds and $ 2,960,978 in Long Island Railroad funds including 9 projects, which require Board approval. Six are Engineering projects that will provide safe and reliable service through tie, timber and turnout improvements as well as addressing major passenger Life Safety issues. Three are Mechanical projects. These projects will provide Superliner I Sleeper remanufacture work, Amfleet I Coach remanufacture work and overhaul work for P42 Locomotives, The funding for these changes comes from projects that either will be completed at less than the budgeted costs, or from projects that will not be completed as originally planned.

Recommended Action:
Management recommends the Board approve the attached resolution authorizing the respective changes to the FY05 Capital Authorizations.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

DECEMBER 5, 2005

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board conference room at the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Monday, December 5, 2005.

Members of the Board of Directors attending the meeting were Floyd Hall, David Hughes (Acting President and Chief Executive Officer), David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Joe Bress, Bill Crosbie, Lorraine Green, Paul Nissenbaum, Alicia Serfaty, David Smith, and Fred Weiderhold of the Management Executive Committee (MEC) were present.

John Carten, Emmett Fremaux, Tom Hall, Medaris Oliveri, and Brian Rosenwald of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 10:06 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

UPDATE ON STRATEGIC INITIATIVES

LONG-DISTANCE SERVICE BUSINESS PLAN

STRATEGIC REFORM INITIATIVES

Mr. Nissenbaum presented a briefing on the proposed framework for Amtrak's Long-Distance Business Plan. He reminded the Board that in Amtrak's *Strategic Reform Initiatives and FY06 Grant Request*, the continuation and potential restructuring of national long-distance routes based upon performance thresholds was set forth as one of Amtrak's long-term objectives. He stated that the time table for route evaluation in the Strategic Reform Initiatives (SRI) called for establishing performance thresholds in 2005, initiating the ranking of routes and publishing projected route terminations in 2005, terminating routes that fail to meet established targets beginning in 2008 unless the gap between actual financial performance and the minimum performance threshold is covered by the states, developing a network restructuring plan by 2007, and ongoing implementation of performance improvements. He noted that in the SRI, it was stated that system overhead would be fully allocated to the appropriate business line by FY11 and that the FY11 target for long-distance operations assumes $190 million in savings as result of implementation of SRIs. He also observed that it may be prudent to revisit certain aspects of this process (e.g. publishing route termination projections).

MISSION STATEMENT

Mr. Nissenbaum presented a draft Mission Statement for long distance service. He identified proposed elements of the Mission Statement as: (1) a national long-distance network that links short-distance corridors, major population centers, and communities underserved by other transportation modes; (2) a network that maximizes public benefits within financial constraints; and (3) the delivery of superior service. Mr. Hall suggested defining the Mission Statement based upon the SRI. Mr. Nissenbaum and Mr. Hughes indicated that Management will work with the Directors to develop a draft Mission Statement for the January Board meeting.

POLICY GOALS FOR LONG-DISTANCE SERVICE

Mr. Nissenbaum presented draft policy goals for restructuring services, trains, and routes. He identified the proposed goals as: (1) ensuring that each route meets minimum financial, service quality, and public benefit criteria; (2) elimination of the incremental operating loss associated with sleeper and food service; and (3) reducing the overall long-distance network operating loss funded by the federal government.

A Board-led discussion ensued concerning the allocation of indirect overhead, depreciation, and capital charges to the national system. Mr. Nissenbaum indicated that the presentation document does not show indirect system overhead allocated to individual routes. It was the consensus of the Board that all costs (including depreciation or a proxy for a capital charge) should be included in the analysis of long-distance and other service. Mr. Nissenbaum stated that the Board's direction

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will be reflected in future presentations.

Mark Dayton of the Department of Transportation Office of the Inspector General (DOT OIG) joined the meeting.

PERFORMANCE METRICS

Mr. Nissenbaum called the Board's attention to draft performance metrics for routes, sleeper service, and the long-distance network. [redacted]

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[redacted]

The Board engaged in a discussion of the proposed metrics. [redacted]. Mr. Rosen suggested [redacted] Mr. Nissenbaum indicated that Management will review the proposed metrics with the FRA, DOT, and DOT OIG to ensure that there is consensus.

Mr. Rosen suggested that [redacted] Mr. Nissenbaum indicated that Management will provide the Board with an assessment of such trains in early 2006.

Mr. Crosbie advised the Board that there is a shortage of sleeper cars and that available cars will be utilized on high-usage routes. Mr. Dayton suggested that [redacted]

ANALYSIS OF CURRENT PERFORMANCE

Mr. Nissenbaum called the Board's attention to an analysis of long-distance train performance using FY05 data. He noted that based upon the "financial metric," the *AutoTrain* is the best performer and that the *Sunset Limited* and the *Cardinal* are the worst performers. He stated that when an analysis of long-distance train performance was undertaken using the "public benefit metric," the *Sunset Limited* and *Palmetto* were the worst performers. He noted that thresholds will need to be established for each of the metrics.

Mr. Nissenbaum called the Board's attention to the cost elements of adding diner and sleeper service to trains. He stated that the preliminary estimated incremental loss for sleeper service is $65.9 million, which is near the lower end of the range estimated in the DOT

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OIG Report. He indicated that food service, mechanical and labor initiatives could narrow or eliminate this loss. He reported that the preliminary estimate of the fully allocated loss for the long-distance network is $529 million and that the target, as defined in the SRI, is $400 million. [redacted]

STRATEGIC REFORM INITIATIVES

Mr. Nissenbaum called the Board's attention to strategic reform initiatives that are underway or planned. He identified these initiatives as food service restructuring, resizing consists/branding, mechanical efficiencies, on-time performance (OTP) investment, and on-board/station customer service. Mr. Sosa suggested separating labor from system initiatives. Mr. Nissenbaum indicated that the food service restructuring initiative, the mechanical efficiencies initiative, and OTP investment will be addressed at the January Board meeting. He stated that the level of capital investment required and annual financial benefit following full implementation of these initiatives will be presented at that time.

UPDATE ON LONG-DISTANCE FOOD AND BEVERAGE SERVICE ACTION PLAN FOR SIMPLIFIED DINING SERVICE

Mr. Fremaux briefed the Board on a food service action plan designed to reduce or eliminate the operating loss on food and beverage service. He stated that new simplified dining service that features pre-plated meals will quickly reduce labor costs on existing equipment. Mr. Laney suggested that the Board sample meals from the new dining service menu.

Mr. Fremaux reported that a pilot program will be implemented on the *Texas Eagle* and *City of New Orleans* in mid-December and on the *Capitol Limited* and *Sunset Limited* in January. He said that upon completion of the pilot in January, the program will be expanded to include additional long-distance trains.

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Mr. Fremaux directed the Board's attention to the [redacted]

Joe McHugh of the MEC joined the meeting.

RESTAURANT-STYLE FOOD CARS

Mr. Fremaux advised the Board that Management plans [redacted]

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Commercial Privilege

[redacted]

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[redacted]

[redacted]

Mr. Fremaux informed the Board that [redacted]

NEXT STEPS

Mr. Fremaux briefed the Board on additional steps to be taken in connection with the food service redesign action plan. He indicated that Management will present a system-wide plan for long-distance food and beverage service at the January Board meeting. He stated that Management also plans to initiate capital program actions for equipment modifications and develop an integrated food service model and standards.

Tom Hall and Brian Rosenwald left the meeting. Robert Chlopak of Chlopak, Leonard, and Schechter joined the meeting.

UPDATE ON LABOR NEGOTIATIONS

Mr. Bress briefed the Board on Management's negotiating strategy in the current round of labor negotiations. A Board-led discussion ensued concerning the proposed strategy.

Mr. Chlopak left the meeting.

SUBWAY PILOT

Mr. Rosen inquired about the status of the Subway pilot program to provide food service on trains operating between Rensselaer and New York City and union opposition to this program. Mr. Fremaux reported that Amtrak is awaiting a response from the local Subway franchise concerning continuation of the four month pilot. Mr. Crosbie noted that Subway was advised that, if successful, the pilot could evolve into a larger program.

FY06 RESTRUCTURED BUDGET

ELEMENTS OF THE BUDGET

Mr. Smith briefed the Board on Amtrak's proposed revised FY06 Operating and Capital Budgets and the FY06 Comprehensive Business Plan. He compared the budget approved in September 2005 with the restructured budget based upon the final appropriation. He reported that the revised $1.3 billion budget is comprised of $490 million for operations, $500 million for capital, $280 for debt service, $5 million for a managerial cost accounting system, $8.3 million for a revenue service demonstration of temperature-controlled express shipments, and $31.7 million in "efficiency incentive" grant funding available at the discretion of the Secretary of Transportation. He stated that the DOT OIG will evaluate Amtrak's progress in achieving operating efficiencies. He noted that there is no provision for working capital in the revised budget.

Mr. Rosen briefly discussed "holdbacks" in grant funding, which included $60 million available for transfer to the Surface Transportation Board (STB) in the event that Amtrak ceases commuter rail operations and $40 million in efficiency incentive grants. Mr. Rosen noted there is a question as to whether the $40 million must be made available to Amtrak in FY06 since it appears it can be held by DOT for five years.

Mr. Smith advised the Board that the revised budget includes five business lines and an unallocated system column. He reported $495 million in federal support for operations is allocated across the business lines and for system support. Additionally, he said that the FY06 Budget includes gap-closing initiatives of $96.3 million that remain to be identified. He stated that when identified, the initiatives will be allocated to the appropriate business line. He indicated that the budget includes $570.5 million for depreciation. Mr. Dayton noted that approximately two-thirds of this amount relates to the NEC. Mr. Laney suggested separating depreciation by equipment and infrastructure.

FY06 GAP-CLOSING MEASURES

Mr. Smith discussed Amtrak's progress on gap-closing measures. He reported that passenger-related revenue exceeded budget by $6.7 million in October and that expenses were better than budget by $5.6 million. He said revenues were also better than budget by $6 million in November. He indicated that the grant provides potential funding of $31.7 million if certain efficiencies are realized. Mr. Dayton stated that such funding should be utilized for capital rather than for gap closing. A discussion ensued concerning how this funding should be utilized. Mr. Smith reported that the FY06 budget included $34.9 million in capital program reductions that needed to be identified and that only $9.5 million remain to be identified at the present time. Mr. Crosbie informed the Board that some security technology solutions have been deferred and that he will provide the Board with a list of security initiatives.

[redacted]

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<u>RESOLUTIONS APPROVING THE FY06 COMPREHENSIVE BUSINESS PLAN AND CHANGES TO THE FY06 OPERATING AND CAPITAL BUDGETS</u>

Ms. Serfaty called the Board's attention to resolutions approving Amtrak's FY06 restructured budget and the

Comprehensive Business Plan. She indicated that the Business Plan will be completed the week of December 12.

Following further discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolutions:

> WHEREAS, The Transportation, Treasury, Housing and Urban Development, District of Columbia, and Independent Agencies Appropriations Act for FY06 (the "Act") requires Amtrak to transmit, within sixty 60 days of enactment of the Act, to the Secretary of Transportation and various Senate and House Committees a comprehensive business plan, which shall include, as applicable, targets for ridership, revenues, and capital and operating expenses (the "FY06 Comprehensive Business Plan"); and
>
> WHEREAS, Management has restructured the FY06 Operating and Capital Budgets, which revisions are attached hereto, to incorporate the lower funding levels appropriated in the Act (the "Revised FY06 Operating and Capital Budget"); and
>
> WHEREAS, The Board of Directors has initiated a strategic planning process intended to develop an economically viable long-term vision for the Corporation and has identified initiatives necessary to achieve that vision all of which, including the FY06 Operating and Capital Budget, shall be incorporated into a final FY06 Comprehensive Business Plan by Management (the "Final FY06 Comprehensive Business Plan"); therefore, be it
>
> RESOLVED, That subject to such supplementation and revision as the Board may later request and/or approve, and in order to comply with the Act's time requirements, the Revised FY06 Operat-

ing and Capital Budget and the subsequent Final FY06 comprehensive Business Plan are hereby approved.

(3-0-1)

Mr. Rosen stated that he abstained from the vote to avoid predetermination of DOT's assessment of Amtrak's FY06 Budget and Comprehensive Business Plan when considered by FRA.

Messrs. Fremaux, McHugh, and Nissenbaum left the meeting. Jane Weizmann of Watson Wyatt & Company joined the meeting.

PERSONNEL AND COMPENSATION MATTERS

COMPENSATION PROPOSAL

Mr. Hughes directed the Board's attention to comparative data on management severance practices for the federal government, other railroads, and other corporations.

[redacted]

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Exemption 2

[redacted]

COMPENSATION PLAN

[redacted]

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[redacted]

NONFINANCIAL OBJECTIVES

Mr. Hughes presented a list of nonfinancial objectives for the Board's consideration. Following discussion, it was the consensus of the Board that improved on-time performance; food and beverage service; safety improvement; and labor would be the nonfinancial objectives on which Management would be evaluated in FY06. Mr. Laney requested that Management provide additional information in terms of definition, focus on nonfinancial metrics in FY06, identify strategic incentives, and provide the Board with a schedule. Mr. Hughes indicated that at a future meeting, Management will present a three year plan for the Management Compensation Program that will include further development of the definitions and metrics for these goals. [redacted]

OTHER BUSINESS

Due to time limitations, the Board did not address the 30th Street Station name-change initiative.

EXECUTIVE SESSION

The outside Directors met in executive session without a secretary present beginning at 3:20 p.m. to discuss confidential matters. Mr. Sosa left the meeting at 3:30 p.m.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 3:53 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

December 21, 2005

The Board of Directors of the National Railroad Passenger Corporation held a special conference call meeting on Wednesday, December 21, 2005. The meeting was called to order at 3:00 p.m.

Board members participating were David M. Laney (Chairman), Floyd Hall, Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Mr. Laney chaired the meeting. A secretary was not present. Mr. Laney reported to Ms. Serfaty that the Board acted on the following three matters.

APPROVAL OF PHILADELPHIA 30TH STATION NAME CHANGE

[redacted]

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(3-0-1) (Mr. Rosen abstained.)

APPROVAL OF CONTRACT FOR ACTING PRESIDENT AND CEO

Following discussion and review of the term sheet outlining the package of compensation for the Acting President and CEO, David J. Hughes, and upon motion by Floyd Hall, seconded by Enrique Sosa, the Board voted to approve the contract, subject to the severance plan put in place by the Board for the remainder of the Executive Committee.

(4-0)

APPROVAL OF EXECUTIVE COMMITTEE SEVERANCE PLAN

Following discussion and review of the Executive Summary outlining a proposed severance plan for Executive Committee members, and upon motion by Floyd Hall, seconded by Enrique Sosa, the Board approved implementation of a severance plan for Executive Committee members consistent with the terms and conditions set forth in the Executive Summary, subject to the following additional conditions: (1) the plan only be available if the termination is without cause; (2) that it be available to members of the Executive Committee only; and (3) to the extent that an Executive Committee member entitled to severance under the plan obtains other employment, that severance payments be terminated or adjusted to meet the differential with a new salary.

(3-1)(Mr. Rosen voted 'no'.)

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 4:15 p.m.

Alicia M Serfaty

Alicia Serfaty
Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

JANUARY 17 AND 18, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board conference room at the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Tuesday and Wednesday, January 17 and January 18, 2006.

Members of the Board of Directors attending the meeting were David Hughes (Acting President and Chief Executive Officer), David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Clifford Eby and Mark Yachmetz of the Federal Railroad Administration (FRA); Mark Dayton of the Department of Transportation Office of the Inspector General (DOT OIG); and Tracy Kenny and Elizabeth Lawson of KPMG also attended the meeting.

Joe Bress, Bill Crosbie, Lorraine Green, Paul Nissenbaum, Alicia Serfaty, David Smith, and Fred Weiderhold of the Management Executive Committee (MEC) were present.

John Carten, Emmett Fremaux, Matt Hardison, Patrick Leininger, and Medaris Oliveri of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 1:47 p.m. Mr. Carten and Ms. Oliveri recorded the minutes.

UPDATE ON THE AUDIT OF AMTRAK'S FY05 FINANCIAL STATEMENTS LIQUIDITY, GOING CONCERN, AND IMPAIRMENT ANALYSIS

Ms. Kenny presented an overview of the audit of Amtrak's FY05 financial statements, which included KPMG's findings concerning significant areas of the audit. She discussed KPMG's procedures for assessing Amtrak's liquidity and for making a determination concerning the "going concern" issue. A Board-led discussion ensued concerning the potential impact of the Administration's FY07 budget request for Amtrak funding.

Ms. Kenny informed the Board that following testing of Amtrak's impairment analysis, additional asset impairment charges were recorded, which included $5.3 million for the Turboliners and $18 million for the P-40 locomotives that were prematurely retired as result of operational changes.

CAPITAL ADDITIONS AND DEPRECIATION

Ms. Kenny reported that although there was a substantial increase in capital projects in FY05 when compared to FY04, there were no significant findings related to capital work. She noted that Amtrak's backend manual review of work in progress (WIP) additions appears to be successful. She indicated that in regard to capitalized overhead, Amtrak identified a $6.5 million adjustment for the year-end true-up of overhead costs.

Ms. Kenny advised the Board that Amtrak's group depreciation expense calculation for equipment, track, and road assets is still highly manual. She indicated that a depreciation study will be carried out in FY06. She stated that there were no findings related to the retirement, sale, or disposal of assets.

PERSONAL INJURY CLAIMS RESERVE

Ms. Kenny reported that Amtrak experienced a significant reduction in the claims reserve in FY05 when compared to FY04, which she attributed to close-out of a significant number of large cases. She indicated that the claims reserve accrual is at the high end of the acceptable range, which may result in changes to assumptions in the future. Mr. Smith commented that Amtrak may receive another credit associated with the claims reserve in FY06. Ms. Kenny and Ms. Serfaty briefly discussed the status of the Frankona case.

REVENUE/ACCOUNTS RECEIVABLE

Ms. Kenny briefed the Board on adjustments related to revenue and accounts receivable. She indicated that the Management Letter will include comments regarding Amtrak's largely manual accounting process.

PENSION/POST RETIREMENT BENFITS

Ms. Kenny advised the Board that Amtrak's pension and post-retirement obligations are growing. She stated that the Corporation expects to make an $11.3 million contribution to its pension plan and pay $16.3 million for other post-retirement benefits in FY06. A brief discussion concerning these obligations ensued.

Bill Schulz of Amtrak's staff joined the meeting.

ENVIRONMENTAL REMEDIATION COSTS, ACCOUNTS PAYABLE, ACCRUED LIABILITIES, NONROUTINE TRANSACTIONS, AND ADJUSTMENTS

Ms. Kenny briefed the Board on the audit of environmental remediation costs and briefly discussed the Paoli settlement. She reported that the level of Amtrak's accounts payable and accrued liabilities decreased in FY05 when compared to FY04. She informed the Board about the Balfour Beatty settlement and other significant accruals.

Ms. Kenny discussed significant non-routine transactions, which included an additional impairment charge of $10.5 million for the P-40 locomotives as result of Amtrak's exit of mail and express operations. She also advised the Board of the Paoli, New Jersey Transit (NJT), Balfour Beatty, and Genuity Liquidating Trust (GLT) settlements.

Ms. Kenny advised the Board of adjustments posted to the FY05 Income Statement and Balance Sheet as well as "passed" adjustments. She reported that the overall impact of FY05 adjustments was a $11.7 million credit to the Income Statement and that the overall impact of "passed" adjustments was a $1.9 million debit.

MANAGEMENT LETTER

Ms. Kenny directed the Board's attention to a summary of material weaknesses and reportable conditions for the FY02 to FY05 time period. She stated that lack of qualified accounting personnel will be reported as a material weakness in the FY05 Management Letter. She noted that such individuals are essential to Amtrak's operation since the accounting process is not fully automated. She added that the depreciation reconciliation process is a complicated manual process subject to error and that it will appear in the FY05 Management Letter as a reportable condition. Mr. Smith indicated, however, that although Management will be implementing new financial and materials management systems, it will be three years before the depreciation process is fully automated.

Ms. Kenny directed the Board's attention to other KPMG comments, some of which were carryovers from prior year. She noted that greater detail will be provided in the Management Letter, which will be presented at the March Board meeting. She suggested a conference call with the Board to review the draft FY05 Financial Statements. She concluded the briefing with a review of required audit communications.

Ms. Kenny, Ms. Lawson, and Mr. Schulz left the meeting.

FY06 FIRST QUARTER FINANCIAL REVIEW

Mr. Smith briefed the Board on the first quarter financial and operating results for FY06. He reported that revenue for the quarter ending in December 2005 was $20.1 million favorable to budget and that expenses were favorable by $20.7 million. He indicated that Amtrak's cash position is currently $261 million. He noted that Amtrak is awaiting receipt of $171 million in FY06 capital grant funding, and as result, the Corporation is not realizing $20,000 in interest per day.

Mr. Smith reported ridership of 6.1 million system wide for the first quarter of FY06, which was 263,000 better than budget and 46,000 better than FY05. He stated that yield-per-passenger-mile for the quarter was [redacted] reflecting a [redacted] over prior year. He commented that the cost of the average ticket was [redacted] which was [redacted] prior year. He said that in the future, Management will provide load factor as well as avoidable and attributable cost recovery data. Mr. Laney urged Management to ensure that Amtrak, DOT, and FRA are in agreement concerning definitions and key metrics.

Mr. Smith informed the Board that Amtrak's headcount is down by five percent from FY05. Mr. Hughes commented that the headcount does not include reimbursable work. Mr. Laney requested that Management provide the Board with additional information concerning headcount that does not appear in Amtrak's financial reports.

Mr. Smith pointed out that federal operating support in FY06 is $490 million compared to $570 million in FY05. He reported that earnings before taxes, depreciation, and OPEBs was $40.8 million better than budget for the first quarter. He advised the Board that the forecast for revenue is flat for the remainder of the year and that no major expense variances are anticipated.

Mr. Smith indicated that the financial report currently includes capital investment by business line as requested by the Board. Mr. Sosa suggested adding prior year data to the Capital Program Expenditures Report.

ON-TIME PERFORMANCE

Mr. Sosa noted that on-time performance (OTP) for the first quarter was significantly below prior year for regional, state-supported, and long-distance trains. Mr. Crosbie attributed the significant decrease in long-distance OTP to a host railroad derailment and the limited capacity of freight railroad lines. Mr. Laney requested that Management develop an action plan to improve OTP. Mr. Crosbie noted that *Acela/Metroliner* OTP has improved by four percent over prior year. Mr. Hughes discussed Management's efforts to reduce the number of speed restrictions on the Northeast Corridor (NEC) in order to improve trip times. He also informed the Board that Management is taking steps to minimize the impact of speed restrictions during the work season.

Board member Floyd Hall joined the meeting.

RATING AGENCIES

Mr. Smith advised the Board that Moody's has placed Amtrak on the watch list for downgrade but did not reduce Amtrak's current rating of A3. He noted that Standard & Poors (S&P) has indicated that they are intending to downgrade Amtrak's rating from BBB to BBB- with a negative outlook. He stated that Management has scheduled a meeting with S&P concerning this matter and will advise the Board of the outcome of discussions with S&P.

DIRECTORS AND OFFICERS INSURANCE

Mr. Smith informed the Board that Amtrak's Directors and Officers (D&O) insurance is due to expire at the end of February. [redacted]

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[redacted]

DISCOUNT FARE INCREASE

Mr. Laney stated that in September 2005, the Board approved a two-phase commuter fare adjustment. He indicated that the second phase of the adjustment, which will reduce the monthly Smartpass discount on the NEC from 60 percent to 50 percent, will be implemented on February 16. He called the Board's attention to the January 3, 2006 memorandum from Barbara Richardson that addresses the fare increase and Amtrak's communications plan. In response to a question from Mr. Rosen, Mr. Hardison indicated that the fare increase is in compliance with limits set in Amtrak's FY06 Appropriations Bill.

[redacted]

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[redacted]

Ms. Green and Mr. Leininger left the meeting.

MISSION STATEMENT

Mr. Nissenbaum directed the Board's attention to Amtrak's mission statements for the early 1990s and 1995. The Board compared the draft mission statement prepared by Mr. Hall and a consensus statement. The Board then engaged in a discussion of the purpose, format, and content of the draft mission statements. At the conclusion of the session, Mr. Laney indicated that a smaller work group would continue to work on the mission statement following recess of the meeting.

RECESS

Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to recess the meeting until 8 a.m. on January 18, 2006.

(4-0)

The meeting reconvened at 8:03 a.m. on January 18 with Board members Mr. Hall, Mr. Hughes, Mr. Laney, Mr. Rosen, and Mr. Sosa present. Also attending the meeting were Messrs. Eby and Yachmetz of the FRA; Messrs. Bress, Crosbie, Nissenbaum, Smith, and Weiderhold as well as Ms. Serfaty of the MEC; and Mr. Carten and Ms. Oliveri of Amtrak's staff.

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney directed the Board's attention to minutes of the September 22, November 16, December 5, and December 21, 2005 Board meetings. Mr. Laney and Mr. Rosen indicated that they had changes to the September 23 and December 5 minutes, respectively. Mr. Laney informed the Board that all of these minutes have been requested by the House Railroad Subcommittee.

Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board approved the September 22 and December 5, 2005 minutes as amended and the November 16 and December 21, 2005 minutes as submitted.

(4-0)

Mr. Laney stated that he has responded in writing to questions from the Railroad Subcommittee and indicated that he would provide the Directors with a copy of his responses. Mr. Rosen indicated that he also responded to questions from the Subcommittee.

[redacted]

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Privileged and Confidential
Attorney-Client Privilege

[redacted]

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Attorney-Client Privilege

[redacted]

(4-0)

Mr. Fremaux and Mr. Hardison rejoined the meeting. Mike Rienzi of the MEC also joined the meeting.

UPDATE ON STRATEGIC INITIATIVES

OVERVIEW OF STRATEGIC INITIATIVES

Mr. Nissenbaum briefed the Board on Amtrak's strategic initiatives. He stated that the DOT OIG has estimated Amtrak's FY06 adjusted base deficit at $586 million. He indicated that Management has identified 14 key initiatives to date and that they address two-thirds of the revenue and expense components. He reported that the initiatives have been developed as the result of recommendations of the Government Accountability Office (GAO), DOT OIG, Amtrak OIG, and others; the FY06 Appropriation and grant agreement requirements; the April 2005 Strategic Reform Initiatives; and subsequent ongoing internal management review.

Mr. Nissenbaum identified initiatives that were re-enforced by the FY06 Appropriation and grant agreement requirements as development of a corridor pilot competition project; development of a plan to improve NEC on-time performance; implementation of a managerial cost accounting system; development of a long-distance train "get well" plan; and achievement of food & beverage and other efficiencies.

CORRIDOR COMPETITION PILOT PROJECT AND LONG-DISTANCE TRAINS

Mr. Nissenbaum informed the Board that Amtrak is working with the FRA on the corridor competition pilot project and will present a progress report at the March Board meeting. He indicated that the due date for this initiative is April 1, 2006.

Mr. Nissenbaum advised the Board that Management is developing a "get well" plan for long-distance trains, which is due in July 2006. He stated that the plan will include performance metrics and will require improvement in the performance of the worst-performing trains by FY08. He noted that language in the FY06 grant agreement is silent concerning action to be taken on trains that fail to meet agreed-upon performance requirements. Mr. Yachmetz stated that the intervening grant agreement will specify that Amtrak has two years to improve the performance of such trains. In response to an inquiry from Mr. Hall, Mr. Nissenbaum indicated that a draft plan for long-distance service will be presented to the Board by April.

REPORTING AND TRACKING OF INTIATIVES

Mr. Nissenbaum called the Board's attention to a list of current initiatives with defined objectives and areas of responsibility. He briefly described the initiative tracking and reporting process and stated that Management will provide a comprehensive report to the Board

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on the status of the initiatives on a quarterly basis and an update on selected initiatives monthly.

[redacted]

MECHANICAL INITIATIVE

OVERVIEW

Mr. Crosbie briefed the Board on the mechanical initiative and reported that mechanical sub-initiatives include reliability centered maintenance (RCM), outsourcing of selected activities, and facility consolidation/ rationalization. He advised the Board that other management improvements are planned, which he identified as improved cost and performance measurement and enhanced labor productivity. He indicated that the initiatives and management improvements are in the advanced stages of planning and that benefits will be realized beginning in FY07. He directed the Board's attention to projected cost savings and capital requirements for the mechanical initiative. He reported that consultants and Amtrak's OIG have assisted with the development of recommendations for key areas. He stated that the Thomas Group Report on projected benefits of facility consolidation is due in the second quarter of FY06.

RELIABILITY CENTERED MAINTENANCE

Mr. Crosbie informed the Board that the RCM initiative, which will be implemented in FY07, will take up to six years to fully implement. He indicated that the *Acela* trainsets will be the initial focus of RCM and will serve as the prototype.

OUTSOURCING

Mr. Crosbie stated that Management plans to initially outsource P-42 diesel locomotive overhauls and coach cleaning. Mr. Weiderhold reported that a Request for Proposal (RFP) for outsourcing diesel locomotive overhauls will be issued in April, the first contract award is expected to occur in late FY06, and outsourcing will occur in FY07. A Board-led discussion ensued concerning the impact on labor.

FACILITY CONSOLIDATION/RATIONALIZATION

Mr. Crosbie discussed the facility consolidation/rationalization sub-initiative. He informed the Board that there are currently 11 major terminals and three heavy overhaul facilities nationwide. He stated that Management is in the process of analyzing all costs associated with Amtrak facilities. Mr. Weiderhold reviewed the process that is being used to evaluate Amtrak mechanical facilities. Mr. Crosbie indicated that Management will provide the Board with a consolidation/rationalization plan in the summer. A Board-led discussion ensued concerning the facility consolidation/rationalization initiative. Mr. Hall requested that Management categorize savings to be achieved as result of facility consolidation.

OTHER MANAGEMENT IMPROVEMENTS

Mr. Weiderhold briefly discussed fleet planning optimization. [redacted]

FOOD AND BEVERAGE INITIATIVE

OVERVIEW

Mr. Fremaux directed the Board's attention to food and beverage service sub-initiatives, which he identified as redesign of dining service and equipment; potential outsourcing of on-board service on corridor and long-distance trains; and implementation of the new Gate Gourmet Inc. (GGI) contract and centralization of food and beverage revenue collection. He noted that the FY06 projected operating loss for food and beverage service is $120 million and that these initiatives are projected to have a financial impact of $34 to $76 million on an annualized basis.

FOOD AND BEVERAGE CONTROLS

A Board-led discussion ensued. Mr. Hall expressed concern about the need for control of onboard inventory and cash flow as well as the elimination of wastage. Mr. Fremaux replied that performance metrics to measure accountability have been included in the new GGI contract and that an automated tracking system will be used to monitor train inventory. He stated that there are currently no "point of sale" controls, but that Management will incorporate cash control in the food and beverage initiative. Mr. Crosbie indicated that the two systems will need to be linked.

FOOD SERVICE REDESIGN

Mr. Fremaux briefed the Board on the status of the food and beverage sub-initiatives. He reported that preplated meals are being changed to individually prepared platings on disposable dinnerware to improve presentation and customer selection. He indicated that the food service redesign program will be re-launched on the current two trains, expanded to two additional trains on February 15, and extended to long-distance trains other than the *Auto Train* and *Empire Builder* by June 2006.

EQUIPMENT REDESIGN

Mr. Fremaux reported that approximately 70 cars will be modified at a cost of $40 million to consolidate diner and lounge cars and implement single food car service year-round on "basic" long-distance trains, with an additional car being utilized during peak season on transcontinental long-distance trains. He indicated that approximately 25 Superliner diners will be eliminated from the fleet as result of this initiative. He stated that capital requirements for equipment modification of the corridor service fleet for outsourcing have been estimated at between $4 and $8 million to prepare equipment for operation by potential contractors.

GATE GOURMET CONTRACT

Mr. Fremaux informed the Board that the new GGI contract went into effect on January 1, 2006. He stated that Amtrak is now approving all GGI purchase transactions electronically. He reported that Amtrak and GGI have initiated discussions concerning a long-distance outsourcing proposal.

OUTSOURCING

Mr. Fremaux stated that outsourcing and centralization of food and beverage revenue collection will reduce labor costs, increase revenue protection, and address the OIG's recommendations regarding deterring fraud. [redacted]

[redacted]

Exemption 2

[redacted]

Exemption 5
Deliberative Process

[redacted] Mr. Crosbie also informed the Board that Amtrak and Subway have resumed discussions.

A Board-led discussion ensued concerning outsourcing food service, other alternatives, poor customer service, and issues raised by the unions in regard to outsourcing. In response to a question from Mr. Hall, Mr. Fremaux stated that the average cost per employee to operate food service on long-distance trains is about $94,000, which includes wages, benefits, and travel expenses.

CUSTOMER SERVICE INITIATIVE

OVERVIEW

Mr. Fremaux briefed the Board on the customer service initiative, which he stated included five sub-initiatives designed to enhance ridership, revenue, and customer loyalty. He identified these sub-initiatives as the development of electronic ticketing (e-ticketing) capability to replace Amtrak's labor-intensive paper ticketing system, implementation of onboard electronic ticket lift, implementation of a customer service quality measurement system, deployment of service managers on long-distance trains, and the establishment of route/product level management oversight.

E-TICKETING

Mr. Crosbie informed the Board that the e-ticketing lift system will satisfy the National Transportation Safety Board's (NTSB) recommendation for a passenger manifest, will generate additional revenue as the result of more accurate capacity management, and will reduce revenue loss from refunds of unlifted tickets. Mr. Hardison commented that the new ticketing system will also result in an increase in overseas sales.

CUSTOMER SERVICE QUALITY MANAGEMENT PROGRAM

Mr. Fremaux and Mr. Hughes discussed Amtrak's current systems for tracking customer feedback, which they indicated were limited and not timely. Mr. Fremaux proposed the implementation of a reporting process that will provide timely, relevant, and accurate customer information that will be used to track and verify service quality, assess reform actions, and determine the impact of service management on revenue and customer satisfaction.

Mr. Hall requested a report on customer complaints. Mr. Hardison advised the Board that customer complaints have declined, which he attributed in part to informing passengers about potential delays upfront.

SERVICE MANAGERS AND ROUTE/PRODUCT OVERSIGHT

Mr. Fremaux described the onboard service team and the front-line managers concept. He stated that under this plan, an estimated 24 managers will be fielded to be responsible for the supervision of onboard customer service delivery and that conductors will be responsible for train operations. He noted that these initial managers will be funded through internal revenue reduction, and that potential funding for 100 managers to cover all long-distance trains will require additional funding.

Mr. Fremaux also discussed a proposal to [redacted]

Exemption 5
Deliberative Process

[redacted]

A Board-led discussion concerning the customer service initiative ensued. Mr. Sosa urged Management [redacted]

Mr. McHugh and Mr. Dayton rejoined the meeting

MANAGEMENT INFORMATION SYSTEMS

Mr. Smith briefed the Board on an initiative to establish or upgrade Amtrak's management information systems (MIS). He stated that MIS sub-initiatives include the development of an activity-based budgeting system (ABB); automation of engineering and mechanical payroll reporting and recordkeeping systems; and replacement of existing financial systems with an integrated financial management system. Mr. Hughes commented that these systems will provide mechanical performance metrics and unit costs that were not previously available.

Mr. Smith informed the Board that Gartner, Inc. was engaged to assess Amtrak requirements and recommended

SAP's enterprise package. He noted that in December 2005, the Board approved a SAP software licensing agreement for financial and materials management systems.

TRAIN REPORTS

A report on year-to-date route and train revenue and expenses as well as route profitability budget variance statements were distributed to the Board. The Board engaged in a lengthy discussion concerning elements of these reports. Mr. Hall requested information regarding host railroad maintenance-of-way and performance incentive costs.

Bill Schulz rejoined the meeting, and Gil Mallery of the MEC also joined the meeting.

INITIATIVE IMPACT

Mr. Nissenbaum advised the Board that the 14 identified initiatives are estimated to reduce Amtrak's cash operating loss by about $200 million annually by 2010 (in 2006 dollars). He stated that Management has begun to quantify other initiatives and will provide the Board with this information at upcoming Board meetings. Mr. Hall suggested that Management show initiative revenue generation and cost reductions as separate items to facilitate year-over-year comparisons.

In response to a suggestion from Mr. Sosa, Mr. Nissenbaum indicated that Management will provide a multi-year business plan by business line.

OTHER BUSINESS

ADA REQUIREMENTS

The Board engaged in a discussion concerning responsibility for implementation of ADA requirements at Amtrak stations by 2010 and various alternatives for meeting these requirements. Mr. Laney requested that Management provide an update to the Board on this issue at the March Board meeting.

STATE-SUPPORTED SERVICE/NEC COMMUTER ACCESS

Mr. Rosen noted that in the FY06 Appropriations Bill, FRA was directed to determine direct capital and maintenance costs associated with NEC usage, which is in excess of annual contributions already being made by

Exemption 5
Commercial Privilege

commuter rail authorities. He stated that such revenue will be made available to Amtrak. He indicated that the FRA has begun making such determinations and plans to consult with the affected states.

Mr. Mallery advised the Board that Amtrak's policy on state-supported corridor service, which was initially adopted in December 2002 and reaffirmed in December 2003, requires the states to fund 100 percent of the direct loss (direct costs not covered by revenue) for state-supported trains. He reported that prior to 2002, the states were not charged a consistent amount, and at that time, a decision was made to standardize charges. He noted that the Board approved a three-year transition period, and that by the 2007 contractual period, all states will be required to pay 100 percent of the direct operating costs after revenue with the possible exception of Vermont. In response to a question from Mr. Eby, Mr. Mallery stated that "direct costs" excluded the costs of depreciation, interest, and some overhead.

Mr. Mallery advised the Board that Amtrak has a different pricing philosophy for contract commuter rail services. [redacted]

Exemption 5
Commercial Privilege

[redacted]

A Board-led discussion ensued concerning the state-supported pricing policy and the January 11, 2006 report to the Board concerning continuation of this policy. [redacted]

Exemption 5
Deliberative Process

Mr. Hughes advised the Board that Amtrak does not have valid historical depreciation data. He indicated, however, that a depreciation study will provide realistic capital value for equipment. Mr. Sosa suggested using the term "capital charge" instead of depreciation.

Following further discussion, it was the consensus of the Board that the states should pay full costs going forward, beginning in FY08 but phased in as described in the SRI. Mr. Laney requested that Management determine the capital charge, confer with the DOT and FRA, and advise the states of the change to the policy.

Mr. Mallery left the meeting.

LABOR STRATEGY AND COMMUNICATIONS

Mr. Bress briefed the Board on Management's negotiating strategy in the current round of labor negotiations, and Mr. Schulz discussed Amtrak's communications plan. A Board-led discussion ensued concerning the proposed strategy.

Following further discussion, it was the consensus of the Board that Management should proceed with the proposed labor negotiating strategy as outlined in the presentation to the Board. Mr. Bress indicated that he would provide the Board with key points concerning the negotiations.

MARKETING REPORT

Mr. Hardison informed the Board that revenue management of the *Acela* trainsets will go into effect on January 28, 2006 for travel on or after February 6. He distributed a report showing ridership and revenue results for December 2005.

Messrs. Bress, Hardison, McHugh, Rienzi, Schulz, and Weiderhold as well as Ms. Serfaty left the meeting.

MISSION STATEMENT (continued)

The Board resumed its discussion concerning the mission statement. A revised statement was presented for the Board's consideration. The Board further discussed the content and format of the revised mission statement.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 3:04 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

FEBRUARY 17, 2006

The Board of Directors of the National Railroad Passenger Corporation held a special teleconference meeting in the office of the President and Chief Executive Officer (CEO) at the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Friday, February 17, 2006.

Board members participating in the conference call were Floyd Hall, David Hughes (President and CEO), David Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Also participating in the meeting were Clifford Eby and Mark Yachmetz of the Federal Railroad Administration (FRA) as well as Tracy Kenny and Elizabeth Lawson of KPMG.

Bill Crosbie, Alicia Serfaty, and David Smith of Amtrak's Management Executive Committee (MEC) participated in the teleconference.

John Carten, Frank Knapp, and Medaris Oliveri of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 9:34 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

FY05 FINANCIAL STATEMENTS

ADJUSTMENTS

Mr. Smith announced that Amtrak's FY05 books have officially closed. He stated that the FY05 Financial Statements provided for today's meeting are the same as those distributed at the January 17, 2006 Board meeting. He said the initial Profit & Loss (P&L) Statement recognized a loss of $1.206 billion, and as result of adjustments, the final loss for FY05 is now $1.192 billion. He also advised the Board of two changes to the Financial Statements, which he identified as adjustments for the Balfour Beatty settlement and the retirement of certain mail and express equipment.

Mr. Smith informed the Board that a portion of the Balfour Beatty settlement went to the Internal Revenue

Service (IRS) and has already been returned to Amtrak. He indicated that the remaining portion of the settlement went to the FRA and will come back to Amtrak as a capital grant. He stated that this [redacted] transaction does not affect Amtrak's Income Statement or cash position as of September 30, 2005 but must be recognized as an asset.

Mr. Smith advised the Board that the other transaction involved the Balance Sheet only. He stated that a $60 million adjustment to fixed assets is needed to recognize the retirement of certain mail and express equipment.

GOING CONCERN ANALYSIS

Ms. Kenny described the process carried out by KPMG in arriving at a "going concern" opinion. She advised the Board that KPMG will issue the same opinion that it has in the past several years. She stated that the Financial Statements will reflect that it is reasonable to assume that Amtrak can manage through FY06 with funding that it has and that the Corporation's ability to continue to operate in its current form is dependent upon the receipt of subsidies from the federal government.

Ms. Kenny announced that Amtrak's FY05 Financial Statements can now be issued. She indicated that KPMG has begun working on a schedule for the FY06 audit.

DERIVATIVES

A Board-led discussion of the Financial Statements ensued. In response to a question from Mr. Eby, Mr. Knapp and Ms. Kenny provided an explanation of footnotes concerning Amtrak derivative and hedging activities. Mr. Smith advised the Board that Amtrak derivatives are limited to fuel hedges to offset increases in the cost of fuel. Mr. Eby indicated that he would like a briefing on fuel hedging at some point in the future.

BENEFITS

Mr. Eby requested additional information concerning Amtrak's employee post-retirement and other benefits that appeared in the FY05 Financial Statements. Mr. Smith briefly discussed these benefits. Mr. Laney requested that Management make a presentation concerning these benefits at the April Board meeting.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 9:50 a.m.

John M. Carten
John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

MARCH 2, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board conference room at the corporation's headquarters located at 60 Massachusetts, N.E. in Washington, D.C. on Thursday, March 2, 2006.

Members of the Board of Directors attending the meeting were Floyd Hall, David Hughes (Acting President and Chief Executive Officer), David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Clifford Eby and Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Bill Crosbie, Lorraine Green, Joe McHugh, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of the Management Executive Committee (MEC) were present.

Also attending the meeting were John Carten and Medaris Oliveri of Amtrak's staff.

Mr. Laney chaired the meeting and called it to order at 10:06 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney called the Directors' attention to the minutes of the January 17 and 18, 2006 Board meeting and the February 17 Board meeting. Mr. Rosen suggested changes to page 33 of the January minutes. Upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the January 17 and 18 minutes as amended.

(4-0)

Mr. Eby suggested a revision to page 4 of the February 17, 2006 minutes regarding footnotes to Amtrak's FY05 Financial Statements. Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the February 17 minutes as amended.

(4-0)

Exemption 5
Attorney-Client Privilege

[redacted]

Privileged and Confidential
Attorney-Client Privilege

[redacted]

[redacted]

Exemption 5
Attorney-Client Privilege

Gil Mallery and Paul Nissenbaum of the MEC joined the meeting. Emmett Fremaux of Amtrak's staff also joined the meeting.

RESOLUTIONS AUTHORIZING THE EXECUTION AND DELIVERY OF A CORRECTED QUIT CLAIM DEED FOR WASHINGTON TERMINAL COMPANY AIR RIGHTS

CORRECTION OF QUIT CLAIM DEED

Ms. Serfaty called the Board's attention to resolutions authorizing the execution and delivery of a corrected Quit Claim Deed. She informed the Board that in 1997, as a condition of future financial assistance, Amtrak was directed by Congress to convey air rights between Washington Union Station (WUS) and K Street to the Administrator of General Services. She stated that the General Services Administration (GSA) was directed to sell the air rights and deposit the proceeds in the U.S. Treasury's general fund. She noted that in March 2001, GSA issued an invitation for bids to sell the air rights and that the Akridge Company received the award with a bid of $10 million.

[redacted]

Exemption 5
Attorney-Client Privilege

The Board engaged in a discussion concerning the Quit Claim Deed. Mr. Laney requested that Management take steps to ensure that there are no other business or legal issues that could be problematic regarding this matter.

<u>DEVELOPMENT OF AIR RIGHTS</u>

Mr. Hughes informed the Board that Akridge and its financial partner, Leucadia National Corporation, have engaged in extensive discussions with Amtrak, Union Station Venture (USV), and the Union Station Redevelopment Corporation (USRC) regarding Akridge's plans and time table for development of WTC air rights. Mr. Hughes reported that at no capital cost to Amtrak, the existing passenger loading area at the lower-track level will be replaced by a new concourse and that improvements will be made to portions of the existing east-west concourse. Mr. Crosbie discussed other benefits that Amtrak will realize from this project.

Mr. Hughes advised the Board that Akridge/Leucadia and Amtrak have reached tentative agreement regarding a number of key issues involving the development of the air rights. He indicated, however, that there are still outstanding issues regarding construction start and completion dates, force account arrangements, the construction schedule, and post-construction issues.

A Board-led discussion ensued concerning issues related to the development of the air rights. Ms. Serfaty stated that Management will seek the approval of the Board when terms of a Development Agreement are reached.

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Hall, the Board voted to approve the following resolutions:

WHEREAS, In 1997 Congress directed Amtrak to convey to the Administrator of General Services all of the air rights north of Union Station in Washington, D.C. between K Street and the Station (the "Air Rights") and that Amtrak and its subsidiary, Washington Terminal Company ("WTC"), complied with this directive by issuing a Quit Claim Deed dated December 19, 1997 (the "1997 Deed"); and

WHEREAS, GSA is prepared to convey the Air Rights to the John Akridge Company of Washington, D.C., but completion of the transaction is dependent upon issuance by Amtrak and WTC of a new Quit Claim Deed for the Air Rights to correct errors in the 1997 Deed; therefore, be it

RESOLVED, That Amtrak and WTC are authorized to execute and deliver a corrected Quit Claim Deed for the Air Rights; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer or the Vice President of Real Estate Development on behalf of Amtrak and authorized officers on behalf of WTC are authorized to execute the Deed and all other documents and instruments necessary to carry out the foregoing Resolution.

(4-0)

Mark Dayton of the Department of Transportation Office of Inspector General (DOT OIG) joined the meeting.

Messrs. Fremaux, Mallery, McHugh, Nissenbaum, Rienzi, and Weiderhold left the meeting.

EXECUTIVE SESSION

PERSONNEL MATTERS

SALARY ADJUSTMENTS

The Board met in executive session to discuss personnel matters. Ms. Green advised the Board that Matthew F. Hardison has been appointed to serve as Acting Vice President-Marketing and Sales in the absence of Barbara Richardson, who is currently on a leave of absence. She called the Board's attention to Mr. Hardison's background and job experience in the Executive Summary. She stated that Management recommends that Mr. Hardison receive the salary adjustment specified in the Executive Summary while serving in this position.

Ms. Green informed the Board that Jon Tainow has been appointed Acting Vice President-Transportation as result of the recent departure of Edward Walker. She called the Board's attention to Mr. Tainow's background and job experience as described in the Executive Summary. She stated that Management recommends that the Board approve the recommended salary adjustment in the Executive Summary for the period of time that Mr. Tainow serves in this position. In response to an inquiry from Mr. Laney, Mr. Crosbie advised the Board about the status of the interview process for this position, indicating that Management is considering a different approach in regard to the Transportation Department.

Ms. Green stated that Bruce G. Willbrant has been serving as the Acting Chief Engineer as result of the appointment of Mr. Hughes to the position of Acting President and CEO. She called the Board's attention to a description of Mr. Willbrant's background and job experience in the Executive Summary. Ms. Green indicated that Mr. Willbrant will serve in this position until a permanent appointment is made and requested a salary adjustment for the time period that he serves in this position.

Ms. Green informed the Board that Sharon Seitz was hired as Assistant Vice President-Finance on August 8, 2005. She stated that Ms. Seitz was misinformed about the benefits for which she was eligible by the search firm retained by Amtrak. She noted that the miscommunication did not become apparent until after Ms. Seitz's acceptance of the employment offer. Ms. Green reported that Ms. Seitz requested an adjustment to her salary consistent with the compensation package presented by the external search firm.

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolutions authorizing salary adjustments for Mr. Hardison, Mr. Tainow, Mr. Willbrant, and Ms. Seitz:

RESOLUTION APPROVING AN EXECUTIVE LEVEL SALARY ADJUSTMENT FOR MATTHEW F. HARDISON

WHEREAS, Management has identified a qualified employee to serve as Acting Vice President-Marketing and Sales until such time as Barbara Richardson returns from a leave of absence; and

WHEREAS, Management has determined that the salary for the chosen individual must be adjusted to reflect the significant additional duties associated with serving as the Acting Vice President-Marketing and Sales; therefore, be it

RESOLVED, That Management take all necessary steps to implement the salary adjustment for Matthew F. Hardison specified in the Executive Summary effective this date.

RESOLUTION APPROVING AN EXECUTIVE LEVEL SALARY ADJUSTMENT FOR JON TAINOW

WHEREAS, Management has identified a qualified employee to serve as Acting Vice President-

Transportation until such time as a permanent replacement is found; and

WHEREAS, Management has determined that the salary for the chosen individual must be adjusted to reflect the significant additional duties associated with serving as the Acting Vice President-Transportation; therefore, be it

RESOLVED, That Management take all necessary steps to implement the salary adjustment for Jon Tainow specified in the Executive Summary effective this date.

RESOLUTION APPROVING AN EXECUTIVE LEVEL SALARY ADJUSTMENT FOR BRUCE G. WILLBRANT

WHEREAS, Management has identified a qualified employee to serve as Acting Chief Engineer until such time as this position is permanently filled; and

WHEREAS, Management has determined that the salary for the chosen individual must be adjusted to reflect the significant additional duties associated with serving as the Acting Chief Engineer; therefore, be it

RESOLVED, That Management take all necessary steps to implement the salary adjustment specified in the Executive Summary effective this date.

RESOLUTION APPROVING AN EXECUTIVE LEVEL SALARY ADJUSTMENT FOR SHARYN SEITZ

WHEREAS, Management has recommended a salary adjustment for Sharyn Seitz, Assistant Vice President-Finance; and

WHEREAS, Management indicates that the salary adjustment is appropriate based on this individual's circumstances and performance; therefore, be it

RESOLVED, That Management take all necessary steps to implement the salary adjustment for Sharyn Seitz specified in the Executive Summary.

(4-0)

BOARD APPROVAL OF EXECUTIVE SALARIES

A Board-led discussion ensued concerning whether Management should seek Board approval of all executive (E-band) salary actions or restore the authority of the President and CEO to make salary adjustments for management employees in this salary band with the exception of members of the Executive Committee.

It was the consensus of the Board that the policy requiring Board approval of all E-band salary actions should remain in effect.

RESTRUCTURING OF THE CUSTOMER RELATIONS DEPARTMENT

Mr. Hughes briefed the Board on Management's efforts to improve the quality of Amtrak's customer service. [redacted]

Exemption 5
Deliberative Process

[redacted]

Exemption 5
Deliberative Process

Joe Bress of the MEC joined the meeting by phone.

UPDATE ON LABOR RELATIONS

Mr. Bress briefed the Board on the current status of Amtrak union negotiations as well as Management's labor and communications strategy. He reported that the Amtrak Service Workers Council has refused to agree to a 30-day trial of food cart service. At the request of Mr. Bress, Mr. Carten distributed a card listing key negotiating issues.

The Board engaged in a discussion regarding Amtrak's labor negotiations and communications strategy.

Mr. Bress left the call. Messrs. Fremaux, Mallery, McHugh, Nissenbaum, Rienzi, and Weiderhold rejoined the meeting. Also joining the meeting were Gerri Hall of the MEC and Matt Hardison of Amtrak's staff. The Board continued the meeting in closed session.

STATUS REPORT ON STRATEGIC REFORM INITIATIVES

OVERVIEW

Mr. Nissenbaum provided the Board with a status report on the 15 Strategic Reform Initiatives (SRIs) presented at the January Board meeting. He indicated that additional information regarding actions taken by Management since January and plans for March are included in the *Initiative Implementation Status Report* distributed to the Board. He commented that only initiatives that Management has begun to address have been included in the report. Mr. Laney requested that in the future, Management report to the Board on the status of all SRIs. Mr. Hall suggested that Management prioritize critical issues related to the SRIs.

CORPORATE INITIATIVES

REDESIGN OF ON-BOARD FOOD AND BEVERAGE SERVICE

Mr. Nissenbaum informed the Board that Management has been deployed on four routes to oversee implementation of Amtrak's new menus. He reported that customers have responded favorably to the new menus and that plans are underway for expansion to additional routes next month. He indicated that expense reductions are within forecast.

CUSTOMER SERVICE

Mr. Nissenbaum advised the Board that at the April Board meeting, Management will discuss electronic ticketing. Mr. Hughes added that Management is developing a station web site with information on services available at stations served by Amtrak.

MECHANICAL INITIATIVES

FACILITY RATIONALIZATION/CONSOLIDATION

Mr. Nissenbaum reported that consultants have been assisting Amtrak with the development of mechanical initiatives. Mr. Weiderhold advised the Board that the Thomas Group is preparing a final report on facility consolidation/rationalization and is in the process of soliciting Management's input for the report. In response to a request from Mr. Laney, Mr. Weiderhold indicated that Management will provide the Board with a briefing on the Thomas Group Report at the May Board meeting.

OUTSOURCING OF DIESEL LOCOMOTIVE MAINTENANCE

Mr. Nissenbaum informed the Board that GF Rail is assisting Amtrak with the development of a request for proposal (RFP) for outsourcing P42 diesel locomotive overhauls. Mr. Weiderhold indicated that this RFP will be ready for issue in May and that Management will brief the Board on the RFP at the May Board meeting.

FLEET OPTIMIZATION

Mr. Nissenbaum advised the Board that Management is in the process of developing a Fleet Plan. Mr. Crosbie stated that Management will brief the Board on fleet optimization, facility optimization, and outsourcing at the May Board meeting. Mr. Nissenbaum added that a briefing on long-distance service strategic objectives will also be presented at that time.

RELIABILITY CENTERED MAINTENANCE

Mr. Nissenbaum reported that Amtrak has contracted with T-Solutions to facilitate the implementation of reliability centered maintenance (RCM). Mr. Weiderhold briefly discussed changes in Amtrak's maintenance strategy based upon information obtained from other class I railroads.

OVERHEAD FUNCTIONS

Mr. Nissenbaum informed the Board that the Mercer consulting firm is in the process of surveying other railroads to ascertain their practices regarding medical leaves of absence (MLOA) and employee assistance programs (EAP).

SERVICE RELIABILITY

Mr. Nissenbaum reported that authorized runtime speeds have been increased at 26 locations between Wilmington and Philadelphia and that speed increases at 30 additional locations have been identified in the Mid-Atlantic and New York Divisions. He indicated that timetable speed increases are on hold as the result of FRA concerns about misalignment of the underbalance of the *Acela* fleet. He stated that Management has been working with FRA to resolve this issue..

Mr. Nissenbaum reported that *Acela* endpoint on-time performance (OTP) calculated from January 9, 2006 is 85.3

percent and 88.1 percent with the exclusion of the weekend of February 11 when a record snowfall occurred.

A Board-led discussion ensued concerning Management's efforts to improve off-corridor OTP.

MANAGEMENT INFORMATION SYSTEMS

Mr. Nissenbaum advised the Board that a steering committee/user group has been formed to review route profitability system (RPS) source data and process improvements. He stated that Management is developing a work plan for improvements to RPS allocation rules and inputs. He reported that a consultant from Value Creation is developing a work plan for analysis projects for the Activity Based Management (ABM) System. Mr. Nissenbaum also addressed improvements that are being made to Amtrak's Work Management Systems (WMS).

Mr. Rienzi reported that a demonstration project for Amtrak's Integrated Financial Systems/SAP system was carried out in February. He indicated that the Statement of Work (SOW) is near completion and will be published as an RFP following internal review.

Mr. Laney requested that Management prioritize and provide a timetable for projects related to the development/improvement of management information systems.

ONGOING EFFICIENCIES

Mr. Nissenbaum informed the Board about other ongoing projects to achieve efficiencies, which he identified as cash handling to reduce fraud and credit card expenses, the formation of cross-functional teams to address safety issues, and the implementation and tracking of Engineering productivity goals.

BUSINESS LINE INITIATIVES

LONG-DISTANCE SERVICE

Mr. Nissenbaum reported that Management is developing performance metrics for long-distance service, which are being reviewed with FRA. He indicated that strategic options for rebranding, service changes, and route assessment will be presented for the Board's consideration at the April Board meeting. He stated that the long-distance service "get well" plan will be presented in July.

NORTHEAST CORRIDOR OPERATIONS

Mr. Nissenbaum advised the Board that an analysis of market demand on the NEC has been initiated as a precursor to service and fleet planning. Mr. Hardison indicated that the analysis will be completed in the fall.

STATE CORRIDORS

Mr. Nissenbaum reported that Amtrak and FRA have reached consensus regarding the approach, schedule, and evaluation framework for the corridor competition pilot project.

Mr. Nissenbaum indicated that Amtrak has begun communicating with the States concerning the proposed approach for transition to full-cost recovery for all corridor routes, which is scheduled to begin in FY08. He reported that the States have expressed a great deal of concern regarding this issue. He stated that as recommended by the Board, Management plans to include an equipment charge in the state-supported train assessment.

FLEET PLAN

Mr. Nissenbaum reported that the Thomas Group has provided recommendations for the development of a Fleet Plan and that a Fleet Planner has been hired. He indicated that a baseline Fleet Plan structure has been developed, and preliminary assessment of the state-of-repair of Amtrak's fleet has been carried out. He stated that a comprehensive Fleet Plan will be developed by the summer of 2006. He noted that the initial focus of the Fleet Plan will be on long-distance service.

INFRASTRUCTURE

Mr. Nissenbaum advised the Board that Management has developed a database of train movements for allocating costs among users of the NEC. He stated that Management is also developing a costing methodology for access to the corridor and a conceptual approach for capital cost allocation. He indicated that FRA is focusing on FY06 while Amtrak is focusing on the longer term.

Mr. Nissenbaum reported that Amtrak has begun development of a five-year capital improvement plan for New Jersey Transit (NJT) territory and plans to work with NJT on a "pattern agreement" for capital program development and operations in return for proportionate assignment of operating and capital costs.

Mr. Nissenbaum indicated that Management will present a proposal for an NEC Infrastructure Advisory Board at the April Board meeting.

AMTRAK'S STRATEGIC PLAN

A Board-led discussion ensued concerning the SRIs and the development of Amtrak's Strategic Plan. Mr. Hall suggested that Management publicize the progress that Amtrak has been making regarding the SRIs.

The meeting recessed for lunch at 12:22 p.m. and reconvened at 12:34 p.m.

OUTSOURCING OF RESERVATION SALES CALL CENTER FUNCTIONS

BACKGROUND

Mr. Hardison briefed the Board on a proposal for outsourcing Amtrak's Reservation Sales Call Center (RSCC) functions. He reported that there are 1,083 employees who work in Amtrak's RSCCs located in Riverside, California and Philadelphia, Pennsylvania. He stated that RSCC staffing has been reduced from 1,789 to 1,083 employees and will be further reduced to 1,011 by the end of FY06. He reported that RSCC operating costs, when adjusted to reflect today's wage and benefit rates, have declined by 39 percent or $43.2 million since 2001. He informed the Board that RSCC wage rates are higher than the U.S. industry average.

Mr. Hardison reported that the two call centers handled 20 million calls in FY05. He presented data on interactive and traditional booking share based upon ticket issuance for the FY00 to FY05 time period. Mr. Hall requested that Management provide a more detailed breakdown of booking share.

Mr. Hardison advised the Board of technology initiatives underway, which included automated call-backs, improvements to Amtrak's speech recognition system, timekeeping system automation, a travel agent web sales system, new Quik-Trak units, and electronic ticketing.

Exemption 5
Deliberative Process

OUTSOURCING

Mr. Hardison briefed the Board on an analysis of industry outsourcing experience and Amtrak contractual limitations on outsourcing. [redacted]

Exemption 5
Deliberative Process

[redacted]

[redacted]

Exemption 5
Deliberative Process

[redacted] Mr. Hardison indicated that he would provide the Board with the terms and conditions of the outsourcing agreement prior to execution.

AMTRAK STATIONS

BACKGROUND

Mr. Fremaux briefed the Board on Amtrak's strategic approach for addressing issues that impact station operating and capital costs and for leveraging stakeholder support. He informed the Board that there are 517 stations/platforms/shelters of which 85 are Amtrak owned. He reported that during the last 12 months, stations generated $1.1 billion in ticket revenue, $14.1 million from the rental of space, and $1.8 million from package express service. He indicated that station operating expenses for FY06 are budgeted at $178.5 million.

ADA COMPLIANCE

Mr. Fremaux advised the Board that of the 425 stations for which Amtrak has sole or partial responsibility for compliance with the Americans with Disability Act (ADA), 50 stations are currently substantially ADA compliant. He reported that a comprehensive station survey, which includes state-of-good repair and ADA compliance requirements, is scheduled to be completed by the end of 2007. He stated that the estimated average cost of making stations ADA compliant, based upon surveys conducted to date, is $500,000 per station. He indicated that the projected full cost of ADA compliance is in the range of $200 to $250 million, which is over and above the cost of "good repair," which is projected at $350 to $400 million.

Mr. Eby left the meeting.

STATION IMPROVEMENT STRATEGY

Mr. Fremaux briefed the Board on Amtrak's station improvement strategy. He stated that Amtrak plans to introduce technology enhancements and productivity improvements to reduce operating costs and improve customer service.

Mr. Fremaux advised the Board that Amtrak plans to work with FRA and DOT regarding requirements for platform height and length. Ms. Serfaty informed the Board about DOT's recent Notice of Proposed Rulemaking regarding platform requirements and stated that Amtrak would like to seek legislative relief from the 2010 ADA statutory deadline in the form of a five year extension following the conclusion of the rulemaking process. Mr. Fremaux indicated that Amtrak also plans to seek additional federal funding to support ADA compliance.

Mr. Fremaux reviewed Amtrak's strategy for engaging stakeholders to address station improvements. He discussed an outreach program for developing state, local, and rail coalition partnerships to progress good repair and ADA compliance by combining funding sources to facilitate joint-use objectives.

A Board-led discussion ensued. Mr. Hall suggested that Management explore expanding the scope of the planned installation of Quik-Trak units in order to further reduce operating expenses. He also suggested that Management identify stations slated for possible closure as result of discontinuation of long-distance service.

FY07 GRANT REQUEST AND LEGISLATIVE REPORT

Mr. Hughes briefed the Board on Amtrak's *FY07 Grant Request and Legislative Report*. He discussed the challenges that Amtrak faces, the corporation's funding needs in FY07, and factors (such as strategic reform actions, critical infrastructure projects, and a settlement with labor) that have impacted the request for federal funding. He provided the Board with historical data concerning requests for operating federal support and Amtrak appropriations for the FY03 to FY06 time period.

A Board-led discussion ensued during which the Board made suggestions for changes to the *Grant Request and Legislative Report*. At the conclusion of the discussion, Mr. Laney directed Management to revise the *Grant Request and Legislative Report* to reflect the Board's recommendations and schedule a conference call for further review of this document.

Mr. McHugh announced that Amtrak has been invited to a Senate Appropriations hearing on March 16 to discuss the corporation's FY07 funding needs.

FINANCIAL REPORT

Mr. Smith informed the Board that Management is planning to issue a Request for Proposals (RFPs) to independent public accountants for the audit of Amtrak's financial statements. He indicated that he will apprise the Board of responses to the RFP.

DIRECTORS AND OFFICERS INSURANCE

Ms. Serfaty announced that Amtrak has renewed its Directors and Officers (D&O) insurance, which was due to expire at the end of February.

OTHER BUSINESS

Mr. Laney informed the Board that the National Association of Rail Passengers (NARP) has inquired about reinstating passenger rail service between New Orleans, Louisiana and Orlando, Florida.

Agenda items not taken up due to time limitations were the Mission Statement and Corridor Competition Pilot Project.

NEXT MEETING

Mr. Laney announced that the next Board meeting is scheduled for April 6, 2006.

ADJOURNMENT

There being no further business before the Board, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to adjourn the meeting at 3:12 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

MARCH 9, 2006

The Board of Directors of the National Railroad Passenger Corporation held a special meeting from the office of the President and Chief Executive Officer (CEO) located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, March 9, 2006. The meeting was called for the purpose of reviewing Amtrak's *FY07 Grant and Legislative Request*.

Board members participating in the call were Floyd Hall, David Hughes (Acting President and CEO), David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Clifford Eby and Mark Yachmetz of the Federal Railroad Administration (FRA) participated in the call.

Joe McHugh, Paul Nissenbaum, and David Smith of the Management Executive Committee (MEC) were present. Alicia Serfaty of the MEC participated in the call.

John Carten and Medaris Oliveri of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 11:02 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

FY07 GRANT AND LEGISLATIVE REQUEST

Mr. Hughes advised the Board that the revised draft *FY07 Grant and Legislative Request* reflects changes recommended by the Directors at the March 2, 2006 Board meeting. Mr. Sosa indicated that he had provided changes concerning revenue enhancement to Mr. McHugh. Mr. Sosa recommended additional changes to the draft section on revenue enhancement.

Bill Crosbie of the MEC joined the meeting.

The Board engaged in a discussion of the content of the report, major factors impacting the FY07 Grant Request, and the funding level of the Grant Request. Mr. Laney discussed factors affecting Amtrak's labor strategy and the timing of a potential labor settlement. Each of the Board members presented recommendations for changes to the Grant Request. At the conclusion of the discussion, the Board directed Management to incorporate the additional changes recommended in the Grant Request. The Board agreed to hold another conference call for further review of the draft *Grant and Legislative Request*.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 11:27 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

MARCH 14, 2006

The Board of Directors of the National Railroad Passenger Corporation held a special meeting on Tuesday, March 14, 2006, from the offices of the President and Chief Executive Officer (CEO) located at 60 Massachusetts Avenue, N.E. in Washington, D.C. for the purpose of reviewing Amtrak's *FY07 Grant and Legislative Request*.

Board members participating in the conference call were David Hughes (Acting President and CEO), David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa. Board member Floyd Hall was absent.

Bill Crosbie, Joe McHugh, Paul Nissenbaum, Alicia Serfaty, and David Smith of the Management Executive Committee (MEC) were present.

John Carten and Medaris Oliveri of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 2:04 p.m. Mr. Carten and Ms. Oliveri recorded the minutes.

FY07 GRANT AND LEGISLATIVE REPORT

The Board engaged in a discussion of Amtrak's *FY07 Grant and Legislative Report,* which included the content of the report, the level of the Grant Request, and factors impacting the Grant Request.

Upon motion made by Mr. Sosa and seconded by Mr. Laney, the Board voted to approve Amtrak's *FY07 Grant and Legislative Report*. Mr. Laney and Mr. Sosa voted in favor of the motion, and Mr. Rosen voted "no." It was the consensus of the Board that the poll should remain open pending receipt of Mr. Hall's vote.

SENATE HEARING

A Board-led discussion concerning the hearing before the Senate Subcommittee on Transportation, Treasury, the Judiciary, and Housing and Urban Development scheduled for March 16, 2006. Mr. Rosen requested a copy of Mr. Laney's written testimony. Mr. Rosen indicated that he would provide Ms. Serfaty with a copy of his responses to questions from U.S. Representative Corrine Brown.

RECESS OF MEETING

There being no further business before the Board, the meeting was recessed at 2:32 p.m.

FY07 GRANT AND LEGISLATIVE REQUEST (CONTINUED)

Mr. Hall called in and voted in favor of approving the *FY07 Grant and Legislative Request*. The vote was recorded by John Carten, Assistant Corporate Secretary, and the motion was adopted.

(3-1)

ADJOURNMENT

The meeting was officially adjourned with the receipt of Mr. Hall's vote.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

APRIL 5 AND 6, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts, N.E. in Washington, D.C. on Wednesday and Thursday, April 5 and 6, 2006.

Members of the Board of Directors present were David Hughes (Acting President and Chief Executive Officer), David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa. Floyd Hall participated in the meeting by telephone.

Clifford Eby of the Federal Railroad Administration (FRA) and David Tornquist of the Department of Transportation Office of the Inspector General (DOT OIG) attended the meeting.

Joe Bress, Bill Crosbie, Gil Mallery, Paul Nissenbaum, Barbara Richardson, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present.

Also attending the meeting were John Carten, Emmett Fremaux, Matt Hardison, Medaris Oliveri, and Bill Schulz of Amtrak's staff.

Mr. Laney chaired the meeting and called it to order at 1:16 p.m. Mr. Carten and Ms. Oliveri recorded the minutes.

MISSION STATEMENT AND PERFORMANCE METRICS

SAFETY, FUNDING, AND FINANCIAL PERFORMANCE

Mr. Hughes briefed the Board on selected metrics demonstrating Amtrak's progress over the past five years in the areas of safety; ridership, ticket revenue, and yield; operating expenses, depreciation, and debt reduction; and staff reduction. He reported on Amtrak's progress in moving from traditional sales channels to more efficient interactive sales channels. He noted that during the past four years, the level of federal support required by Amtrak for operations has remained steady while Amtrak has continued to increase the level of state support it receives for operations and capital investments.

NORTHEAST CORRIDOR ON-TIME PERFORMANCE

Mr. Hughes presented data demonstrating significant improvement in *Acela Express* on-time performance (OTP) as well as decreases in minutes of delays, communications and signal delays, and unplanned delays on the Northeast Corridor (NEC). He noted that capital expenditures increased by 150 percent while core man-hours were reduced by 20 percent during the FY02 to FY06 time period. Mr. Hughes informed the Board that Management will continue to report on selected performance metrics.

MISSION STATEMENT

Mr. Hughes presented a proposed revised Mission Statement for the Board's consideration. He discussed the philosophy of the Mission Statement, Amtrak's goals in carrying out its mission, and critical factors for measuring Amtrak's progress in accomplishing its mission. He identified key success factors as safety, service quality as determined by passenger and partner satisfaction, employee commitment, and operating loss reduction.

Mr. Hughes outlined a plan for accomplishing Amtrak's mission. A Board-led discussion followed during which the Directors made suggestions for changes to the Mission Statement, the Preamble to the Statement, and the metrics for the critical success factors.

Mr. Schulz left the meeting.

UPDATE ON STRATEGIC INITIATIVES

STATUS REPORT

Mr. Nissenbaum presented a status report on strategic corporate and business line initiatives. Mr. Hall requested that Management provide additional information concerning long-distance service and the NEC in the *Strategic Initiatives Status Report*. Mr. Nissenbaum advised the Board that detailed briefings on initiatives related to the business lines will occur later in the meeting.

FOOD AND BEVERAGE INITIATIVE

Mr. Fremaux reported that a Superliner I diner is being used for mock up of the redesigned food service area and that specifications are under development. He informed the Board that a letter of interest for corridor outsourcing has been developed and that the request for proposals (RFP) is near completion. He stated that Amtrak is awaiting the initial proposal from Gate Gourmet for long-distance outsourcing, which is expected to be received prior to July. He briefly discussed the potential conflict between issuing the corridor outsourcing letter of interest and Management's efforts to raise customer service standards.

A Board-led discussion ensued concerning the provision in the *FY 2006 Transportation Appropriations Act* requiring Amtrak to achieve efficiencies in food and beverage services by July 2007, the time frame by which Amtrak will be able to significantly reduce food and beverage losses, and Amtrak's progress in meeting this deadline. Mr. Hughes indicated that Management will provide Mr. Rosen with an update on projected savings for the first-class service and food and beverage initiatives. Mr. Fremaux stated that at the May Board meeting, Management will provide the Board with actual savings achieved in March 2006 (the first full month of operation) of the Simplified Dining Service (SDS) program as well as a timeline for achieving additional savings in the rollout of SDS to additional trains.

MANAGEMENT INFORMATION

Mr. Nissenbaum advised the Board that the Route Profitability System (RPS) steering committee has reviewed unallocated system costs in preparation for implementation of the new state pricing policy. Mr. Smith indicated that the Volpe Center is working with the DOT OIG, FRA, and Amtrak on the methodology for calculating avoidable and fully-allocated costs by route.

ELECTRONIC TICKETING PROGRAM

Mr. Hardison briefed the Board on trends in electronic ticketing (eTicketing), noting that travel agencies will no longer produce paper tickets for domestic travel after 2007. He commented that eTicketing will change Amtrak's way of doing business with its customers and could alter the labor model on the trains. He discussed the benefits that Amtrak will realize from the eTicketing program. He reviewed the timetable for implementation of key elements of the program, noting that, assuming adequate resources are available, the ticketless business model will be fully implemented by the end of FY08. He noted that as part of this program, Amtrak is working with the Capitol Corridor Joint Powers Authority (CCJPA) on a pilot for a handheld ticket validator for onboard service.

Mr. Hardison informed the Board that implementation of the eTicketing program will cost $14.5 million over a period of three years and that the five-year net present value (NPV) after program completion is projected at $32.8 million in cost savings and incremental revenue. In response to an inquiry from Mr. Hall, Mr. Hardison indicated that Amtrak's budget for ticketing is $150 million. Mr. Hall requested that Management re-evaluate the return on investment (ROI) calculation for eTicketing.

NORTHEAST CORRIDOR ON-TIME PERFORMANCE PLAN

Mr. Crosbie briefed the Board on Amtrak's NEC OTP Plan, which included performance rules for *the Acela Express, Metroliner*, and regional trains. He reported that prior to removal from service for brake disc defects, the *Acela's* OTP ranged between 50 and 70 percent, and that in March 2006, *Acela* service achieved an OTP of 90 percent.

Exemption 5
Deliberative Process

Mr. Crosbie reviewed Management's strategy for improving OTP, [redacted]

Mr. Crosbie reported on the results of a recent customer survey, indicating that OTP continues to be the primary concern. He presented data showing the correlation between OTP and customer complaints. He identified other areas of customer concern as equipment condition/ appearance, employee behavior, and trip time. He advised the Board about short-term, mid-term, and long-term actions that are being taken to improve *Acela Express* service. He stated that Celerant Consulting has been engaged to assist Management with the *Acela* improvement program.

Mr. Crosbie informed the Board that Amtrak has been working with the FRA concerning cant deficiency. He indicated that an eight-minute improvement in trip time can be achieved as soon as FRA approves increases in cant deficiency on both the north and south ends of the NEC. A brief discussion ensued concerning issues related to cant deficiency.

NORTHEAST CORRIDOR INFRASTRUCTURE LONG-RANGE MASTER PLAN AND ADVISORY COMMITTEE

MASTER PLAN

Mr. Nissenbaum advised the Board that Amtrak's Strategic Plan calls for the development of a long-range Master Plan for the NEC infrastructure. He also reviewed provisions of the *Grant Agreement for FY 2006 Capital Expenses*, which require a multi-year investment plan for the NEC main line, prioritization of capital projects, and assessment of risk if projects are not undertaken, consultation with other railroads operating on the NEC, and a NEC work plan by July 1, 2006.

Mr. Nissenbaum briefed the Board on the long-range NEC Master Plan. He stated that the Master Plan will initially be limited to the NEC main line and will have a timeframe of 20 years in five-year increments. He indicated that there are three key plan elements, which he identified as travel demand and service level planning, a state-of-good-repair capital plan, and long-term capacity and trip time improvement. He advised the Board that a detailed assessment of the NEC is underway that includes an asset-by-asset inventory and asset valuation/replacement estimates. He indicated that a condition assessment of the NEC will also be carried out.

ADVISORY COMMITTEE

Mr. Nissenbaum stated that Amtrak's Strategic Plan also calls for the creation of a formal structure for stakeholder participation in the planning process. He presented a proposal for an Executive Oversight Committee (EOC) comprised of executive level representatives from Amtrak, commuter and freight railroads operating on the

NEC, and FRA/DOT as a vehicle for participation in the Master Plan process. He indicated that the EOC would meet approximately twice a year to review progress on the Master Plan and recommend staff to assist in the development of the Master Plan. He stated that working groups would be constituted to address specific territories or special issues and would meet on an as-needed-basis. He identified potential issues to be addressed by the working groups.

Mr. Nissenbaum described the organizational structure for the master planning process and presented a schedule for establishing the Advisory Committee. He stated that the schedule calls for selection of EOC representatives by June and working group members shortly thereafter. He indicated that this plan will be formally announced at the June meeting of the Northeast Association of State Transportation Officials (NASTO).

A Board-led discussion ensued concerning the roles and responsibilities of the EOC, working groups, and Amtrak as well as the planning and decision-making process. Mr. Sosa suggested a change to the organizational chart in regard to the planning and analysis function.

CORRIDOR COMPETITION PILOT PROJECT

Mr. Nissenbaum reminded the Board that the FY 2006 Grant Agreements require Amtrak to issue an RFP for a pilot of state and/or private participation in the provision of state-supported intercity passenger rail service. He discussed the concept and scope of the project as well as potential issues. He noted that $2.48 million has been appropriated for the pilot.

Mr. Nissenbaum stated that in conjunction with the FRA, Amtrak has developed an RFP, which is being issued to the State DOTs. He advised the Board that the RFP establishes a mechanism to track the progress of the winning proposal, provide documentation of its effect on service, and report on the results of the pilot within a year of implementation. He identified parties that have expressed interest in participating in the pilot.

Mr. Nissenbaum indicated that a panel of Amtrak and FRA representatives will select one or more state proposals and that panel recommendations will be presented at the July Board meeting.

TRI-RAIL COMMUTER PROPOSAL

Mr. Mallery called the Board's attention to the March 27, 2006 letter from David Hughes addressing Amtrak's possible participation in the bid solicitation of the South Florida Regional Transportation Authority (SFRTA) for Tri-Rail commuter service. He noted that the Herzog Corporation currently provides train operations and maintenance-of-equipment services and that CSX performs maintenance-of-way and dispatching. He stated that SFRTA is planning to issue a RFP for maintenance-of-way and dispatching in May and additional RFPs for train operations and maintenance-of-equipment services in June.

The Board engaged in a discussion concerning this proposal. Mr. Mallery discussed the benefits of Amtrak having an ongoing relationship with SFRTA. He stated that the presentation was for information only and that no action is required at this time.

Mr. Mallery advised the Board that the Herzog Corporation was awarded the contract for operation of *Coaster* service and will assume responsibility for this service in June.

FACILITY RATIONALIZATION/CONSOLIDATION AND FLEET MANAGEMENT REVIEWS

OVERVIEW

Mr. Weiderhold provided the Board with background information on the ThomasGroup, the consultant responsible for the assessment of Amtrak's mechanical facilities. He indicated that written reports are now available and that cost saving estimates will be refined and provided to the Board in May. He noted that additional savings will be determined by other decisions concerning Amtrak equipment. He indicated that risks and opportunities will be discussed with the Board at a later date.

Jim Taylor and John Vance of ThomasGroup as well as Cal Evans of Amtrak's OIG joined the meeting.

MECHANICAL RATIONALIZATION/CONSOLIDATION

Mr. Vance described the process used to assess Amtrak's preventive maintenance and repair facilities and backshops. He also reviewed the findings and recommendations of the ThomasGroup.

A Board-led discussion ensued concerning the recommendations for mechanical facility rationalization/consolidation.

Drew Galloway of Amtrak's staff joined the meeting.

FLEET MANAGEMENT

Mr. Vance briefed the Board on the approach taken by the ThomasGroup in evaluating Amtrak's fleet planning process and the consultant's findings. He presented recommendations to the Board, which included [redacted]

Mr. Weiderhold reviewed actions to be taken by Amtrak which included designation of the Planning Department to develop a fleet plan, establishing a new fleet planning process, improving the efficiency and utilization of fleet assets, freeing up 50 to 100 cars by the end of FY07, and storing or redeploying excess equipment into new or expanded services at higher yields. Mr. Nissenbaum commented that Amtrak has received requests for 22 additional frequencies from the States.

The Board then discussed the fleet assessment findings.

RECESS

Mr. Laney announced that the meeting will reconvene at 8:00 a.m. on April 6 with the outside directors meeting in executive session. The meeting recessed at 5:25 p.m.

EXECUTIVE SESSION

The Board meeting reconvened at 8 a.m. on Thursday, April 6, 2006, with David M. Laney, Jeffrey Rosen, and Enrique Sosa present. Floyd Hall participated in the meeting by telephone. The outside Directors met in executive session without a secretary present to discuss confidential matters.

At 8:55 a.m. Board member David Hughes; Clifford Eby and Chris Nielsen of the FRA; Joe Bress, Bill Crosbie, Lorraine Green, Gil Mallery, Joe McHugh, Paul Nissenbaum, Barbara Richardson, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of the MEC; and John Carten, Emmett Fremaux, Drew Galloway, Matt Hardison, and Medaris Oliveri of Amtrak's staff joined the meeting.

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney called the Directors's attention to minutes of the March 2, 2006; March 9, 2006; and March 14, 2006 meetings of the Board of Directors. Mr. Sosa recommended a correction to page 3 of the March 14, 2006 minutes. Upon motion made by Mr. Sosa and seconded by Mr. Rosen, the Board voted to approve the March 2 and 9 minutes as submitted and the March 14 minutes as corrected.

(4-0)

RESOLUTIONS APPROVING REPROGRAMMING OF AUTHORIZED FY06 CAPITAL EXPENDITURES

Mr. Laney directed the Board's attention to resolutions approving $3,507,595 in reprogramming changes to authorized FY06 capital expenditures. Mr. Smith indicated that the proposed changes are required for support of continuing infrastructure improvements, passenger safety, and train operations. He identified the proposed changes as $602,000 for improvements to the King Street Coach Yard in Seattle, Washington; $2,339,902 for the upgrade of the SAP system; and $565,693 for an area network radio system for the Amtrak Michigan line incremental train control system (ITCS) to address communication anomalies that account for 25 percent of train delays on this line. He informed the Board that the signal upgrade for the Michigan District is the final segment of a joint Amtrak/FRA/Michigan project. He stated that funding for the reprogramming comes from projects that are behind schedule, under budget, or completed with outside railroad funding.

A Board-led discussion ensued concerning criteria for prioritizing capital projects and ROI calculations.

Mr. Eby indicated that when capital projects or reprogramming changes are submitted for FRA approval, a ROI analysis must be provided as required in the *Grant Agreement for FY 2006 Capital Expenses*. He added that [redacted]. Mr. Sosa suggested [redacted] Mr. Hughes recommended [redacted] Mr. Laney requested that Amtrak work with the FRA to resolve these issues.

Following further discussion, upon motion made by Mr. Sosa and seconded by Mr. Rosen, the Board voted to approve resolutions authorizing the proposed reprogramming changes:

> WHEREAS, On December 5, 2005 the Board of Directors approved the reset FY06 Capital Budget; and
>
> WHERAS, Management must present for Board approval any capital reprogramming changes exceeding $1 million and new projects exceeding $500,000; and

Exemption 5
Deliberative Process

WHEREAS, Management has identified project changes that require such Board approval; therefore, be it

RESOLVED, That the Board of Directors approves the proposed reprogramming of $3,507,595 in FY06 Capital Expenditures as described in the attached Executive Summaries; and

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the *Grant Agreement for FY 2006 Capital Expenses* and approves the forwarding of this reprogramming to FRA for this purpose.

(3-0-1)

Mr. Rosen abstained from the vote on these resolutions in order to avoid predetermination of DOT's assessment of the reprogramming changes when considered by the FRA.

RESOLUTIONS AUTHORIZING ADVANCE PURCHASE ORDERS FOR THE FY07 CAPITAL PROGRAM

Mr. Laney called the Board's attention to resolutions authorizing advance purchase orders for Amtrak's FY07 Capital Program. Mr. Rienzi stated [redacted]

[redacted]

Exemption 5
Deliberative Process

[redacted] Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions authorizing advance purchase orders for state-of-good-repair projects for the FY07 Capital Program:

WHEREAS, Amtrak's five-year Capital Plan is designed to promote operational stability by ensuring a state-of-good repair to Amtrak's infrastructure and rolling stock; and

WHEREAS, In order to sustain the momentum achieved under the FY05 and FY06 Capital Programs, it is imperative that Amtrak be in a position to commence FY07 Capital Program work activities on October 1, 2006; and

WHEREAS, To achieve this goal, to accommodate vendor lead times, and to comply with Procurement policies, federal procurement requirements, and other Grant Agreement obligations, including receipt of prior approval for advance purchase orders from the Federal Railroad Administration, it is necessary to begin the acquisition process for key advance purchase orders during FY06; therefore, be it

RESOLVED, That Management is authorized to proceed with the acquisition process for Advance Purchase Orders for the FY07 Capital Program as set forth in the attached Executive Summary, with the exclusion of $24.5 million in advance purchase orders for equipment; and

FURTHER RESOLVED, That the President and Chief Executive Officer and the Vice President-Procurement and Materials Management are authorized to take all actions necessary and required to effectuate the foregoing Resolution.

(3-0-1)

Mr. Rosen abstained from the vote in order to avoid predetermination of DOT's assessment of the advance purchase orders when considered by the FRA.

Mr. Rienzi advised the Board that Management will seek approval to proceed with the acquisition process for advance purchase orders for mechanical items at the May Board meeting.

RESOLUTION AUTHORIZING THE EXECUTION OF AN AMENDMENT TO A LEASE FOR SURPLUS PROPERTY IN LOS ANGELES, CALIFORNIA

Mr. Laney directed the Board's attention to a resolution authorizing the execution of an amendment to the lease of surplus property in Los Angeles, California to 2121 Lofts Operating Company. Ms. Serfaty informed the Board that the amendment will grant the lessee three additional five-year options, thereby extending the term to July 2027, and remove the lessee's option to terminate. She indicated that other terms and conditions of the lease are provided in the Executive Summary.

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Laney, the Board voted to approve the following resolution:

WHEREAS, Commencing July 31, 2002, Amtrak leased surplus property in Los Angeles, California to 2121 Lofts Operating Company for parking purposes; and

WHEREAS, 2121 Lofts Operating Company desires to extend the term of lease by adding three additional five-year options to renew; and

WHEREAS, Amtrak and 2121 Lofts Operating Company have negotiated an Amendment to add three additional five-year options to renew and remove the option to terminate by 2121 Lofts Operating Company; and

WHEREAS, Such terms are acceptable to Management; and

WHEREAS, Management recommends that the aforementioned Lease Amendment be approved; therefore, be it

RESOLVED, That the President and Chief Executive Officer or the Vice President-Real Estate Development or her designee is authorized to execute and deliver, in the name and on behalf of the Corporation, the Amendment to Lease, together with any and all other necessary documents and instruments, to effectuate the transaction contemplated by this Resolution.

(4-0)

RESOLUTIONS AUTHORIZING THE EXECUTION OF A LEASE IN CHICAGO UNION STATION TO JPMORGAN CHASE & CO.

Mr. Laney called the Board's attention to resolutions authorizing the execution of the lease of retail space in Chicago Union Station (CUS) to JPMorgan Chase & Co. Ms. Serfaty informed the Board that following a bid solicitation, Amtrak and JPMorgan Chase negotiated a three-year lease with a three-year option for retail space for automatic teller machines (ATMs). She indicated that the terms and conditions of the lease are set forth in the Executive Summary.

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Laney, the Board voted to approve the following resolutions:

> WHEREAS, Amtrak, through its subsidiary Chicago Union Station Company ("CUSCO"), is the owner of Chicago Union Station in Chicago, Illinois ("CUS"); and
>
> WHEREAS, CUSCO leases certain spaces within Chicago Union Station to commercial tenants; and
>
> WHEREAS, JPMorgan Chase & Co. has expressed interest in leasing space in CUS for the operation of two automatic teller machines (ATMs); and
>
> WHEREAS, Management negotiated a three-year lease with one three-year option with JPMorgan Chase & Co. (the "Lease"), the essential terms and conditions of which are set forth in the Executive Summary; and
>
> WHEREAS, Management recommends that the Board approve the Lease with JPMorgan Chase & Co.; therefore, be it

RESOLVED, That the Corporation authorize CUSCO to execute and deliver the Lease for certain space in Chicago Union Station on the terms and conditions set forth in the Executive Summary; and

FURTHER RESOLVED, That the President or Vice President of CUSCO is hereby authorized, directed, and empowered to take any and all actions to execute and deliver, in the name of and on behalf of CUSCO, including execution and delivery of the Lease, together with any and all other necessary documents and instruments, to effectuate the transaction contemplated by the foregoing.

(4-0)

RESOLUTIONS AUTHORIZING THE EXECUTION OF A CONTRACT FOR CONSULTING SERVICES FOR CALL CENTER OUTSOURCING SUPPORT

Mr. Laney called the Board's attention to resolutions authorizing the execution of a contract for consulting services for Reservation Service Call Center outsourcing support. Mr. Hardison informed the Board that following an RFP, McIntosh Associates was selected to assist Management with the analysis and planning for the Call Center outsourcing initiative. He stated that Management expects to engage the consultant for 9 to 12 months at a cost not to exceed $750,000 and that the cost of the first phase is projected at $387,000. He noted that the implementation phase has not yet been priced. He indicated that a contract is expected to be executed by May 1, 2006.

A Board-led discussion ensued. In response to a question from Mr. Rosen, Mr. Hardison indicated that after five years, savings from the outsourcing initiative are projected conservatively at $8 million annually. He stated that additional savings are anticipated as result of implementation of recommendations of the Board and experts in the call center industry.

Following further discussion, upon motion made by Mr. Sosa and seconded by Mr. Laney, the Board voted to approve the following resolutions:

WHEREAS, Amtrak is in the process of evaluating various options to reduce reservation call center cost, including outsourcing a portion of call center operations to an external vendor; and

WHEREAS, Outside expertise is required to evaluate, design, and implement an outsourcing strategy, and Management has initiated the procurement of a consultant to assist with such efforts (the "Consultant") as set forth in more detail in the Executive Summary; and

WHEREAS, Management anticipates being in a position to execute a contract with the Consultant before May 1, 2006; and

WHEREAS, The contract with the Consultant will contain Amtrak's standard terms for consulting services, will be for a contract amount not to exceed $750,000, and have a term not to exceed one year ("the Consultant Contract"); therefore, be it

RESOLVED, That Amtrak is authorized to complete the procurement of a Consultant and to execute the Consultant Contract; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer or the Vice President-Procurement is authorized to execute the Consultant Contract on behalf of the Corporation and to take all other action necessary to effectuate the foregoing Resolution.

(4-0)

David Tornquist of the DOT OIG joined the meeting.

UPDATE ON STRATEGIC INITIATIVES (CONTINUED)

LONG-DISTANCE STRATEGIC PLAN

OVERVIEW

Mr. Nissenbaum briefed the Board on the development of Amtrak's long-distance strategic plan. He stated that the *Grant Agreement for FY 2006 Capital Expenses* requires the development of performance metrics and a "get well plan" for underperforming trains by July 2006. He indicated that Management will provide the Board with a draft of the long-distance "get well plan" in June and that Amtrak's Strategic Plan will be developed by December 2006.

PRODUCT RESTRUCTURING

Mr. Nissenbaum briefed the Board on the sleeper restructuring initiative and discussed basic assumptions and analytic tools. He reviewed the proposed framework for basic operation of long-distance train consists as well as the sleeper component and presented draft network and route performance metrics for the Board's consideration. He advised the Board of a proposal to evaluate four sleeper service products and presented a proposal identifying the trains on which the new sleeper products would potentially be deployed. He presented preliminary estimates for sleeper equipment requirements, targets for the elimination of sleeper service losses, and a preliminary timeline for the sleeper initiative. He noted that the new food service cars will need to be available in order to achieve the full benefits of the sleeper initiative. He said the new food service cars are expected to be available for deployment starting in the third quarter of 2007.

A Board-led discussion ensued. It was the consensus of the Board that Management should proceed with the sleeper concept. Mr. Eby and Mr. Rosen suggested testing sleeper service products on the better-performing trains. Mr. Nissenbaum informed the Board that Management will provide the Board with additional information concerning sleeper service options at the June Board meeting.

NETWORK RESTRUCTURING

Mr. Galloway briefed the Board on the network restructuring approach, which included options under consideration, routes under study, factors to be considered in evaluating network options, and the timeline for network restructuring. Mr. Nissenbaum advised the Board that Management needs guidance from the Directors with regard to long-distance network goals. Mr. Laney requested that Management contact each of the Board members for input concerning long-distance service.

A Board-led discussion ensued. It was the consensus of the Board that Management should accelerate the planning process for long-distance restructuring. Mr. Laney requested that the Board Liaison Office limit the number of items on the agenda for the May meeting so that the Board can focus on long-distance restructuring.

Messrs. Bress, Fremaux, Galloway, Hardison, Mallery, McHugh, Nissenbaum, Richardson, Rienzi, and Weiderhold left the meeting.

EXECUTIVE SESSION

The Board met in executive session to discuss legal and personnel matters. Messrs. Carten, Crosbie, Eby, Smith, and Tornquist as well as Madames Green, Nielsen, Serfaty, and Oliveri were present.

Exemption 5
Attorney-Client Privilege

LEGAL MATTERS

[redacted]

Privileged and Confidential
Attorney-Client Privilege

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

Exemption 5
Attorney-Client Privilege

[redacted]

[redacted]

Privileged and Confidential
Attorney-Client Privilege

[redacted]

[redacted]

Exemption 5
Attorney-Client Privilege

PERSONNEL MATTERS

APPOINTMENT OF ASSISTANT VICE PRESIDENT-TRANSPORTATION

Ms. Green informed the Board of three personnel actions to be considered by the Board. She stated that Management recommends the appointment of Thomas P. Schmidt as Assistant Vice President-Transportation. She indicated that Mr. Schmidt's resumé has been provided for the Board's review. She stated that Mr. Schmidt will be included in the Executive Benefit Plan, and that in lieu of relocation benefits to which he is entitled, Mr. Schmidt has requested that he receive a lump sum payment to assist in his relocation from Jacksonville, Florida to Washington, D.C.

Mr. Weiderhold rejoined the meeting.

SALARY ADJUSTMENT FOR MASTER MECHANIC NEW YORK/NEW ENGLAND DIVISION

Ms. Green requested a salary adjustment for Mike Heffner. She reported that Mr. Heffner currently holds the position of Master Mechanic of the Central Division and that Mr. Heffner has been selected to replace Don Knapik as Master Mechanic of the New York/New England Division. She stated that in light of the fact that Mr. Heffner will be assuming additional responsibilities in a larger division, a salary adjustment as set forth in the Executive Summary is recommended.

PROPOSAL TO CREATE AND FILL THE POSITION OF DEPUTY-RELIABILITY CENTERED MAINTENANCE

Ms. Green presented a proposal to create and fill the executive band (E-band) position of Deputy-Reliability Centered Maintenance. She directed the Board's attention to an organizational chart and the proposed salary range outlined in the Executive Summary. Mr. Crosbie briefed the Board on the current reliability center maintenance (RCM) process and the need for this position. Mr. Weiderhold described the role and responsibilities of this position and discussed the qualifications of Kenneth Jacobs. Ms. Green stated that Management recommends the appointment of Mr. Jacobs to this position within the salary range outlined in the Executive Summary.

Following discussion, upon motion made by Mr. Rosen and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

RESOLUTION APPROVING THE APPOINTMENT OF THOMAS P. SCHMIDT AS ASSISTANT VICE PRESIDENT-TRANSPORTATION

WHEREAS, Management has conducted a search of executive candidates to serve as Assistant Vice President-Transportation; and

WHEREAS, Management has identified a qualified candidate to serve as Assistant Vice President-Transportation; and

WHEREAS, Thomas P. Schmidt's qualifications and experience are well suited for the position of Assistant Vice President-Transportation; therefore, be it

RESOLVED, That the Board of Directors approves the appointment of Thomas P. Schmidt to the position of Assistant Vice President-Transportation in accordance with the terms set forth in the Executive Summary.

RESOLUTION APPROVING AN EXECUTIVE LEVEL SALARY ADJUSTMENT FOR MIKE HEFFNER

WHEREAS, Management has identified a qualified employee to serve as Master Mechanic-New York/ New England Division; and

WHEREAS, Management has determined that the salary for Mike Heffner must be adjusted to reflect the significant additional duties associated with serving in this position; therefore be it

RESOLVED, That Management take all necessary steps to implement the salary adjustments identified in the Executive Summary for Mike Heffner effective April 6, 2005.

RESOLUTIONS CREATING THE NEW E-BAND POSITION OF DEPUTY-RELIABILITY CENTER MAINTENANCE AND APPROVING THE APPOINTMENT OF KENNETH JACOBS AS DEPUTY-RELIABILITY CENTERED MAINTENANCE

WHEREAS, Management recommends an organizational change that will provide direct support of the Board's direction to implement Amtrak Strategic Reform Initiatives; and

WHEREAS, Management recommends that the Mechanical Department be made more efficient through application of Reliability Centered Maintenance principles; and

WHEREAS, Management recommends the creation of a new senior executive position, Deputy-Reliability Centered Maintenance, reporting to the Senior Vice President-Operations and responsible for the overall programmatic formulation, strategic application, and ongoing implementation of a reliability centered maintenance program as well as an operations-oriented quality assurance program for all maintenance programs and activities within the Corporation; and

WHEREAS, Management has identified a well-qualified candidate with significant experience in reliability centered maintenance principles; therefore, be it

RESOLVED, That the Board of Directors approves the creation of a new E-band position titled Deputy-Mechanical Reliability Centered Maintenance, which reports to the Senior Vice President-Operations; and

FURTHER RESOLVED, That the Board of Directors approves the appointment of Kenneth Jacobs as Deputy-Reliability Centered Maintenance in accordance with the salary range specified in the Executive Summary.

(4-0)

Mr. Weiderhold and Ms. Green left the meeting, and Mr. Bress rejoined the meeting.

UPDATE ON LABOR STRATEGY

Mr. Bress presented a confidential briefing on the status of negotiations with Amtrak labor unions and a proposal for Management's strategy in the current round of negotiations.

It was the consensus of the Board that Management should proceed with negotiations with Amtrak's unions as outlined in Mr. Bress's presentation to the Board.

Mr. Sosa and Mr. Bress left the meeting.

UPDATE ON BID SOLICITATION FOR PUBLIC ACCOUNTING FIRMS

Mr. Smith briefed the Board on the solicitation of public accounting firms to conduct the audit of Amtrak's financial statements. He reviewed the timeline for the solicitation process and indicated that at the June Board meeting, Management will recommend an accounting firm to perform audits of Amtrak's financial statements.

FINANCIAL REPORT

The Board engaged in a discussion concerning savings attributable to staff reductions beyond the levels in the FY06 budget. Mr. Eby suggested that Amtrak add a line to show that structural changes have been made. Mr. Smith explained Amtrak's budgetary process and indicated that he would provide DOT with Amtrak's current FY06 forecast.

ADJOURMENT

There being no further business before the Board, the meeting was adjourned at 12:15 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolution Approving Changes to Authorized FY06 Capital Expenditures

Background:
At the Board meeting on December 5, 2005 the Board approved the FY06 Capital Budget reset. Management has since identified a change that is required in order to support continued improvement of the infrastructure as well as passenger safety and train operations.

Management continually reevaluates budgeted capital spending to determine what can be reasonably accomplished during FY06. As a result, changes are requested to current authorizations to meet revised requirements. Total revised requirements equal $ 565,963 in FY06 general funds for one project, which requires Board approval. The funding for this change comes from a project that will be completed with outside railroad dollars, which reduced Amtrak's share.

Recommended Action:
Management recommends the Board approve the attached resolution authorizing the respective change to the FY06 Capital Authorizations.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Authorization for Advance Purchase Orders for FY07 Capital Program

Background:
Amtrak's Five-year Capital Plan is designed to promote operational stability by reestablishing a state-of-good-repair to plant and rolling stock.

To maintain the momentum achieved to date, it is important that the Capital Plan continue uninterrupted. To achieve this goal, accommodate vendor lead times and comply with Procurement polices including Federal Procurement Requirements imposed upon Amtrak pursuant to its Capital and Operating Grant Agreements with the Federal Railroad Administration ("FRA"), it is necessary that Amtrak start the acquisition process for certain materials and construction contracts necessary for the FY07 Capital Program during FY06.

Because these advance purchases are likely to occur prior to receipt of federal financial assistance and since federal assistance levels for FY07 and beyond are uncertain at this time, the FRA will look to Amtrak, under the terms of the Grant Agreements, to provide a basis for mitigating the cost of these purchases should Federal assistance be less than anticipated. To that extent, all contracts for advance purchases will incorporate a "termination for convenience" clause. In addition, we would expect that some of the costs for certain materials such as rail, ties and turnouts could be recovered, if necessary, by resale.

Status:
The attached matrix summarizes the major programs for the Engineering Department for which Management seeks authorization to commence acquisitions as advance purchase orders. As required by the FY2006 Capital Grant Agreement, FRA's approval for these advance purchase orders will be sought before procurement is commenced. The advance purchases for the Mechanical Department will be submitted for approval at a later Board meeting.

Recommended Action:
Management recommends that the Board approve the attached Resolutions authorizing the advance purchase orders necessary for the FY07 Capital Program.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

MAY 9, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the Hermitage Room of the Washington Court Hotel located at 525 New Jersey Avenue, N.W. in Washington, D.C. on Tuesday, May 9, 2006.

Members of the Board of Directors present were Floyd Hall, David Hughes (Acting President and Chief Executive Officer), David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Bill Crosbie, Joe McHugh, Paul Nissenbaum, Barbara Richardson, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present.

Also attending the meeting were John Carten, Vince Nesci, and Medaris Oliveri of Amtrak's staff.

Mr. Laney chaired the meeting and called it to order at 1:04 p.m. Mr. Carten and Ms. Oliveri recorded the minutes.

OLD BUSINESS

SIMPLIFIED DINING SERVICE

A confidential report was distributed to the Board regarding savings achieved in March 2006 as a result of implementation of simplified dining service (SDS) on long-distance trains and the projected SDS savings for FY06.

MANAGEMENT INFORMATION

In response to questions from Mr. Laney, Mr. Smith reported that Management is in the process of validating the cost data of the Route Profitability System (RPS) and revalidating fully-allocated cost assumptions. Mr. Yachmetz advised the Board that the Volpe Center, which is under contract to the FRA, will provide recommendations regarding Amtrak's route cost methodology. Mr. Yachmetz indicated that he will provide the Board with Volpe's completion date for this project.

NORTHEAST CORRIDOR INFRASTRUCTURE MASTER PLAN AND ADVISORY COMMITTEE

Mr. Laney inquired about the status of the asset-by-asset inventory of the Northeast Corridor (NEC). Mr. Nissenbaum reported that the initial state-of-good repair assessment has been completed and that a more detailed asset assessment is expected to be completed by the Engineering Department in the fall. Mr. Laney requested that Management provide the Board with periodic updates on the progress of the Engineering Department's assessment of the NEC. Mr. Nissenbaum stated that Management will provide FRA with the NEC Infrastructure Master Work Plan by July 1 as required by the *Grant Agreement for FY 2006 Capital Expenses*.

A Board-led discussion ensued. In response to an inquiry from Mr. Laney, Mr. Nissenbaum reported that membership of the NEC Advisory Committee will not be finalized by the time the Northeast Association of State Transportation Officials (NASTO) meets in June. He stated Management plans to discuss the concept of the NEC Advisory Committee with the Coalition of Northeastern Governors (CONEG) in May.

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney directed the Directors' attention to the April 5 and 6, 2006 minutes of the Board of Directors meeting. Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the minutes as submitted.

(4-0)

FY06 CAPITAL REPROGRAMMING

Mr. Laney called the Board's attention to resolutions approving the reprogramming of authorized FY06 capital expenditures. Mr. Rienzi advised the Board that $1.2 million in proposed reprogramming changes will be utilized for (1) integration of the Mechanical Department's Spear Work Management System (WMS) with the legacy AAMPS Materials Management System and (2) consulting services required for integration of the AAMPS System/Spear WMS with ultimate transition to SAP. He noted that integration of Amtrak's financial information systems and SAP is not scheduled to occur until 2010 and that limited integration of the current legacy systems is therefore essential at this time.

Mr. Rienzi indicated that this project was conceived and developed after approval of the FY06 capital budget and that funding is available as result of postponement of demolition of the Sunnyside REA Building until FY07. He recommended that Amtrak proceed with integration of WMS/AAMPS in order to realize a $398,000 inventory reduction in FY06. He stated that the return on investment (ROI) for this project is 41 percent with a net present value (NPV) of over $400,000.

LMI CONSULTING CONTRACT

Mr. Laney directed the Board's attention to resolutions authorizing the execution of a contract for consulting services with Logistics Management Institute (LMI). Mr. Rienzi noted that Amtrak's Strategic Initiatives include automation of manual/paper maintenance processes in order to improve Amtrak record-keeping systems and to provide accurate and timely financial information.

Mr. Rienzi informed the Board that in 2002, LMI was engaged to assist Amtrak [redacted]

Exemption 5
Deliberative Process

Exemption 5
Deliberative Process

[redacted] He noted that this amount is included in the $1.2 million reprogramming request.

AECOM CONSULT CONTRACT

Mr. Laney called the Board's attention to resolutions authorizing task orders under a contract with AECOM Consult. Mr. Rienzi advised the Board that in March 2006, Amtrak executed a contract with AECOM to provide consulting services related to Amtrak's Strategic Initiatives on a task-order basis. He stated that specific services are now required for the development of a long-distance network strategic plan. He discussed the terms of the contract and requested Board authority to proceed with the task orders.

A Board-led discussion ensued during which Mr. Yachmetz inquired whether this project would be funded with capital or operating monies. Mr. Smith indicated that Management is planning to consult with outside auditors concerning this issue.

ADVANCE PURCHASE ORDERS FOR FY07 CAPITAL PROGRAM – SUPPLEMENT #1

Mr. Laney directed the Board's attention to resolutions authorizing advance purchase orders for the FY07 Capital Program. Mr. Rienzi informed the Board that the proposed advance purchase orders for the Mechanical Department include $72 million for *Acela* overhauls for the FY07 through FY10 time period. He noted that the Alstom Transportation Inc. contract to provide parts and services to maintain and overhaul the *Acela* trainsets, which was approved by the Board in November 2005, has a term of five years. He stated that the bid solicitation for labor to perform the overhauls will be on a competitive basis.

Mr. Rienzi informed the Board that advance purchase orders for the FY07 Capital Program also include $1.8 million for the Communications and Signals (C&S) Department.

Mr. Rienzi advised the Board that advance purchase orders for maintenance-of-way (M.O.W.) equipment totaling $24.5 million, which were temporarily withdrawn at the April 5, 2006 meeting, are being resubmitted at this time. He reported that Amtrak conferred with FRA concerning the issue of ROI on capital projects, and it was agreed that an ROI will not be required for the M.O.W. advance purchase orders. Mr. Smith stated that it was also agreed that an ROI will not be required when there is a basis for mitigating the purchase orders in the event that federal assistance is less than anticipated. He cited resale in a secondary market or inclusion of "a termination for convenience clause" in such contracts as examples.

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions, subject to FRA review:

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY06 CAPITAL EXPENDITURES

WHEREAS, On December 5, 2005, Amtrak's Board of Directors approved the reset FY06 Capital Budget; and

WHEREAS, Management must present for Board approval any capital reprogramming exceeding $1 million and new projects exceeding $500,000; and

WHEREAS, Management has identified project changes that require such Board approval; therefore, be it

RESOLVED, That the Board of Directors approves the proposed reprogramming of FY06 Capital Expenditures totaling $1.2 million as described in the attached Executive Summary; and

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the *Grant Agreement for FY2006 Capital Expenses* and approves the forwarding of this reprogramming to FRA for this purpose.

RESOLUTIONS AUTHORIZING THE EXECUTION OF A CONTRACT FOR CONSULTING SERVICE WITH LOGISTICS MANAGEMENT INSTITUTE (LMI)

WHEREAS, One of Amtrak's Strategic Initiatives is to provide accurate and timely financial information on individual functions and activities and automate the current paper/manual processes to improve the maintenance record keeping systems; and

WHEREAS, Key to the success of implementing this initiative is the integration of the

Mechanical Department's Spear Work Management Systems ("WMS") with Amtrak's financial systems; and

WHEREAS, Management has identified Logistics Management Institute ("LMI") as having the necessary qualifications, knowledge of Amtrak operations, and previous experience necessary to support this effort and recommends that the Board authorize execution of a consulting contract with LMI; and

WHEREAS, The contract with LMI will contain Amtrak's standard terms for consulting services and will be for an amount not to exceed $400,000 (the "Consulting Contract"); therefore, be it

RESOLVED, That Amtrak is authorized to execute the Consulting Contract with LMI; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer or the Vice President-Procurement and Materials Management is authorized to execute on behalf of the Corporation the consulting contract with LMI and to take all other actions necessary to effectuate the foregoing Resolution.

RESOLUTIONS AUTHORIZING TASK ORDERS UNDER A CONSULTING CONTRACT WITH AECOM CONSULT

WHEREAS, Amtrak has executed a task order based contract for consulting services with AECOM Consult ("AECOM") to provide Amtrak Management with technical support concerning the Corporation's Strategic Initiatives; and

WHEREAS, In order to support Management's analysis of Strategic Initiatives involving long-distance service for presentation and discussion at future Board meetings, specific consulting services by AECOM are required, as described in more detail in the Executive Summary; and

WHEREAS, The required consulting services will be performed by AECOM pursuant to task orders for a not-to-exceed fixed price of $375,632 (the "Current Task Orders"); therefore, be it

RESOLVED, That Amtrak is authorized to proceed with the Current Task Orders; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer or the Vice President-Procurement and Materials Management is authorized to execute the Current Task Orders on behalf of the Corporation, and future task orders with AECOM to support efforts in regard to Amtrak's Strategic Initiatives.

RESOLUTIONS AUTHORIZING ADVANCE PURCHASE ORDERS FOR THE FY07 CAPITAL PROGRAM

WHEREAS, Amtrak's five-year Capital Plan is designed to promote operational stability by ensuring a state-of-good repair to Amtrak's infrastructure and rolling stock; and

WHEREAS, In order to sustain the momentum achieved under the FY05 and FY06 Capital Programs, it is imperative that Amtrak be in a position to commence FY07 Capital Program work activities on October 1, 2006; and

WHEREAS, To achieve this goal, to accommodate vendor lead times, and to comply with Procurement policies, federal procurement requirements, and other Grant Agreement obligations, including receipt of prior approval from the Federal Railroad Administration, it is necessary to begin the acquisition process for key advance purchase orders during FY06; therefore, be it

RESOLVED, That Management is authorized to proceed with the acquisition process for Advance Purchase Orders for the FY07 Capital Program as set forth in the attached Executive Summary; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer and the Vice President-Procurement and Materials Management are authorized to take all actions necessary and required to effectuate the foregoing Resolution.

(3-0-1)

Mr. Rosen abstained from the vote on these resolutions in order to avoid predetermination of the Department of Transportation's (DOT) assessment of these projects.

EXECUTIVE SESSION

The Board met in executive session to consider legal matters.

Exemption 5
Attorney-Client Privilege

LEGAL MATTERS

[redacted]

Privileged and Confidential
Attorney-Client Privilege

[redacted]

(4-0)

Mr. Laney requested that Management provide the Board with a report on the disposition of Amtrak's personal injury cases.

UPDATE ON BID SOLICITATION FOR ACCOUNTING FIRM

Mr. Smith briefed the Board on responses to the bid solicitation for accounting firms to perform the audit of Amtrak's financial statements. He commented that this bid solicitation is due to close on May 17.

Mr. Nesci, Ms. Oliveri, and Mr. Rienzi left the meeting.

EXECUTIVE SESSION

At 1:20 p.m., the outside Directors met in executive session without a secretary present to discuss confidential matters.

At 2:00 p.m., Messrs. Carten, Crosbie, Hughes, McHugh, Nissenbaum, Smith, and Weiderhold as well as Madames Richardson and Serfaty rejoined the meeting. Chad Edison, Frank Hoppe, Robert Peskin, and Frank Williams of AECOM Consult as well as Ed Courtemanch of Amtrak's staff also joined the meeting.

NETWORK OPTIONS DISCUSSION

The AECOM Consult staff provided the Board with an overview of the process they will use to evaluate Amtrak's long distance network of service. This included an overview of the long distance market and the current U.S. railroad network. The briefing also included a discussion of possible evaluation criteria to be used in this analysis and proposed next steps.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 5:30 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolution Approving Changes to Authorized FY06 Capital Expenditures

Background:
At the Board of Directors meeting on December 5, 2005 the Board approved the FY06 Capital Budget reset. Management has since identified a change that is required in order to support continued improvement of the infrastructure as well as passenger safety and train operations.

New Project:
$1,200,000 M3TF – WMS/AAMPS Integration – Electronic Requisitioning

Purpose:
The purpose of the project is to integrate Amtrak's Spear Work Management System and AAMPS Materials Management System. This project includes consultant resources to advise on software platform selection and deployment, a Strategic Vision document that includes integration plans and issues for an integrated supply chain and programming services to enhance existing functionality in Spear and AAMPS.

The project was conceived and developed after the FY06 capital budget was approved, however, it should be initiated now in order to realize an FY06 inventory reduction of $398,000. If delayed until FY07, that benefit and its subsequent benefit of nearly $1.2 million in FY07 would be pushed out another year.

Benefits:
1) Provides visibility to the end user of critical parts availability
2) Identifies missed opportunities to fulfill material orders
3) Eliminates manual/paper material requests forms
4) Ensures accuracy of accounting information charged to work tasks
5) Standardizes material ordering process at all Mechanical backshops and terminals
6) Provides functionality to submit work orders for scheduled / planned work in advance of car or locomotive arrival at the mechanical facility.
The return on investment is 41% with a net present value of over $400,000.

Funds available:
Sunnyside REA Building Demolition (PRJ20047032), delayed because the contract for disposal of contaminated soil under Sunnyside Oil PCB Remediation was awarded and the work is in the same area where the demolition would be performed.

Recommended Action:
Management recommends the Board approve the attached resolution authorizing the proposed change to the FY06 Capital Authorizations.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Authorization for Advance Purchase Orders for FY07 Capital Program - Supplement #1

Background:
Amtrak's Five-year Capital Plan is designed to promote operational stability by reestablishing a state-of-good-repair to plant and rolling stock.

To maintain the momentum achieved to date, it is important that the Capital Plan continue uninterrupted. To achieve this goal, accommodate vendor lead times and comply with Procurement polices, including Federal Procurement Requirements imposed upon Amtrak pursuant to its Capital and Operating Grant Agreements with the Federal Railroad Administration ("FRA"), it is necessary that Amtrak start the acquisition process for certain materials and construction contracts during FY06.

Because these advance purchases are likely to occur prior to receipt of federal financial assistance and since federal assistance levels for FY07 and beyond are uncertain at this time, the FRA will look to Amtrak, under the terms of the Grant Agreements, to provide a basis for mitigating the cost of these purchases should Federal assistance be less than anticipated. To that extent, all contracts for advance purchases will incorporate a "termination for convenience" clause.

Status:
The attached matrix is a supplement to the initial Board submission of April 6. This document summarizes the major programs for the Mechanical department with $72.0 million attributed to the Acela Overhaul Services contract covering two (2) full overhaul cycles for the period FY07 through FY10. This document also includes a resubmission of the MW Equipment valued at $24.5 million which was withdrawn at the April 2006 Board meeting and adds $1.8 million for the Engineering Communications and Signals department which was inadvertently omitted from the April listing.

Recommended Action:
Management recommends that the Board approve the attached Resolutions authorizing the Advance Purchase Orders Supplement #1 which are necessary for the FY07 Capital Program.

AMTRAK FY07 Capital Program - Supplement #1
Long Lead / FRA Advance Purchase Material Requirements
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Prepared by:
Procurement and Materials Management Department

Date Prepared: April 24, 2006
Print Date and Time: 05/02/2006;3:34 PM

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

JUNE 13 AND 14, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the Board Room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Tuesday, June 13, 2006, and Wednesday, June 14, 2006.

Members of the Board of Directors present were Floyd Hall, David M. Laney (Chairman), Jeffrey Rosen (representing the Secretary of Transportation), and Enrique Sosa.

Mr. Laney chaired the meeting and called it to order at 1:05 p.m. Mr. Carten and Ms. Oliveri recorded the minutes.

EXECUTIVE SESSION

The outside Directors met in executive session without a secretary present to discuss confidential matters.

At 1:53 p.m., Board member David Hughes (Acting President and Chief Executive Officer); Joe Boardman and Mark Yachmetz of the Federal Railroad Administration (FRA); David Tornquist of the Department of Transportation Office of the Inspector General (DOT OIG); Bill Crosbie, Lorraine Green, Paul Nissenbaum, Barbara Richardson, Mike Rienzi, Alicia Serfaty, and David Smith of the Management Executive Committee (MEC); and John Carten, Emmett Fremaux, Vince Nesci, and Medaris Oliveri of Amtrak's staff joined the meeting.

ANNOUNCEMENT

Mr. Laney announced that Jeff Rosen will assume the position of General Counsel at the Office of Management Budget (OMB) effective July 1, 2006.

Exemption 5
Deliberative Process

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to the minutes of the May 9, 2006 meeting of Amtrak's Board of Directors. Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the minutes as submitted.

(4-0)

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY06 CAPITAL EXPENDITURES

Mr. Laney directed the Board's attention to resolutions approving reprogramming of FY06 authorized capital expenditures. [redacted]

Exemption 5
Deliberative Process

[redacted]

A Board-led discussion ensued. In response to a question from Mr. Laney, Mr. Rienzi advised the Board that funding for the reprogramming will be available as result of postponement of the renewal of the Lake Street interlocking in Chicago ($400K), postponement of demolition of the Sunnyside REA Building ($600K), under budgeting of track remediation at New York Penn Station ($300K), and general capital grant funding.

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

WHEREAS, On December 5, 2005, Amtrak's Board of Directors approved the reset FY06 Capital Budget; and

WHEREAS, Management must present for Board approval any capital reprogramming exceeding $1 million and new projects exceeding $500,000; and

WHEREAS, Management has identified project changes that require such Board approval; therefore, be it

RESOLVED, That the Board of Directors approves the proposed reprogramming of FY06 Capital Expenditures totaling $1.3 million for AS/400 System Replacements; and

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the *Grant Agreement for FY2006 Capital Expenses* and approves the forwarding of this reprogramming to FRA for this purpose.

(3-0-1)

Mr. Rosen abstained from the vote on these resolutions in order to avoid predetermination of the Department of Transportation's (DOT) assessment of this project.

RESOLUTIONS AUTHORIZING MODIFICATION OF A CONTRACT FOR CONSULTING SERVICES WITH THE SEGAL COMPANY

Mr. Laney called the Board's attention to resolutions authorizing modification of a contract with the Segal Company. Mr. Smith informed the Board that in March 2006, Management executed a consulting agreement for $199,500 with the Segal Company for the purpose of assisting Amtrak with the selection of a Custodian for the Pension Plan for non-agreement employees and a 401K Record-keeper and Investment Manager for Amtrak's 401K Plans. He indicated that under the original contract, the Segal Company will perform an in-depth review of the administration of the Pension and 401K Plans.

Mr. Smith requested Board approval to expand the scope of the Segal contract to include an Asset Allocation Study and the search for and selection of a Pension Plan Investment Manager for a fixed fee of $110,000. He stated that the primary objective of work to be performed under the modification is to evaluate asset classes and investment style by asset class in order to maximize the return on investment.

Gil Mallery of the MEC joined the meeting.

Mr. Smith briefed the Board on the current asset allocation and the process for management of Amtrak's retirement funds. A Board-led discussion ensued concerning the roles and responsibilities of the Investment Committee and Amtrak's Board of Directors, the process for managing the retirement funds, and alternative strategies. The Board recommended more frequent evaluation of fund portfolios in order to be more responsive to the market and suggested exploring alternate strategies for management of these funds. In response to a request from Mr. Hall, Mr. Smith indicated that Management will explore potential alternatives with the Segal Company.

Following further discussion, upon motion made by Mr. Sosa and seconded by Mr. Rosen, the Board voted to approve the following resolutions:

> WHEREAS, Amtrak is in the process of evaluating and competitively selecting service providers for its Pension Plan and 401K Plans; and
>
> WHEREAS, Outside expertise is required to perform these functions, and Management has executed a contract with the Segal Company ("Segal") to assist with such efforts ("the Consulting Contract"); and

WHEREAS, Management has determined that additional services, with respect to an Asset Allocation Study and Investment Manager search, should be performed by the Segal Company for $110,000 (the "Modification"), which will bring the total value of the Consultant Contract to $309,500; and

WHEREAS, The Consultant Contract contains standard terms for consulting services; be it therefore

RESOLVED, That Amtrak is authorized to enter into the Modification to the Consulting Contract; be it

FURTHER RESOLVED, That the Acting President and Chief Executive Officer, Chief Financial Officer, or the Treasurer is authorized to execute on behalf of the Corporation the Modification and to take all other action necessary to effectuate the foregoing Resolution.

(3-1)

Mr. Hall voted "no."

Messrs. Fremaux, Nesci, Nissenbaum, and Rienzi as well as Ms. Richardson left the meeting.

EXECUTIVE SESSION

The Board met in executive session to consider personnel matters. Present were Messrs. Boardman, Carten, Crosbie, Smith, Tornquist, and Yachmetz as well as Madams Green, Oliveri, and Serfaty.

PERSONNEL MATTERS

RESOLUTION APPROVING AN EXECUTIVE SALARY ADJUSTMENT FOR DAWN MARCELLE

Ms. Green announced that Gerri Hall, Vice President-Diversity, has resigned to accept a position at Sodexho, Inc. and that Dawn Marcelle has been serving as Acting Vice President-Diversity since June 1, 2006. Ms. Green informed the Board that Ms. Marcelle has served as Senior Director-Dispute Resolution in the Office of Business Diversity and Strategic Initiatives since 1999. Ms. Green indicated that in light of the added responsibilities of this position, Management recommends a salary adjustment, retroactive to June 1, 2006, for the period that Ms. Marcelle serves as Acting Vice President-Diversity.

A Board-led discussion ensued concerning the organizational structure, reporting relationship, and scope of services provided by the Diversity Office. Ms. Serfaty stated that the Thornton and McLaurin Consent Decrees

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[redacted]

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Rosen, the Board voted to approve the following resolution:

> WHEREAS, Management has identified a qualified employee to serve as Acting Vice President-Diversity until such time as the Vice President-Diversity position is permanently filled; and
>
> WHEREAS, Management has determined that the salary for the selected individual, Dawn Marcelle, must be adjusted to reflect the significant additional duties associated with serving as the Acting Vice President-Diversity; therefore, be it
>
> RESOLVED, That Management take all necessary steps to implement the salary adjustment recommended for Ms. Marcelle, retroactive to June 1, 2006.
>
> (3-0-1)

Mr. Sosa abstained.

Ms. Green left the meeting. Messrs. Fremaux, Nesci, Nissenbaum, and Rienzi as well as Ms. Richardson rejoined the meeting. Bill Sheridan of Amtrak's staff also joined the meeting.

UPDATE ON STRATEGIC INITIATIVES

UPDATE ON FOOD AND BEVERAGE SERVICE SUB-INITIATIVES

SIMPLIFIED DINING SERVICE

Mr. Fremaux briefed the Board on food and beverage service sub-initiatives. He reported that simplified dining service (SDS) was implemented on all long-distance trains with the exception of the *AutoTrain* and *Empire Builder* as of May 2006. He added that when SDS is fully implemented, [redacted] He informed the Board that SDS net savings are projected at $6.9 million in FY06 and $15 million in FY07.

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GATE GOURMET CONTRACT

Mr. Fremaux reported that the new Gate Gourmet, Inc. (GGI) contract went into effect in January 2006. He stated that the new contract provides for [redacted] He indicated that based upon the first quarter contract results, cost reductions of $0.9 million in FY06 and $1.5 million in FY07 are projected.

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CENTRALIZATION AND OUTSOURCING OF FOOD & BEVERAGE REVENUE COLLECTION

Mr. Fremaux informed the Board that the management of the food and beverage revenue collection function performed by ten commissary [redacted]

A Board-led discussion ensued. Mr. Hall inquired about tracking of onboard inventory and sales. Mr. Crosbie and Mr. Fremaux discussed the current tracking process. Mr. Fremaux stated that onboard inventory data will be computerized through this program and will be accessible online to Amtrak management and the Office of the Inspector General (OIG) for audit purposes. He indicated that the data will also be used to measure performance. He discussed the checks and balances of the tracking system and pointed out that Customer Service Managers will use the reports for improving quality control of onboard food and beverage service.

SUPERLINER EQUIPMENT MODIFICATION SUB-INITIATIVE

Mr. Fremaux briefed the Board on the status of the initiative to convert Superliner dining car/lounge car service to a single-car food operation. He projected $12.8 million to $21.9 million in annualized savings for this project based upon increased revenue and reductions in labor expenses, equipment maintenance, and fuel costs. He stated that in FY07, Amtrak expects to achieve $1.9 million in savings with operation of the converted equipment on the initial two routes. He indicated that the cost of the conversion over and above existing programmed overhaul expenses is $260,000 per dining car and $750,000 per lounge car. He stated that dining car modifications will be carried out in-house while lounge car overhauls will be outsourced. He commented that the implementation of the diner overhaul program is pending FRA approval for advance purchase of materials. Mr. Fremaux indicated that the proposed number of cars in the overhaul program is based upon existing service. Mr. Crosbie stated, however, that before a contract is issued for the overhaul of food service cars for long-distance service, further discussion with the Board will occur.

A Board-led discussion followed concerning the operation of a prototype car and customer reaction to SDS. In response to a question from Mr. Laney, Mr. Fremaux indicated that a prototype of the modified Superliner I dining and lounge cars will be available in late calendar year 2006 and in mid to late 2007, respectively. Mr. Fremaux informed the Board that he will keep the Directors apprised concerning the progress of this initiative.

OUTSOURCING OF FOOD AND BEVERAGE SERVICE FOR LONG-DISTANCE AND CORRIDOR TRAINS

Mr. Fremaux advised the Board that outsourcing of food and beverage service on long-distance trains is currently in the analysis stage. He indicated that the GGI proposal for outsourcing of food service on long-distance service is expected in late July.

Mr. Fremaux reported that in the corridor area, Amtrak has prepared a Request for Expression of Interest (RFI) to identify qualified service providers for a subsequent Request for Proposal (RFP) to provide food service on the Northeast Corridor (NEC). He stated that release of the RFI and subsequent RFP is pending a risk/reward analysis by Celerant Consulting in conjunction with the NEC/*Acela* Service Improvement Program. He noted that the benefits and timing of NEC outsourcing must be carefully weighed against the risk of a negative impact on Amtrak's primary revenue-producing service. A discussion of potential risks and alternatives for reducing the food and beverage loss on the NEC followed.

The Board then engaged in a discussion of the profit margin on food and beverage items. Mr. Hall suggested

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that Management re-evaluate the profit margin on food items sold on Amtrak trains. [redacted] Mr. Hall suggested that Management develop a five-year plan for food and beverage service.

Mr. Nesci left the meeting.

UPDATE ON THE SLEEPING CAR CONSIST INITIATIVE

Mr. Nissenbaum briefed the Board on the sleeping car consist initiative. He stated that the purpose of this initiative is to achieve savings by identifying the optimal number of sleeping and dorm cars for each route based

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on an analysis of the marginal cost and revenue associated with each incremental sleeping car.

Mr. Nissenbaum reviewed the base operation and additional services associated with sleeper service. [redacted]

Mr. Nissenbaum identified the next steps in Amtrak's long-distance product analysis [redacted]

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[redacted]

Jeff Mann of Amtrak's staff joined the meeting.

UPDATE ON THE NORTHEAST CORRIDOR INFRASTRUCTURE MASTER PLAN AND ADVISORY COMMITTEE

Mr. Nissenbaum briefed the Board on the status of the NEC Infrastructure Master Planning Process Advisory Committee, which he indicated would be comprised of representatives from Amtrak, the states, other railroads, and the FRA. He advised the Board that Amtrak met with the staff of the Coalition of Northeast Corridor Governors (CONEG) and that a presentation on the proposed Advisory Committee was made at the Northeast Association of State Transportation Officials (NASTO) conference in Quebec City on June 5. He stated that preliminary discussions have suggested the need to seek additional input and advice from state DOT officials before formally launching the NEC Advisory Committee. Mr. Nissenbaum and

Mr. Boardman briefly discussed the concerns of the states.

Mr. Nissenbaum indicated that Management plans to expand its outreach program by sending a letter to northeast state DOT secretaries. He stated that Management is planning a one-on-one dialogue with state DOT secretaries that will include such issues as the NEC Advisory Committee and Amtrak's master work plan that is due to the FRA on July 1, 2006. Mr. Laney suggested that Management also consider scheduling a meeting of state DOT officials to advance the process.

Mr. Nissenbaum suggested that northeast state officials meet with the Board on a periodic basis for the purpose of discussing NEC-related issues, and with a similar representative group of states across the country to discuss broader state policy issues. Mr. Laney recommended forming a broad-based users group to meet with the Board periodically. Mr. Boardman urged Amtrak to include officials from commuter authorities in the northeast group.

Mr. Nissenbaum advised the Board that Amtrak has begun an infrastructure state-of-good-repair assessment and will be inviting selected state and commuter agency stakeholders to participate in the review of this assessment.

STRATEGY ON STATE-SUPPORTED PRICING POLICY

Mr. Mallery presented a briefing on the history of Amtrak's state-supported pricing policy. He reported that since established in 1971, Amtrak has been required to operate a basic system of corridor trains and long-distance trains as designated by the USDOT. He noted that under section 403(b) of the Rail Passenger Service Act (RPSA), the states were permitted to contract for service beyond the basic service. He stated that from 1971 to 1995, Amtrak bore the majority of the operating losses attributable to state-supported service because the states paid only a percentage of the avoidable costs. He reported that in 1995, Amtrak began to significantly increase the portion of the operating losses covered by state payments, which varied widely due to the fact that each of Amtrak's three business units set its own pricing policy for state-supported service. He indicated that with the repeal of section 403(b) of the RPSA in 1997, Amtrak was permitted to set the terms of its relationship with state partners and was no longer required to operate the state service at less then full cost. He reported that since 2002, the states have been transitioned to a consistent pricing policy set by Amtrak's Board at 100 percent of the direct operating loss, which all states are expected to achieve by 2007.

Mr. Mallery informed the Board that Amtrak currently contracts with 13 states in support of 20 routes. He reported that state-supported payments in FY06 are projected at $145 million and that an additional $133 million in fare box revenue retained by Amtrak is projected for FY07.

Mr. Mallery informed the Board that Amtrak also operates eight system-corridor trains that receive no state support. He noted that most system-corridor trains were part of the basic system and that the states benefiting from these trains received an implicit subsidy for their direct and indirect costs amounting to about $75 million annually. Mr. Mallery stated that in recognition of the inconsistencies between state-supported and system-corridor trains and to reduce the level of federal operating support, Amtrak's Board adopted a policy through the April 2005 *Strategic Reform Initiatives* (SRI). He noted that the policy provides for coverage of fully-allocated losses (excluding interest and depreciation) plus an equipment charge for all corridor trains on a schedule of 25 percent per year, beginning in FY08.

Mr. Mallery stated that Amtrak envisioned that the federal government would enact a federal/state contribution match program of 80/20, which would be comparable to other transportation modes, and that this SRI would likely be curtailed or discontinued without such a match program. He noted that the SRI also states that the transition period will likely have to be restructured or suspended if a federal capital match program is not in place by FY08.

Mr. Mallery called the Board's attention to charts demonstrating the projected financial impact of termination of "at risk routes," the financial impact of potential C-2 labor protection payments, and a national network map depicting implementation of the state pricing policy by 2011. Mr. Hall suggested that Management determine the growth rate of passenger rail service by 2010.

A Board-led discussion ensued concerning the pricing policy. Mr. Mallery noted that the states have the option of contracting with Amtrak or another operator or discontinuing the service. Mr. Hall suggested that Management identify the losses associated with system trains and explore alternatives for reducing such losses. Mr. Boardman urged Management to re-explore legacy routes.

It was the consensus of the Board that the revised state-supported service pricing policy should maximize revenue to Amtrak while not jeopardizing key state partnerships. It was further agreed that the policy should be equitable and implemented using a phased approach in order to give the states sufficient time to secure the necessary funding to comply with the new policy. Mr. Mallery indicated that Management will present a revised policy based upon the Board's direction at the July meeting.

RECESS

At 5:30 p.m., Mr. Laney announced that the meeting would recess until 8 a.m. on Wednesday, June 14, 2006.

EXECUTIVE SESSION

At 8:10 a.m., on July 14, 2006 the Board reconvened for a briefing on Network Strategy. Messrs. Carten, Crosbie, Hughes, Nissenbaum, and Smith as well as Madams Richardson and Serfaty from Amtrak rejoined the meeting. David Tornquist of the DOT OIG and Mark Yachmetz of FRA also rejoined the meeting. Chad Edison, Frank Hoppe, Robert Peskin, and Bruce Williams of AECOM Consult as well as Ed Courtemanch of Amtrak's staff also joined the meeting.

NETWORK STRATEGY DISCUSSION

The AECOM Consult staff presented updated decision support criteria as well as a comprehensive set of alternative long-distance network strategies. In addition, AECOM presented the results of analyses that responded to Board comments about *Auto Train* service and the operation of long-distance trains that would not stop at stations serving smaller communities. Based upon the Board's direction, AECOM will provide detailed revenue and cost impacts for several of the network options.

AUDIT UPDATE

Mr. Smith updated the Board on the status of the RFP for external audit services for FY06 to FY08. [redacted] He indicated that Management will send the Board a memo that describes Management's recommendation.

OTHER MATTERS

The Board was also briefed on recent NEC power outages and discussed confidential labor matters.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 10:30 a.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

JULY 27, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the Board Room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, July 27, 2006.

Members of the Board of Directors present were Floyd Hall, David Hughes (Acting President and Chief Executive Officer), David Laney (Chairman), and Donna McLean. Enrique Sosa participated in the meeting via telephone.

Joe Boardman and Mark Yachmetz of the Federal Railroad Administration (FRA); David Tornquist of the Department of Transportation Office of Inspector General (DOT OIG); and Jeffrey Rosen (guest) attended the meeting.

Joe Bress, Bill Crosbie, Lorraine Green, Gil Mallery, Paul Nissenbaum, Barbara Richardson, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present. John Carten and Medaris Oliveri of Amtrak's staff also attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:36 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

CHANGES IN BOARD MEMBERSHIP

Mr. Laney announced that the appointments of Donna McLean and Hunter Biden to Amtrak's Board of Directors were confirmed by the Senate on July 26, 2006. Following Mr. Boardman's acknowledgement that the commission documents had been signed by President Bush, Mr. Laney administered the oath of office to Ms. McLean.

Mr. Laney announced that although Mr. Rosen is no longer serving as the alternate for the Secretary of Transportation, he has been invited to attend the next few Board meetings as a guest in order to provide continuity of DOT input.

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to the minutes of the June 13 and June 14, 2006 meeting of the Board of Directors. Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the minutes as submitted.

(3-0-1)

Ms. McLean abstained from the vote due to the fact that she was not present at the June Board meeting.

In response to an inquiry from Mr. Laney, Mr. Smith indicated that Management has prepared a memorandum for the Board that provides the Segal Company's recommendations regarding management of Amtrak's pension plan funds.

RESOLUTIONS AUTHORIZING THE EXECUTION OF A STRATEGIC PARTNERING INITIATIVE WITH NEW JERSEY TRANSIT

ACCESS PAYMENTS

Mr. Laney directed the Board's attention to resolutions authorizing the execution of a Strategic Partnering Initiative with New Jersey Transit (NJT). Mr. Mallery

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advised the Board that Amtrak and NJT have reached an agreement in principle that redesigns the relationship between the two parties. He reported that the proposed agreement shifts cost reimbursement for usage of the Northeast Corridor (NEC) infrastructure from an avoidable-cost basis to a fully-allocated basis for a period of six years and increases the fixed access payment from [redacted] to [redacted]

Mr. Mallery informed the Board that NJT had a right to operate on the NEC on an avoidable-cost basis pursuant to the Interstate Commerce Commission's (ICC) 1982 Ex Parte 417 ruling and that moving to a fully-allocated cost basis is consistent with agreements that Amtrak has reached with the Virginia Railway Express (VRE) and Connecticut's Shore Line East Service (SLE), except for the lack of SLE's capital payment. He stated that the new NJT agreement will facilitate ongoing contractual negotiations with the Maryland Rail Commission (MARC) and the Southeastern Pennsylvania Transportation Authority (SEPTA), which also have the right to pay only avoidable costs.

CAPITAL AGREEMENT

Mr. Mallery advised the Board that NJT and Amtrak have agreed to extend the existing Joint Benefit Capital Agreement for five years with each party contributing between $35 million and $42 million in year one. He noted that Amtrak's fire and life safety expenditures have been treated as a match. He stated that under the agreement the final five years of the capital program, which Amtrak envisioned would be determined by the NEC Advisory Committee, is currently estimated at between $45 million and $50 million annually for NEC access. He reported that a joint needs study will be carried out to determine an appropriate sharing of costs for years two through five of the agreement. He indicated that the agreement also establishes a joint master planning partnership for capital needs, construction planning, and dispatching system design.

LIABILITY PROVISIONS

Mr. Mallery informed the Board that the liability relationship between the parties will be changed from a "but for" to a "no fault basis" wherein each party will absorb all costs associated with their employees, passengers, and rolling stock while splitting in half any costs associated with infrastructure and property damage and third party liability when an accident involves both Amtrak and NJT.

OTHER PROVISIONS

Mr. Mallery advised the Board that other provisions of the proposed agreement include a $5.2 million increase in electric traction power reimbursement payments beginning in October 2006. He reported that the agreement also provides for NJT's operation of weekend express service for a three-year demonstration period between New York City and Atlantic City for an annual payment of $1.2 million. He indicated that the parties have also agreed to revisions in reimbursement for Amtrak's maintenance of NJT equipment at Sunnyside Yard.

Mr. Boardman left the meeting.

A Board-led discussion ensued concerning the terms of the new agreement, responsibility for train dispatching, requirements for adding trains to the NEC, liability issues, and Amtrak compensation for the costs and value of the NEC. The vote on resolutions authorizing the execution of a Strategic Partnering Initiative with NJT was deferred until later in the meeting.

RESOLUTIONS AUTHORIZING AN INCREASE IN THE CONTRACT AMOUNT FOR BOOZ ALLEN HAMILTON CONSULTING SERVICES

Mr. Laney called the Board's attention to resolutions authorizing an increase in the contract amount for Booz Allen Hamilton (BAH) consulting services. Mr. Nissenbaum reported that in May 2006, BAH was awarded a $130,000 contract to assist the Planning and Analysis Department (P&A) with establishing the Project Management Office (PMO) and with the implementation and tracking of Amtrak's Strategic Reform Initiatives (SRI). He identified key tasks carried out by BAH during phase I of the contract and indicated that successful implementation of the SRIs requires ongoing efforts by the PMO for which BAH services are essential. He stated that Management is requesting Board authorization to increase the BAH contract amount up to $430,000. Mr. Laney indicated that he has met with the BAH team and is in agreement that BAH's assistance is needed.

Following discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

WHEREAS, Consulting services are required to ensure the successful implementation and ongoing operation of the Project Management Office ("PMO"), which duties include, as set forth in the attached Executive Summary, defining the out-year benefits of Amtrak's Strategic Reform Initiatives ("SRIs"); and

WHEREAS, Management has previously retained Booz Allen Hamilton ("BAH") as having the qualifications, knowledge, and prior experience necessary to support the efforts of the PMO; and

WHEREAS, The contract with BAH contains Amtrak's standard terms for consulting services; and

WHEREAS, Additional services from BAH are necessary to support the PMO; therefore, be it

RESOLVED, That Amtrak is authorized to increase the consulting contract with BAH to an amount not to exceed $430,000; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer or the Vice President-Procurement is authorized to execute an amendment to the contract with BAH and to take all other action necessary to effectuate the foregoing Resolution.

(4-0)

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY06 CAPITAL EXPENDITURES

Mr. Laney directed the Board's attention to resolutions approving changes to authorized FY06 capital expenditures. Mr. Smith informed the Board that the reprogramming request includes $1.943 million for the acquisition of software licenses, hardware, and consulting services for the rewrite and rehosting of Amtrak's legacy Route Profitability System (RPS) in a client server environment; $2.18 million for the replacement of FY06 grant funding for SAP licenses purchased for the Integrated Financial Systems (IFS) project; $1.2 million to extend the FY06 Horizon coach remanufacture program; and $1 million for service and inspection (S&I) running repair and for GP-42 conversion.

Mr. Smith advised the Board that the FY06 Transportation Appropriation Act includes language in the operating grant section, which stipulates that not less than $4.95 million (after rescission) shall be expended for the development and implementation of a managerial cost accounting system, and that Amtrak needs to apply for this reimbursable grant. He reported that in order to take advantage of a deep discount, the Board authorized the advance purchase of SAP licenses in April 2006. He stated that both the SAP licenses and the RPS components will be funded by the reimbursable grant and that expenditures for the SAP licenses will be replaced with funding from the reimbursable grant. Mr. Smith indicated that Amtrak has consulted with the FRA regarding this project.

Mr. Crosbie informed the Board that the Horizon coach remanufacture program is two months ahead of schedule as result of production efficiencies. He stated that the remanufacture of three additional coaches will preclude shutting down the production line in August and September and furloughing employees until FY07 funding is available. He indicated that this project will be funded with excess FY06 funding from the Viewliner acquisition, auto carrier acquisition, and Superliner I coach-baggage modification.

A Board-led discussion of the reprogramming request ensued. In response to a question from Mr. Laney, Mr. Smith indicated that the system replacing the legacy RPS is expected to be functional in mid FY07.

Following further discussion, upon motion made by Mr. Hall and seconded by Ms. McLean, the Board voted to approve the following resolutions:

WHEREAS, On December 5, 2005, the Board of Directors approved the reset FY06 Capital Budget; and

WHEREAS, Management must present for Board approval any capital reprogramming exceeding $1 million and new projects exceeding $500,000; and

WHEREAS, Management has identified project changes that require such Board approval; therefore, be it

RESOLVED, That the Board of Directors approves a proposed reprogramming of FY06 Capital Expenditures for $1.2 million to accelerate the production of Horizon coach remanufactures by three cars; $1.94 million for a new project to be funded from the FY06 Appropriation Act set-aside from Amtrak's operating grant; and a change to the fund source for $2.18 million from the FY06 federal grant to similarly be funded from the reimbursable grant as the latter two projects both contribute toward the development and implementation of a managerial cost accounting system described in the attached Executive Summary; and

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the Grant Agreement for FY06 Capital Expenses and approves the forwarding of this reprogramming to FRA for this purpose.

(4-0)

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RESOLUTIONS APPROVING THE ENGAGEMENT OF KPMG AS FINANCIAL AUDITORS FOR FY06-FY08

Ms. Serfaty indicated that the Board was provided with background information and the [redacted]

Following further discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolutions:

WHEREAS, In early 2006, the Corporation issued a Request for Proposal (RFP) for external audit services for fiscal years 2006, 2007, and 2008; and

WHEREAS, Two qualified auditing firms responded to the RFP, and both responses were evaluated by an internal management multi-disciplinary Evaluation Committee; and

WHEREAS, Management subsequently briefed the Board of Directors on the recommendation of the Evaluation Committee, and following further Board discussion, KPMG was selected by the Board; therefore, be it

RESOLVED, That the Board of Directors approves the engagement of KPMG to conduct Amtrak's financial audits for the FY06 through FY08 time period; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer or the Chief Financial Officer is authorized to execute an agreement with KPMG and to take all other actions necessary to give effect to the foregoing Resolution.

(3-0-1)

Ms. McLean abstained from the vote on these resolutions due to the fact that she did not participate in the Board's discussion regarding the evaluation of the two accounting firms for the contract award.

Ms. Richardson as well as Messrs. Bress, Mallery, Nissenbaum, Rienzi, and Weiderhold left the meeting.

EXECUTIVE SESSION

PERSONNEL MATTERS

The Board met in executive session with Messrs. Carten, Crosbie, Rosen, Smith, Tornquist, and Yachmetz as well as Madams Green, Oliveri, and Serfaty present to consider personnel matters.

RESOLUTION APPROVING THE APPOINTMENT OF JOHN WOOD TO THE POSITION OF MASTER MECHANIC

Ms. Green advised the Board that Management recommends the appointment of John Wood as Chief Mechanic in Chicago, Illinois. She indicated that in his current position of Superintendent-Operations, Mr. Wood is responsible for the operation of the Wilmington, Delaware locomotive maintenance facility. Mr. Crosbie discussed the responsibilities of the Chief Mechanic position and Management's plans for strengthening the Chicago Mechanical Department operation.

Following discussion, upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the following resolution:

WHEREAS, Management has identified a qualified employee, John Wood, to serve as Master Mechanic in Chicago, Illinois; and

WHEREAS, The Master Mechanic position is in the Executive Band (E-Band) and requires that the Board approve the appointment; and

WHEREAS, Management has identified an appropriate salary for this position; therefore, be it

RESOLVED, That the Board of Directors approves the appointment of John Wood to the position of Master Mechanic in Chicago, Illinois and the salary recommended by Management effective this date.

(4-0)

Messrs. Carten, Crosbie, Hughes, Smith, Tornquist, and Yachmetz as well as Madams Green, Oliveri, and Serfaty left the meeting.

BOARD EXECUTIVE SESSION

At 9:27 a.m., the outside Directors and Mr. Rosen met in executive session to discuss confidential matters. During the session, Mr. Bress was invited to join the meeting.

The executive session concluded at 10:45 a.m. at which time Messrs. Carten, Crosbie, Hughes, Mallery, Nissenbaum, Rienzi, Smith, Tornquist, Weiderhold, and Yachmetz as well as Madams Oliveri, Richardson, and Serfaty rejoined the meeting.

RECOMMENDATIONS REGARDING AMTRAK'S STATE-SUPPORTED SERVICE POLICY AND PRICING

BACKGROUND INFORMATION

Mr. Mallery presented a briefing on Amtrak's policy and pricing strategy for state-supported services as requested by the Board at its June 2006 meeting. [redacted]

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[redacted]

Mr. Boardman rejoined the meeting.

CONVERSION OF SYSTEM CORRIDOR TRAINS

Mr. Mallery presented a proposal for the conversion of system corridor trains to state-supported service status using a phased approach. He stated that 25 percent of the conversion would occur in FY08 and an additional 25 percent in FY09, FY10, and FY11, reaching 100

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percent in FY11. [redacted]

EQUIPMENT CAPITAL CHARGE

Mr. Mallery stated that since the SRI was silent on the methodology to be used for applying an equipment capital charge, Management calculated a charge based upon a rate that will recover overhaul and rebuild costs, an equipment replacement cost, and financing costs. He added that Management recommends [redacted]

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[redacted]

He indicated that the equipment capital charge would be phased in beginning in FY08 at 25 percent per year. He reported that this charge is projected to generate $22 million by FY11 and presented data showing the amount of the charge for each state. He noted that the policy should be re-evaluated in the event that a federal/state capital investment program is established.

SYSTEM OVERHEAD EXPENSES

In regard to an overhead charge, Mr. Mallery stated that [redacted] is recommended for system overhead expenses due to difficulty in allocating administrative overhead. He proposed phasing in this charge over a four year period beginning in FY08. He indicated that this charge could be reassessed following implementation of the Amtrak's new Integrated Financial Systems. He reported that the overhead charge is projected to generate approximately [redacted] by FY11 and presented data, based upon FY05 actuals, showing the impact of the overhead charge on the affected states.

Exemption 5
Commercial Privilege

Exemption 5
Deliberative Process

PROJECTED OUTCOME

Mr. Mallery advised the Board that [redacted]

Mr. Sosa left the call.

A Board-led discussion ensued concerning policy issues; options available to the states; the phase-in period and capping of charges; the percentage of federal/ state contributions; and timing of the roll-out of the policy. Mr. Laney requested that Management provide the Board with Amtrak's implementation strategy for the pricing policy. Mr. Mallery indicated that Management will closely monitor implementation of the policy for necessary adjustments. Further discussion of policy issues was deferred pending Mr. Sosa rejoining the meeting.

BRIEFING ON IMPROVING AMTRAK'S ON-TIME PERFORMANCE ON HOST RAILROADS

Mr. Crosbie presented a briefing on actions being taken by Management to improve Amtrak's on-time performance (OTP) on host railroad tracks. He noted that 70 percent of Amtrak's train miles occur on host railroads. He stated that 80 percent of Amtrak delays per-train-mile are attributed to the host railroads, 15 percent are the responsibility of Amtrak, and 5 percent are third-party delays. He indicated that host railroad delays have increased by 48 percent since 2001 as the result of traffic congestion. He reported that in June 2006, 29 percent of Amtrak's Florida trains and 21 percent of the east-west trains operating over CSX tracks were more than four hours late. He added that 58 percent of Amtrak trains operating over Union Pacific (UP) tracks were also more than four hours late during this period.

Exemption 5
Deliberative Process

Mr. Crosbie informed the Board that a legislative solution is needed to provide Amtrak with the ability to enforce OTP. [redacted]

Exemption 5
Deliberative Process

[redacted]

A Board-led discussion ensued concerning issues related to poor OTP. Ms. McLean suggested [redacted]

The meeting recessed for lunch at 12:22 p.m. Mr. Rosen left the meeting. The meeting reconvened at 12:50 p.m. Members of the Board present were Mr. Hall, Mr. Hughes, Mr. Laney, and Ms. McLean. Messrs. Boardman, Bress, Carten, Crosbie, Nissenbaum, Smith, Tornquist, and Yachmetz as well as Madams Oliveri, Richardson, and Serfaty were also present.

UPDATE ON LABOR RELATIONS

Exemption 5
Deliberative Process

BRIEFING ON STATUS OF LABOR NEGOTIATIONS

Mr. Bress presented a confidential briefing on the status of labor negotiations, [redacted]

Mr. Sosa rejoined the meeting via telephone. Mr. Mallery also rejoined the meeting.

CORPORATE CAMPAIGN

Exemption 5
Attorney-Client Privilege

Privileged and Confidential
Attorney-Client Privilege

[redacted]

Mr. Rienzi rejoined the meeting.

BRIEFING ON AMTRAK'S FY07 BUDGET

FY07 OPERATING BUDGET PROJECTIONS

Mr. Smith presented an overview of Amtrak's business performance during the FY03-FY06 time period and budget projections for FY07. He projected that FY07 ticket revenue will increase by $86 million or 6 percent ($65 million net of service changes) and that ridership will increase 3.7 percent to 25.1 million, despite a price increase averaging over 3 percent. He pointed out that

Amtrak has reduced its headcount by over 6 percent during the past three years and that an additional two percent reduction or 333 positions is projected for FY07. He reported that employee benefits are expected to increase by $27.2 million in FY07, primarily due to health care costs. He indicated that this increase can be offset by additional increases in employee health care contributions and improvements in Amtrak's safety program. He stated that energy costs are expected to escalate by 11 percent or $25 million in FY07 due to increases in fuel pricing while diesel fuel consumption is expected to decline by 5 million gallons or 8 percent as result of implementation of SRIs.

CAPITAL BUDGET

Mr. Smith advised the Board that capital reinvestment is projected at $871.6 million in FY07, reflecting an increase of $217 million or 33 percent over FY06. Mr. Crosbie commented that the increase in the FY07 Capital Program is due to major projects such as bridge construction. Mr. Smith reported that outstanding debt will decline by $111 million in FY07, reflecting a reduction of more than $500 million since FY03.

FY06 YEAR-END PROJECTIONS

Mr. Smith advised the Board that Amtrak will exceed its financial expectations in FY06. He reported that the FY06 year-end forecast is $111 million less than the DOT OIG base of $586 million before implementation of new SRIs and $65 million less than budget. He projected fuel costs at $19 million or 7 percent over budget; sales at $50 million or 3 percent better than budget; salaries, wages, and benefits at $50 million or 3 percent under budget; and other operating expenses at $16 million over budget. He indicated that Amtrak expects to have a cash position of $175 million at year-end.

With regard to the Capital Budget, Mr. Smith indicated that the FY06 budget was $562 million, the federal grant was $495 million, and projected expenditures are $495 million. He noted that planned project completion will be close to 100 percent and that 97 percent of the Amtrak/federal budget will be spent.

Exemption 5
Deliberative Process

Exemption 5
Commercial Privilege

COMPARISON OF THE FY06 AND FY07 BUDGETS

Mr. Hughes advised the Board that the FY07 operations budget will be $75 million less than the FY06 forecast and $98 million less than Amtrak's Legislative and Grant Request. He reported that SRIs are projected to improve budget results by $45 million, rationalization of services and service changes by $22.8 million, and other initiatives such as safety program improvements, health care contributions from labor settlements, and reduction in overhead and other expenses by $92 million. He indicated that Amtrak's FY07 operating budget reflects a $176 million increase for inflation, but as result of implementation of the SRIs, a FY07 budget of $400 million is planned on a comparable basis to the FY06 budget. [redacted]

BUDGET RISKS

Mr. Hughes identified potential FY07 budgetary risks as an economic downturn; higher-cost inflation; reduced ridership as result of pricing actions; higher fuel costs; brand damage due to deterioration in state corridor and long-distance OTP; cumulative trauma claims; labor wage settlement greater than assumed; and major incidents such as weather-related events, the Avian flu, or a terrorist incident.

A Board-led discussion of budget related issues ensued, which included a fuel surcharge, load factors, and marginal per-seat revenue and costs, Amtrak's capital investment plan, and the likelihood of a Continuing Resolution in FY07. Mr. Laney noted that the FY07 budget was presented for Board review only and that no action was required at this time.

RESOLUTIONS AUTHORIZING THE EXECUTION OF A STRATEGIC PARTNERING INITIATIVE WITH NEW JERSEY TRANSIT (continued)

Mr. Laney called for a vote on resolutions authorizing the execution of a Strategic Partnering Initiative with NJT. Upon motion made by Mr. Hall and seconded by

Mr. Sosa, the Board voted to approve the following resolutions:

WHEREAS, New Jersey Transit (NJT) operates rail service on a portion of Amtrak's Northeast Corridor (NEC) properties that are owned, maintained, and operated by Amtrak; and

WHEREAS, NJT and Amtrak have agreed that they should undertake a NJT-Amtrak Strategic Partnering Initiative to develop and implement a new relationship between the parties, including the areas of NEC access rights and reimbursement levels, jointly beneficial capital investments, joint planning, coordinated project management, development of a revised train dispatching system, electric traction power purchases, Atlantic City service, and maintenance of NJT equipment by Amtrak staff at Sunnyside Yard; and

WHEREAS, Amtrak management recommends the implementation of a Strategic Partnership Initiative that will serve to benefit the Corporation by improving Amtrak's relationship with NJT, increasing financial reimbursement by NJT, and establishing a standard by which Amtrak can negotiate with other commuter agencies; therefore be it

RESOLVED, That the Acting President and Chief Executive Officer (or his designee) or the Vice President-Contract Administration, is authorized to conclude negotiations for a Strategic Partnering Initiative that will establish a six year agreement for NJT's right to operate on the NEC, including fixed reimbursement for access rights at $34.9 million per year for a period of three years; and be it

FURTHER RESOLVED, That the Acting President and Chief Executive Officer (or his designee) or the Vice President-Contract Administration is each authorized to execute, make, and deliver in the name of the Corporation all other documents, instruments, and certificates as may be required or necessary to perform the services.

(4-0)

STATE-SUPPORTED SERVICE PRICING AND POLICY RECOMMENDATIONS (continued)

The Board resumed its discussion concerning the proposed state-supported service pricing policy. Mr. Boardman indicated that he would discuss the impact of the proposed required contributions on the states with the U.S. Secretary of Transportation. Ms. McLean suggested that Amtrak develop a comprehensive communications package that would include Amtrak's offer to work with the states to develop alternative service plans to improve the economics of state-supported service. It was the consensus of the Board that policy issues should be further discussed at the Board's next meeting. Mr. Mallery indicated that Management will begin working on a communications plan and roll-out strategy.

AUGUST BOARD MEETING

Mr. Laney requested that the Board Liaison Office schedule a Board meeting during the latter half of August.

Ed Courtemanch of Amtrak's staff joined the meeting.

RESOLUTIONS OF APPRECIATION FOR EDGAR COURTEMANCH

Mr. Nissenbaum informed the Board that Ed Courtemanch will have 35 years of service with Amtrak as of August 2, 2006. He briefly described Mr. Courtemanch's career following which Mr. Laney read the Resolutions of Appreciation.

Upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

> WHEREAS, Edgar Courtemanch has had a long and distinguished career at Amtrak working in a number of different departments including Planning, Operations, Corporate Planning, Management Systems Planning, Corporate Planning and Development, Finance, Reengineering, Customer and Employee Satisfaction Service Center, Customer Service and Support, Northeast Corridor Executive Office, Operations Planning, and Planning and Analysis; and

WHEREAS, After beginning his railroad career at the Baltimore and Ohio Railroad as a management trainee in 1965, Mr. Courtemanch joined Amtrak on August 2, 1971; and

WHEREAS, Just as Senator Robert Byrd in the U.S. Senate is now the longest serving Senator, Mr. Courtemanch, who will complete 35 years of service on August 2, 2006, is now the longest serving Amtrak employee and the first Amtrak employee to reach this important milestone; and

WHEREAS, Mr. Courtemanch's experience and broad understanding of the Corporation have provided him with key insights into ways to help the Corporation operate more effectively and efficiently; and

WHEREAS, One of Mr. Courtemanch's many legacies has been the way that he has mentored and encouraged employees who have worked for him through the years, always encouraging them to reach their full personal potential; and

WHEREAS, Mr. Courtemanch's dedication to the Corporation is exemplified in the way that he has executed the duties of each position that he has held; therefore, be it

RESOLVED, That the Board of Directors of the National Railroad Passenger Corporation extends it bests wishes to Mr. Courtemanch on the occasion of reaching 35 years of service to the Corporation; and

FURTHER RESOLVED, That the Board of Directors of the National Railroad Passenger Corporation commends Mr. Courtemanch for his many achievements, steadfast commitment to the betterment of the Corporation, leadership, and professionalism during his tenure with Amtrak.

(4-0)

Mr. Sosa left the call. Messrs. Boardman, Mallery, Rienzi, and Tornquist as well as Ms. Oliveri left the meeting.

EXECUTIVE SESSION

The Board met in executive session with Messrs. Bress, Carten, Courtemanch, Crosbie, Nissenbaum, Smith, and Yachmetz as well as Madams Richardson and Serfaty present. John Bennett of Amtrak's staff as well as Chad Edison, Frank Hoppe, Robert Peskin, and Bruce Williams of AECOM Consult joined the meeting.

NETWORK STRATEGY DISCUSSION

AECOM Consult provided the Board with preliminary, high-level results for each of the eight potential networks. These results included estimates of ridership, revenue, financial performance, population coverage, state coverage, and some elements of implementation difficulty. In September, AECOM Consult will deliver to the Board a detailed evaluation of each network strategy selected for further analysis at the July workshop.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 4:38 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Authorizing Increase in Contract Amount for Consulting Services With Booz Allen Hamilton ("BAH")

Background:
The Planning & Analysis Department ("P&A") requires consultant support for the ongoing development and operation of the Program Management Office ("PMO"). Primary responsibilities of the PMO include the following: (1) providing oversight, tracking and reporting on the full set of Strategic Reform Initiatives ("SRIs"); (2) providing assistance to SRI project managers and P&A staff for developing detailed work plans; (3) defining and implementing systems and tools to ensure accurate and timely reporting of financial benefits and project status; (4) establishing priorities and identifying implementation risks; and (5) and establishing a structured project management environment.

BAH was engaged on May 15, 2006 to assist P&A with identifying the critical needs of the SRI program, key components of the PMO and the current status of the SRIs. The amount of the original contract was $130,000. BAH also assisted P&A by performing an assessment and prioritization of its internal work plans. The outcome of this first phase of work has resulted in the identification of further tasks, which include defining the out-year benefits of the SRIs in detail (FY08-FY11), developing and implementing the systems and tools that were selected during the initial phase of the work, and beginning internal communications activities.

The successful implementation of Amtrak's Strategic Reform Initiatives requires ongoing PMO efforts for which BAH services are essential. As such, Board authorization is sought to increase the BAH contract amount up to a total of $430,000 to procure the necessary resources through the remainder of FY06.

Budget Impact:
The increase in the contract amount up to $430,000 will be paid out of available funds from the FY06 P&A operating budget.

Recommended Action:
Management recommends that the Board approve the attached resolutions authorizing an increase in the contract amount for BAH.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolution Approving Changes to Authorized FY06 Capital Expenditures

Background: At the Board meeting on December 5, 2005 the Board approved the FY06 Capital Budget reset. Management has since identified changes that are required in order to support continued improvement of the infrastructure as well as passenger safety and train operations.

1. **New Project:** $1,943,000 - Route Accountability Upgrade Project

Purpose: To acquire software licenses, hardware, and consulting services to accomplish a re-write of the existing Route Profitability System (RPS) including re-hosting the system in a client server environment.

Amtrak is replacing RPS with a system that will provide clear and equitable revenue and cost allocations by route and line of business, for internal use and for state commuter service contracts and freights operating on the Northeast Corridor. The project will also provide better statistical reporting, such as statistics to attribute diesel fuel consumption, NEC infrastructure to commuter and freight train movements, and interfaces with mechanical systems to provide more specific sleeper and dining car maintenance costs.

Benefits:

1) Improved system for determining actual business line and route performance.
2) Expand revenue and cost allocation capabilities
3) Provide clear documentation on calculations and methodology
4) Meet Congressional requirements

Funds available: The FY06 Appropriation Act included language in the operating grant section that provides not less than $4,950,000 (after rescission) to be expended for the development and implementation of a managerial cost accounting system, which includes average and marginal unit cost capability. Amtrak must apply for this reimbursable grant.

2. **Existing Project:** $ 2,180,000 – Integrated Financial Systems

Purpose: To replace current FY06 federal grant funding for the SAP licenses purchased under the project "Integrated Financial Systems", so that it is funded as part of this same managerial cost accounting grant.

Benefits: Amtrak is replacing legacy accounting systems to provide:

1) An integrated financial application.
2) System flexibility to meet future business needs.
3) Seamless integration between systems and reporting.
4) Highly secured environment.
5) Greater in-depth data analysis

Funds available: The managerial cost accounting system reimbursable grant as discussed above.

Recommended Action: Management recommends the Board approve the attached resolution authorizing the respective change to the FY06 Capital Authorizations.

3. **Existing Project:** $ 1,200,000 – Horizon Coach Remanufacture

Purpose: To keep the production line running in the wake of incurred production efficiencies by accelerating production of 3 coach cars (from original plan of 20 to 23).

Benefits: Due to decreased production time; manoeuvring of the production line process, and a decrease in the learning curve on installation of the toilet and bathroom modules, the project is two months ahead of schedule; acceleration thus prevents the cost of shutting down the production line from July until October 2006 when FY07 funds are made available.

Funds available: Three projects are complete with excess FY06 General Funds:

- Superliner I Coach Baggage Modification,
- Viewliner Acquisition,
- Auto Carrier Acquisition, FY06 General,

Recommended Action: Management recommends the Board approve the attached resolution authorizing the respective change to the FY06 Capital Authorizations.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

AUGUST 29, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the Board Room of the Corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Tuesday, August 29, 2006.

Members of the Board of Directors present were Hunter Biden, Floyd Hall, David Hughes (Acting President and Chief Executive Officer), David Laney (Chairman), and Donna McLean. Enrique Sosa participated in the meeting by telephone.

Joe Boardman and Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Bill Crosbie, Alicia Serfaty, and David Smith of the Management Executive Committee (MEC) were present.

John Carten and Medaris Oliveri of Amtrak's staff attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:12 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

PERSONNEL MATTERS

APPOINTMENT OF BRUCE LOOLOIAN AS ASSISTANT VICE PRESIDENT-REAL ESTATE

Mr. Laney directed the Board's attention to a resolution approving the appointment of Bruce Looloian to the position of Assistant Vice President-Real Estate. Ms. Serfaty informed the Board that Sally Bellet, Vice-President-Real Estate, retired at the end of May. She stated that a multi-disciplinary team evaluated the candidates for this position and that Bruce Looloian was determined to be the best qualified. She pointed out that the title of this position is being changed from "Vice President" to "Assistant Vice President." She briefly described the responsibilities, organization, and major projects of the Real Estate Department and indicated that this position will continue to report to the General Counsel and Corporate Secretary.

APPOINTMENT OF JOHN WOOD AS MASTER MECHANIC

Mr. Laney called the Board's attention to a resolution approving the appointment of John Wood as Master Mechanic in Chicago. Ms. Serfaty indicated that the Board approved this appointment at the July meeting. She reported that Mr. Wood declined the offer made by the Human Resources Department (HRD) on the basis that the cost-of-living (COL) in Chicago was higher than at his present location and the recommended salary was not commensurate with like positions. She stated that Management recommends the appointment of Mr. Wood to this position at the salary set forth in the Executive Summary.

Following discussion, upon motion made by Mr. Hall and seconded by Ms. McLean, the Board voted to approve the following resolutions authorizing the appointments of Mr. Looloian and Mr. Wood:

RESOLUTION APPROVING THE APPOINTMENT OF BRUCE LOOLOIAN TO THE POSITION OF ASSISTANT VICE PRESIDENT-REAL ESTATE

WHEREAS, Management has conducted a search for executive candidates to serve as Assistant Vice President-Real Estate; and

WHEREAS, Management has identified a qualified candidate to serve as Assistant Vice President-Real Estate; and

WHEREAS, Bruce Looloian's qualifications and experience are well-suited for the position of Assistant Vice President-Real Estate; and

WHEREAS, Management recommends the appointment of Bruce Looloian to the position of Assistant Vice President-Real Estate; and

RESOLVED, That the Board approves Management's selection of Bruce Looloian for the position of Assistant Vice President-Real Estate in accordance with the terms set forth in the Executive Summary.

RESOLUTION APPROVING THE APPOINTMENT OF JOHN WOOD TO THE POSITION OF MASTER MECHANIC

WHEREAS, Management has identified a qualified employee, John Wood, to serve as Master Mechanic in Chicago, Illinois; and

WHEREAS, The Master Mechanic position is in the Executive Band (E-Band) and therefore requires that the Board approve the appointment; and

WHEREAS, The Board previously approved the appointment of Mr. Wood to this position; however, after further negotiation with the prospective candidate, Management recommends the increase in salary shown in the Executive Summary; therefore, be it

RESOLVED, That Management take all necessary steps to appoint John Wood to Master Mechanic at the salary identified in the Executive Summary effective this date.

(5-0)

Messrs. Boardman, Carten, Crosbie, Hughes, Smith, and Yachmetz as well as Madams Oliveri and Serfaty left the meeting.

EXECUTIVE SESSION

The outside Directors met in executive session without a secretary present to consider confidential personnel matters. During the session, Mr. Hughes rejoined the meeting. At the conclusion of the executive session, Messrs. Boardman, Carten, Crosbie, Smith, and Yachmetz as well as Madams Oliveri and Serfaty rejoined the meeting. Gil Mallery of the MEC and Bill Schulz of Amtrak's staff also joined the meeting.

RESOLUTION ELECTING ALEXANDER KUMMANT PRESIDENT AND CHIEF EXECUTIVE OFFICER

Mr. Laney informed the Corporate Secretary that upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to adopt the following resolution regarding the election of Alexander Kummant as President and Chief Executive Officer (CEO) of Amtrak:

RESOLVED, That the Board of Directors elects Alexander Kummant to the position of President and Chief Executive Officer effective September 12, 2006 and authorizes the Chairman of the Board to enter into an employment agreement for such services in accordance with the terms outlined in the attached.

(4-0-1)

Mr. Laney indicated that Mr. Biden abstained from the vote on the basis that he had not participated in the selection process.

Mr. Schulz briefed the Board on the news media portion of Amtrak's communications plan regarding the announcement of the corporation's new President and CEO.

Mr. Schulz left the meeting.

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to the minutes of the July 27, 2006 meeting of the Board of Directors. Upon motion made by Ms. McLean and seconded by Mr. Hall, the Board voted to approve the minutes as submitted.

(4-0-1)

Mr. Biden abstained from the vote on the basis that he did not attend the July meeting.

BOARD COMMITTEE ASSIGNMENTS

Due to time constraints, this agenda item was not addressed.

ACTION ITEMS

CHANGES TO AUTHORIZED FY06 CAPITAL EXPENDITURES

Mr. Laney called the Board's attention to resolutions approving $15.427 million in changes to authorized FY06 capital expenditures. Mr. Smith informed the Board that the request includes $1,043,794 to fund additional ventilation shaft construction in the New York North River Tunnels. Mr. Hughes advised the Board that conditions found at this 100 year old site were not known at the time of the development of the FY06 budget.

Mr. Smith stated that $725,000 is requested for the installation of transmission equipment on previously installed fiber optic cable between Philadelphia and Harrisburg, Pennsylvania. He indicated that the equipment will be used for Centralized Electrification and Traffic Control (CETC) along the Harrisburg Line, phone service, high-speed LAN access, and ticket office communication. He noted that this project was originally planned for

FY07, but Management recommends that it be undertaken in FY06 on the basis that Amtrak's work force is already mobilized in this area.

Mr. Smith reported that the reprogramming request includes $7.9 million to accelerate the purchase of approximately 33 pieces of equipment in support of Amtrak's Capital Program and to replace aging maintenance-of-way equipment. He advised the Board that Amtrak has an opportunity to purchase equipment that other railroads have elected not to purchase at pricing less than the present value of continuing Amtrak lease agreements.

Joe Bress and Mike Rienzi of the MEC joined the meeting.

Mr. Smith reported that the reprogramming request also includes $3.9 million for wood tie installation for the Mid-Atlantic Division and $688,538 for wood tie replacement at multiple locations on the New York Division. He commented that wood tie replacement on the Harrisburg Line is recommended at this time due to early completion of a project in Washington, D.C. He noted that the wood tie replacement in the New York Division was originally slated to be funded by New Jersey Transit (NJT) as part of the Joint Benefit Program. He stated that Amtrak funding is now required because this project is no longer part of that program.

Mr. Smith advised the Board that $1.17 million is requested for concrete tie replacement on the New York Division. He reported that defects in concrete ties in this locale were discovered as result of track inspections carried out after the FY06 budget was completed. Mr. Hughes discussed Amtrak's track inspection process and the causes of defective ties. [redacted]

Exemption 5
Attorney-Client Privilege

Joe McHugh and Paul Nissenbaum of the MEC joined the meeting, and Mr. Schulz rejoined the meeting.

Mr. Smith advised the Board that the proposed reprogramming changes will be funded with FY06 general funds consisting of $14.8 million from projects that have been delayed and $650,000 from projects that were completed under budget. He called the Board's attention to the list of these projects in the Executive Summary.

A Board-led discussion ensued concerning track inspections, concrete and wood tie usage, and the disposition of deferred projects. In response to an inquiry from Mr. Boardman, Mr. Hughes briefed the Board on the status of projects that have been deferred, indicating that they will be included in the FY07 Capital Plan. Ms. McLean suggested that in the future, reprogramming requests specify whether sources of funding are deferred or under-budgeted projects. She also suggested that Management track whether deferred projects are later funded.

AECOM CONSULT CONTRACT FOR CONSULTING SERVICES

Mr. Laney directed the Board's attention to resolutions authorizing an increase in the amount of the AECOM Consult contract. Mr. Nissenbaum stated that in March 2006, Amtrak executed a consulting contract with AECOM Consult to provide consulting services related to Amtrak's Strategic Initiatives on a task order basis. He reported that in May, AECOM Consult was engaged to assist the Planning and Analysis Department with the development of a Long-Distance Network Strategic Plan involving multiple alternatives plus quantitative analyses at a Board-authorized amount of $375,632. He stated that the evolution of this project has resulted in variances from assumptions in AECOM's bid proposal. He indicated that additional consulting services are required in order to complete the project in September. He described specific factors that have resulted in the unanticipated increase in the scope of the contract. He requested that the Board authorize expanding the scope of the contract by an amount not to exceed $162,389. He noted that the proposed increase will not cover any services beyond the September Board meeting deliverables, and that if the Board requires additional support, it will be necessary to further extend and expand the contract.

Lorraine Green and Fred Weiderhold of the MEC as well as Al Broadbent of Amtrak's staff joined the meeting.

A Board-led discussion ensued concerning the scope of the contract, services provided by AECOM Consult, and activities contributing to the increase in costs. Ms. McLean suggested that Management advise the Board of the financial consequences of Board members raising questions or issues requiring services that are outside the scope of the contract. Mr. Nissenbaum stated that he will provide the Board with a status report on AECOM Consult's services at the September Board meeting.

CORRECTED AND MODIFIED QUIT CLAIM DEED FOR WASHINGTON UNION STATION AIR RIGHTS

Mr. Laney called the Board's attention to resolutions authorizing the execution and delivery of a corrected and modified Quit Claim Deed for Washington Union Station (WUS) air rights. Ms. Serfaty reported that in 1997, as a condition of future federal financial assistance, Congress directed Amtrak to convey to the United States the air rights north of WUS located between the station and K Street at no charge. She noted that Congress also directed the General Services Administration (GSA) to sell the air rights, and that in July 2001, the

John Akridge Company, with a bid of $10 million, received the award.

Ms. Serfaty reported that in 1997, Amtrak and its subsidiary, Washington Terminal Company (WTC), issued a Quit Claim Deed for the air rights 80 feet above top of rail to the United States. She stated that the Deed contained several errors, and by resolutions dated March 2, 2006, the Board authorized Amtrak and WTC to execute and deliver a corrected Quit Claim Deed to GSA. She indicated that the corrected Deed has not been delivered to GSA due to the fact that negotiations among the Akridge Company, Amtrak, the Union Station Redevelopment Corporation (USRC), and Union Station Venture (USV) have not been finalized.

Ms. Serfaty reported that it has been understood by the parties that an additional ten feet of air rights (between 70 and 80 feet above top of rail) would be conveyed as part of this transaction. She stated that Akridge has requested conveyance of these air rights so that the developer can obtain financing for this project. She indicated that while Amtrak does not presently contemplate it will need the ten feet at issue, it will reserve an easement for railroad purposes that will continue at least until Amtrak gives final approval to Akridge's development plans. She requested that the Board approve resolutions authorizing the modified Quit Claim Deed as outlined in her briefing.

Mr. Laney called for a vote on resolutions authorizing the capital reprogramming request, the increase in the AECOM Consult contract, and correction of the Quit Claim Deed for the WUS air rights. Upon motion made by Mr. Hall and seconded by Ms. McLean, the Board voted to approve the following resolutions:

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY06 CAPITAL EXPENDITURES

WHEREAS, On December 5, 2005, the Board of Directors approved the reset FY06 Capital Budget; and

WHEREAS, Management must present for Board approval any capital reprogramming exceeding $1 million and new projects exceeding $500,000; and

WHEREAS, Management has identified project changes that require such Board approval; therefore, be it

RESOLVED, That the Board of Directors approves a proposed reprogramming of FY06 capital expenditures totaling $15.427 million to fund:

- Additional site work on the New York North River Tunnels,
- Installation of transmission equipment on previously installed fiber optic cable between Philadelphia and Harrisburg,
- Purchase of track equipment,
- Concrete tie replacement on the New York Division,
- Additional wood tie installation on the Harrisburg Line, and
- Wood tie replacement on the New York Division.

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the Grant Agreement for FY2006 Capital Expenses and approves the forwarding of this reprogramming request to FRA for this purpose.

RESOLUTIONS AUTHORIZING AN INCREASE IN THE AMOUNT OF THE AECOM CONSULT CONTRACT FOR CONSULTING SERVICES

WHEREAS, Amtrak has executed a task order based contract for consulting services with AECOM Consult ("AECOM") to provide Amtrak management with technical support concerning the Corporation's Strategic Initiatives; and

WHEREAS, In order to support Management's analysis of Strategic Initiatives involving long-distance service and complete several long-distance system scenarios for presentation and discussion at future Board meetings, specific consulting services by AECOM are required, as described in more detail in the attached Executive Summary; and

WHEREAS, Management has previously retained AECOM Consult (an affiliate of DMJM Harris) as having the qualifications, knowledge, and previous experience necessary to support these efforts; and

WHEREAS, The contract with AECOM contains Amtrak's standard terms for consulting services; and

WHEREAS, Additional services from AECOM are necessary to support Board consideration of the long-distance network; therefore, be it

RESOLVED, That Amtrak is authorized to increase the amount of the consulting contract with AECOM to an amount not to exceed $538,021; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer or the Vice President-Procurement is authorized to execute an amendment to the contract with AECOM and to take all other action necessary to effectuate the foregoing Resolution.

RESOLUTIONS AUTHORIZING THE EXECUTION AND DELIVERY OF A CORRECTED AND MODIFIED QUIT CLAIM DEED FOR WASHINGTON UNION STATION AIR RIGHTS

WHEREAS, In 1997 Congress directed Amtrak to convey to the United States the air rights north of Union Station in Washington, D.C. between K Street and the Station ("Air Rights"); and

WHEREAS, Amtrak and its subsidiary, Washington Terminal Company ("WTC"), complied with this directive by issuing a Quit Claim Deed for the air rights above 80 feet dated December 19, 1997 (the "1997 Deed"); and

WHEREAS, The United States is prepared to convey the air rights to a developer, the John Akridge Company ("Akridge") of Washington, D.C., but completion of the transaction is dependent upon issuance of a new Quit Claim Deed for the air rights to correct errors in the 1997 Deed; and

WHEREAS, Akridge has requested an additional ten feet of air rights (between 70 and 80 feet above top of rail south of H Street), which Amtrak concurs with as part of the overall transaction; therefore, be it

RESOLVED, That the Corporation and WTC are authorized to execute and deliver a corrected and modified Quit Claim Deed for the air rights to include the air rights between 70 feet and 80 feet above top of rail south of H Street subject to a retained easement for railroad purposes that will continue at least until Amtrak gives final approval to any development plans; and

FURTHER RESOLVED, That the Acting President and Chief Executive Officer or the General Counsel and Corporate Secretary or the Acting Vice President-Real Estate on behalf of the Corporation and authorized officers on behalf of WTC are authorized to execute a corrected and modified Quit Claim Deed and all other documents and instruments necessary to carry out the foregoing Resolution.

(5-0)

RESOLUTION NAMING AMTRAK POLICE OFFICER OF THE YEAR FOR 2005

Mr. Laney announced that action on the resolution naming Amtrak's police officer of the year will be deferred until the September Board meeting.

COMMUNICATIONS PLAN RE THE ANNOUNCEMENT OF ALEX KUMMANT AS PRESIDENT AND CHIEF EXECUTIVE OFFICER

Mr. McHugh distributed a schedule of events and briefed the Board on Amtrak's rollout and communications plan regarding notification of state officials, freight railroad officials, the unions, key members of Congress, and other Amtrak stakeholders about Amtrak's new President and CEO.

Mr. Schulz left the meeting.

AMTRAK STATE-SUPPORTED SERVICE POLICY AND PRICING RECOMMENDATIONS

BACKGROUND INFORMATION

Mr. Mallery briefed the Board on proposed changes to Amtrak's Policy on State-Supported Services. He indicated that Amtrak's Strategic Reform Initiatives (SRI) require the states to transition to coverage of fully-allocated operating losses (excluding interest and depreciation) and a capital equipment charge for all state-supported and system corridor trains to be phased in over a four-year period beginning in FY08. He stated that since the SRI was silent regarding the methodology for applying the equipment capital charge, Management calculated a charge based upon replacement cost, recovery of overhaul and rebuild costs, and a finance charge of 4.5 percent. He noted that the SRI would require state partners to substantially increase their state-supported payment contributions, which could result in the elimination of Amtrak service in some of the most promising corridors. He presented data demonstrating the projected contributions by state as required by the SRI.

PROPOSED POLICY MODIFICATIONS

Mr. Mallery stated that the proposed modified policy provides for [redacted]

[redacted]

Exemption 5
Deliberative Process

Exemption 5
Deliberative Process

[redacted]

[redacted]

Exemption 5
Deliberative Process

AMTRAK CRITICAL ISSUES

Mr. Nissenbaum informed the Board that at the request of Mr. Hall, Management has compiled a list of critical issues facing the Corporation along with Amtrak's Strategic Initiatives that address such issues. Mr. Hall recommended that the Board and Management agree on a set of priorities that are in sync with Amtrak's

Strategic Plan in order to monitor Amtrak's progress during the coming year and beyond.

A Board-led discussion ensued. Ms. McLean and Mr. Sosa recommended adding "long-term funding" and "safety and security" to the draft list of critical issues. Ms. McLean also recommended mapping the critical issues to Amtrak's Mission Statement. Mr. Nissenbaum indicated that he will consult with the Directors regarding their objectives.

Management was directed to refine the list of critical issues to five items and map them to mission goals and initiatives as part of the strategic planning process.

Messrs. Bress, Mallery, McHugh, and Rienzi as well as Ms. Green left the meeting.

BRIEFING ON AMTRAK POLICE AND SECURITY

Mr. Broadbent briefed the Board on Amtrak's Police Department (APD) during which he addressed training programs, partnerships and cooperative projects, and the department's organizational structure. He informed the

Board about challenges related to salaries, pensions, staffing, officer retention, and retirement requirements.

Mr. Broadbent also presented a briefing on security-related issues and programs, which included Amtrak's Division Security Coordinating Committee and security awareness outreach program, areas to be addressed in response to the Rand Report, and recent international terrorist events. He also discussed Amtrak's long-term security strategy and security-related projects for FY05, FY06, and FY07. Mr. Weiderhold indicated that Management will present a Security Investment Plan for the Board's consideration at the September meeting.

Mr. Weiderhold, Mr. Crosbie, and Ms. Serfaty advised the Board about outstanding issues related to Department of Homeland Security (DHS) Directives for Passenger Rail and the impact of these Directives on Amtrak.

The Board engaged in a discussion regarding police and security-related issues during which Mr. Hall and Mr. Biden urged Management to take steps to enhance APD's awareness program and police visibility.

SWEARING IN CEREMONY

Mr. Laney administered the oath of office to Mr. Biden and officially welcomed him as a member of Amtrak's Board of Directors.

Messrs. Bress, Mallery, and McHugh rejoined the meeting. Emmett Fremaux of Amtrak's staff also joined the meeting.

FISCAL YEAR 2007 BUDGET

Mr. Hughes briefed the Board on Amtrak's proposed FY07 operating budget. He directed the Board's attention to a comparison of Amtrak budgets for the past four years, noting that FY07 federal funding support requirements are $144 million less than Amtrak's *FY07 Legislative and Grant Request.* Mr. Smith reviewed the FY07 budget and pointed out that major increases are due to fuel, labor, employee benefits, and inflation. Mr. Hughes reported that increases in the FY07 budget have been offset by Strategic Initiatives and that the target for FY07 federal support for Amtrak's operating budget is $485 million. He stated that this amount includes a $70 million budget gap as well as a contingency of $85 million to manage business risks.

Ms. Green and Mr. Rienzi rejoined the meeting. Matt Hardison of Amtrak's staff also joined the meeting.

A Board-led discussion ensued concerning issues related to the FY07 budget, which included the impact of a Continuing Resolution, the risk contingency, NEC revenue potential, increases in expenses over prior year, and headcount in the corporate area. In response to a question from Mr. Sosa, Mr. Crosbie and Mr. Hughes reported that increases in headcount have occurred in Security, Amtrak Technologies (AT), and the Mechanical Department resulting from takeover of the Northeast Corridor Management Services Corporation (NeCMSC). Mr. Hughes, Ms. Green, and Ms. Serfaty discussed actions to assess and reduce corporate headcount and associated expenses. Mr. Hall requested that Management provide information concerning Amtrak's pension plan performance.

Messrs. Boardman, Bress, Broadbent, Carten, Crosbie, Fremaux, Hardison, Hughes, Mallery, McHugh, Nissenbaum, Rienzi, Smith, Weiderhold, and Yachmetz as well as Madams Green, Oliveri, and Serfaty left the meeting.

EXECUTIVE SESSION

The Board met in executive session without a secretary present to discuss the FY07 budget. At the conclusion of the executive session, the meeting recessed for lunch at 12:30 p.m.

The meeting reconvened at 1:00 p.m. Members of the Board present were Mr. Biden, Mr. Hall, Mr. Hughes, Mr. Laney, and Ms. McLean. Messrs. Boardman, Bress, Carten, Crosbie, Fremaux, Hardison, Mallery, Rienzi, Smith, Weiderhold, and Yachmetz as well as Madams Green, Oliveri, and Serfaty rejoined the meeting.

FY07 BUDGET (CONTINUED)

Mr. Laney informed Management that it was the consensus of the Board that the FY07 operating budget should be set at $475 million. He stated that the Board will consider the adoption of a resolution approving the FY07 budget at the September meeting.

IMPROVING LONG-DISTANCE TRAIN PERFORMANCE ON HOST RAILROADS

Mr. Crosbie briefed the Board on host railroad performance. He presented data on the performance of the Union Pacific (UP), CSXT, and Burlington Northern Santa FE (BNSF) railroads over the past six years. He pointed out that the worst-performing routes are concentrated on the UP and CSXT lines. He stated that UP and CSXT are responsible for nearly 80 percent of all delay minutes per Amtrak train-mile. He commented that during July, 110,000 passengers rode trains that were over four hours late. He reported that Amtrak's worst-performing train is the *Coast Starlight*, which has an OTP of two percent for the first ten months of FY06. Mr. Boardman noted that the *California Zephr's* OTP for July was zero.

Mr. Crosbie discussed the impact that schedule unreliability has on Amtrak's revenue and ridership, operating expenses, servicing of equipment, equipment requirements, and employee fatigue. He reported that cooperative efforts with CSXT, such as adding time to the schedule and a test pilot on the *Auto Train*, have been disappointing. He informed the Board that a meeting to discuss improving OTP has been scheduled with UP officials.

Mr. Crosbie advised the Board that tight capacity on long-distance routes, poor dispatching, and poor management focus are the root causes of Amtrak train delays on host railroad lines. He stated that the freight industry is making record investments but needs further assistance through investment tax credit and that Amtrak needs to determine its position regarding this issue. He noted that in order to significantly improve OTP, it is essential that Amtrak have enforceable preference for its trains.

Mr. Sosa rejoined the meeting via telephone.

Mr. Crosbie presented data demonstrating the value of improved OTP on the *California Zephyr* and *Auto Train*. He advised the Board that cost savings are offset by increases in incentives so gain must be realized through revenue growth. He pointed out that if the OTP of all long-distance trains were to improve over FY05 levels to 75 percent, the net benefit to Amtrak would be between $40 million and $50 million. He stated that $19.2 million of this potential benefit could come from improving the performance of the *Auto Train*, *California Zephyr*, and *Coast Starlight*.

Mr. Crosbie discussed Amtrak's tactics for improving host railroad performance, [redacted] Mr. Hughes, Mr. Crosbie, and Ms. Serfaty reviewed the potential risks and outcomes of each of the tactics as well as tactics that could be taken by the host railroads. Mr. Crosbie outlined actions to be taken by Amtrak over the next six months to improve OTP.

The Board engaged in a discussion concerning OTP issues. Mr. Boardman suggested alternative approaches for resolving issues with the freight railroads. Mr.

Laney requested that Management meet with Mr. Boardman to further discuss these alternatives.

UPDATE ON THE NORTHEAST CORRIDOR AND ACELA SERVICE IMPROVEMENT PROGRAM

Mr. Crosbie and Mr. Fremaux briefed the Board on the NEC/Acela Service Improvement Program. Mr. Crosbie reported that the *Acela* and Regionals are projected to carry more than 9.5 million passengers annually in FY06 (37 percent of Amtrak's ridership) and generate 54 percent of total ticket revenue. He stated that *Acela Express* service alone is projected to generate $326 million in revenue in FY06.

Mr. Crosbie informed the Board that market research points to four major areas that affect NEC customer satisfaction, which he identified as customer-focused service and employee behavior, equipment condition and appearance, OTP/trip time, and improved product offerings. He stated that Amtrak's objective is to provide superior performance in each of these areas in order to increase ridership and ticket revenue.

CUSTOMER SERVICE QUALITY

Mr. Crosbie reported that Celerant Consulting undertook a two month analysis of NEC/*Acela* business and service delivery processes, conducted management and employee surveys, validated organizational design, analyzed Amtrak's food and beverage operation, assessed outsourcing risk/reward potential, and developed an Implementation Plan based upon Celerant's findings. He indicated that a decision concerning Celerant's participation in the implementation phase of the Improvement Program is pending.

Mr. Crosbie informed the Board that Amtrak's current divisional structure for service delivery is organized geographically and is comprised of the New England, New York, and Mid-Atlantic Divisions. He stated that as part of the program to improve service, a new NEC Service Operations organization has been established to manage on-board customer service delivery for *Acela* and Regional trains operating between Washington and Boston. He indicated that the new operating structure will bring together all personnel who interact with the customer with no change in the Transportation Department's headcount or budget. He stated that as part of this organizational change, the New England and New York Divisions have been consolidated to form a new Northeast Division. He noted that the Mid-Atlantic and the new Northeast Division will maintain all other existing functions not assigned to the new NEC Service Operations group.

Mr. Fremaux briefed the Board on the customer service quality measurement system. He indicated that the new system will gather near real-time customer data concerning service performance via multiple channels. He stated that this system will supplement existing Customer Satisfaction Index (CSI) data that is collected on a monthly basis. He described the CSI rating system that passengers use to evaluate the service provided and outlined Amtrak's mission goals based on CSI scores.

A Board-led discussion ensued during which Mr. Hall made suggestions for changes to the rating system, and Mr. Laney expressed concern about customers failing to respond to the new post-trip surveys following detraining.

PRODUCT DEVELOPMENT

Mr. Fremaux briefed the Board on product development. He stated that the NEC has been a flat or declining market over the past five years and that for this reason, Amtrak can only grow ridership and revenue by increasing market share. He advised the Board of improvements in equipment and service amenities designed to improve customer satisfaction. He identified these improvements as Wi-Fi capability, leather seats in *Acela* first class, and food and beverage enhancements for both *Acela* first-class and business-class service. He announced that at-seat-cart service will be implemented on four *Acela Express* trains in September. Mr. Hardison informed the Board that T-Mobile is testing a WiFi solution that will bring broad band to *Acela* service on the south end of the NEC in approximately 12 months.

Mr. Weiderhold rejoined the meeting.

OTP/TRIP TIME IMPROVEMENT

Mr. Fremaux briefed the Board on actions taken by Management to improve trip time and OTP, which included management of delay minutes and priority dispatching of *Acela* trains. He indicated trip time on the south end will be two hours, 45 minutes in the Fall Timetable, reflecting a four minute reduction in travel time. He stated that an additional two minute improvement is feasible on the south end but will require significant funding. He reported that a $3.5 million increase in ticket revenue is forecasted for FY07 for delivering *Acela* NEC OTP at the 90 percent goal level.

Mr. Nissenbaum and Mr. Hardison left the meeting.

EQUIPMENT CLEANLINESS, RELIABILITY, AND AVAILABILITY

Mr. Crosbie briefed the Board on steps taken to improve equipment cleanliness and serviceability. He stated that Amtrak will officially take over responsibility for *Acela* trainset maintenance from the NeCMSC on October 1 and will change over to the new Alstom parts contract under which critical materials will be available on a 24/7 basis. He reported that the Train Maintenance Management (TMM) program, which requires degreed mechanical, electrical, and electronic engineers to spend 50 percent of their time riding on *Acela* trains, will be implemented during the November through March time frame.

Mr. Crosbie discussed maintenance process improvement through implementation of the Reliability Centered Maintenance (RCM) Program on the *Acela* trainsets. He stated that Amtrak expects to reduce shop time and increase the reliability of the trainsets through RCM and indicated that the RCM program will be extended to other types of Amtrak equipment. He advised the Board that only 14 of the 20 *Acela* trainsets are currently available as result of maintenance cycles. He indicated that RCM will provide the 15th trainset in FY07, which is projected to generate $6.8 million in incremental revenue.

Mr. Carten and Mr. Hall left the meeting.

A Board-led discussion ensued. Mr. Laney indicated that the National Association of Rail Passengers (NARP) has expressed concern about the proposed design of the booths in the redesigned Superliner diner/lounge. Mr. Fremaux informed the Board about the production schedule for the prototype diner/lounge car and 12 additional units that are planned. Mr. Crosbie stated that the prototype car will be made available for review prior to production.

ADJOURNMENT

There being no further business, upon motion made by Mr. Biden and seconded by Ms. McLean, the Board voted to adjourn the meeting at 3:00 p.m.

(4-0)

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolutions Authorizing an Increase in the Contract Amount for Consulting Services With AECOM Consult (An Affiliate of DMJM Harris) ("AECOM")

Background:
Amtrak executed a consulting contract with AECOM in March 2006 pursuant to which AECOM was to provide consulting services related to the Company's Strategic Initiatives on a task order basis. On May 8, 2006 the Board authorized Amtrak to issue task orders with AECOM for a not-to-exceed fixed price of $375,632. Consequently, AECOM was engaged on May 18, 2006 pursuant to a task order to assist the Planning and Analysis Department with development of a Long Distance Network Strategic Plan. This task involves consideration of multiple alternatives plus quantitative analyses in support of a Board decision on the future long distance system.

The amount of work done by AECOM has exceeded original expectations and requires a net increase in authorized funding of $162,389. A more detailed justification is attached.

Budget Impact:
The increase in the contract amount up to a total of $538,021 will be paid out of available funds from the FY06 and FY07 Planning & Analysis operating budget.

Recommended Action:
Management recommends that the Board approve the attached resolutions authorizing an increase in the contract amount for AECOM.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

SEPTEMBER 21, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the Board Room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E., in Washington, D.C. on Thursday, September 21, 2006.

Members of the Board of Directors present were Hunter Biden, Floyd Hall, Alex Kummant (President and Chief Executive Officer), David Laney (Chairman), and Donna McLean.

Joe Boardman of the Federal Railroad Administration (FRA); David Tornquist of the U.S. Department of Transportation Inspector General's Office (DOT OIG); and Tracy Kenny, Elizabeth Lawson, Christy Toole, and Chris Xystros of KPMG attended the meeting.

Joe Bress, Bill Crosbie, Lorraine Green, Gil Mallery, Dawn Marcelle, Joe McHugh, Paul Nissenbaum, Barbara Richardson, Mike Rienzi, Alicia Serfaty, David Smith, and

Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present.

John Carten and Medaris Oliveri of Amtrak's staff also attended the meeting.

Mr. Laney chaired the meeting and called it to order at 9:45 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

NEW PRESIDENT AND CHIEF EXECUTIVE OFFICER

Mr. Laney introduced Alex Kummant, Amtrak's new President and Chief Executive Officer (CEO).

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to the minutes of the August 29, 2006 meeting of the Board of Directors. Mr. Laney recommended a change to page 21 of the minutes.

Mr. Hall indicated that the August minutes regarding "Amtrak Critical Issues" reflect that Management was directed to refine the list of critical issues to five items. Mr. Hall suggested that the list include issues that need to be addressed rather than limiting the list to a specific number of items.

Ms. McLean recommended that, for ease of reference, Management highlight in the minutes action items and issues that require further Board discussion.

Upon motion made by Mr. Hall and seconded by Ms. McLean, the minutes were approved as corrected.

(4-0)

Chief Sonya Proctor and Sergeant Kenneth Metz joined the meeting.

RESOLUTION APPROVING THE SELECTION OF AMTRAK'S POLICE OFFICER OF THE YEAR FOR 2005

Mr. Laney read the resolution naming Sergeant Kenneth Metz as Amtrak's Police Officer of the year following which the recipient made a brief acceptance speech.

The Board voted unanimously to approve the following resolution approving the selection of Sergeant Metz as Police Officer of the Year for 2005:

> WHEREAS, On March 5, 2005, Sergeant Kenneth Metz quickly responded to a robbery in progress in Penn Station, New York; and

WHEREAS, Sergeant Metz's immediate response led to the identification and arrest of a suspect, and based upon evidence collected at the scene, the culprit plead guilty to felony charges and was sentenced to prison; and

WHEREAS, On February 11, 2005, Sergeant Metz was instrumental in the arrest of an individual who threatened an Amtrak employee, and Sergeant Metz was able to identify and interview the suspect and obtain an arrest warrant; and

WHEREAS, The suspect was arrested and charged with aggravated harassment; and

WHEREAS, On April 7, 2005, Sergeant Metz participated in an investigation involving a vandalized fire extinguisher in which a suspect was identified and apprehended in New York Penn Station; and

WHEREAS, A member of a street gang was subsequently arrested and charged with misdemeanor reckless endangerment, criminal mischief, and disorderly conduct; and

WHEREAS, During 2005, Sergeant Metz was involved in over 50 criminal investigations, which included larceny, acts of vandalism, credit card fraud, employee threats, and robbery; and

WHEREAS, Sergeant Metz was also involved in over 15 arrests for crimes committed in or around Amtrak facilities; therefore be it

RESOLVED, That the Board of Directors of the National Passenger Railroad Corporation approves the selection of Sergeant Kenneth Metz as Amtrak's 2005 Officer of the Year.

(4-0)

Chief Proctor and Sergeant Metz left the meeting.

BRIEFING ON KPMG'S AUDIT PLAN FOR FY06

OVERVIEW OF THE PLAN

Ms. Kenny briefed the Board on KPMG's plan for the audit of Amtrak's FY06 financial statements during which she identified members of the audit team. She discussed audit objectives, auditor and management responsibilities, the scope of the audit, and KPMG's methodology and approach for the audit.

Ms. Kenny distributed Management Letters issued during the past five years. She advised the Board that in FY01, Amtrak had significant control issues resulting in six reported material weaknesses, and that by FY05, the number of material weaknesses had been reduced to one as result of corrective action taken by Amtrak Management. She noted that Amtrak's financial system is fragile, manual, subject to human error, and is dependent upon employees with an in-depth knowledge of the system. Mr. Smith informed the Board that Management is in the process of installing an integrated financial system to address internal control issues, but it will not be fully implemented until 2008.

Board member Enrique Sosa joined the meeting.

GOING CONCERN ISSUE

Ms. Kenny advised the Board that Amtrak is a unique organization and that a key area examined each year is the going concern issue. She identified factors considered by KPMG in determining Amtrak's ability to continue as a going concern.

A Board-led discussion ensued concerning external factors that could potentially impact Amtrak as a going concern, which included Amtrak's FY07 appropriation, the likelihood of a continuing resolution, other legislation, and the Administration's FY08 budget. Mr. Smith informed the Board about factors that have adversely impacted Amtrak's financial position as well as the going concern issue in the past. Ms. McLean urged early completion of the audit, and Mr. Kummant suggested completing the audit by mid January 2006. Mr. Smith and Ms. Kenny agreed to review the schedule in an effort to complete the audit by mid January. Ms. McLean also requested additional information regarding Amtrak funding under a continuing resolution.

ACCOUNTING DEVELOPMENTS

PENSION PLAN

Ms. Kenny briefed the Board on new accounting developments. She informed the Board that Amtrak's funded Pension Plan obligations will be recognized on the balance sheet as result of recent changes in accounting standards that will apply for years ending after December 15, 2006 (FY07 for Amtrak). She reported that as of June 30, 2006, the Corporation had a liability of approximately $16 million, which must be recorded to reflect the unfunded status of the Plan.

A Board-led discussion ensued concerning Amtrak's Pension Plan and the effect of declining employment in the railroad industry on Amtrak's obligations under Tier II of the Railroad Retirement Tax Act (RRTA). In response to a question from Mr. Boardman, Mr. Kummant indicated that Management will provide him with an initial response regarding Amtrak RRTA payments and with FY06 year-end figures when they are available.

AMTRAK GUEST REWARD PROGRAM

Ms. Kenny informed the Board that in the past year, there have been changes in the International Financial Reporting Interpretations Committee (IFRIC) standards that have not yet been adopted in the United States. She stated that such standards would require deferral of a portion of the revenue for each ticket sold that qualifies for the Amtrak Guest Reward Program. She pointed out that this differs from the cost accrual approach that is currently being utilized by Amtrak. She indicated that she would keep the Board apprised of any additional changes that would affect Amtrak.

INTERNAL CONTROL COMMUNICATIONS

Ms. Kenny advised the Board that the Statement of Auditing Standards (SAS) No. 112 (which becomes effective with audits of financial statements occurring after December 15, 2006) defines audit reporting terms and provides additional guidance regarding how auditors evaluate the severity of control deficiencies. She indicated that these changes will impact Amtrak's FY07 financial statements and that earlier implementation is permitted.

MAJOR MAINTENANCE ACTIVITIES

Ms. Kenny advised the Board that proposed accounting standards (which are due to become effective the first fiscal year beginning after December 15, 2006 with retrospective application required) will prohibit accruals for planned major maintenance (PMM). She stated that the proposed Financial Accounting Standards Board Staff Position (FSP) would impact Amtrak's reporting of heavy overhauls beginning in FY08. She informed the Board that other accounting methods (direct expense, built-in-overhaul, and the deferral method) are still acceptable.

A Board-led discussion ensued concerning this standard. Mr. Crosbie and Mr. Weiderhold discussed how this new standard could impact Amtrak's reliability centered maintenance (RCM) program. Mr. Xystros pointed out that the new requirement would have no cash impact but would require determining whether expenses should be classified as capital or operating. Mr. Weiderhold suggested that

Amtrak seek legislation that would provide the Corporation with flexibility with respect to the utilization of operating and capital funding.

Messrs. Boardman, Bress, Carten, Crosbie, Kummant, Mallery, McHugh, Nissenbaum, Rienzi, Smith, Tornquist, and Weiderhold as well as Madams Green, Marcelle, Oliveri, Richardson, and Serfaty left the meeting.

EXECUTIVE SESSION

The outside Directors met in executive session from 10:42 a.m. to 11:05 a.m. with representatives from KPMG to discuss confidential matters regarding the FY06 audit.

Madams Kenny, Lawson, and Toole as well as Mr. Xystros left the meeting. Messrs. Boardman, Bress, Carten, Crosbie, Kummant, Mallery, McHugh, Nissenbaum, Rienzi, Smith, and Tornquist as well as Madams Green, Marcelle, Oliveri, Richardson, and Serfaty rejoined the meeting. Matt Hardison of Amtrak's staff also joined the meeting.

BRIEFING ON AMTRAK'S FY06 FINANCIAL AND OPERATING PERFORMANCE

FINANCIAL PERFORMANCE

Mr. Smith presented an overview of key financial indicators in which he compared FY05 actuals with the year-end forecast for FY06. He stated that Amtrak received $485.1 million in federal operating support in FY06, $84.9 million less than prior year. He reported that the FY06 year-end forecast projects $1,976.4 billion in total revenue, which is $118.8 million favorable to FY05. He indicated that FY06 expenses are projected at $140.5 million greater than prior year with increases occurring in salaries, wages, and benefits; Federal Employers Liability Act (FELA) and casualty claims; fuel; and other expenses. He briefly discussed Amtrak's fuel hedging program and the budget increases. He indicated that "other expenses" included a ten percent increase in train operating expenses and $10 million in unbudgeted costs that occurred in connection with poor on-time performance (OTP). He informed the Board that due to the emergence of repetitive motion claims, Amtrak does not expect a reduction in FELA and casualty claims in FY06.

Mr. Smith discussed actions taken by Management to reduce Amtrak's indebtness, noting that Amtrak's debt principal in FY06 was $161.3 million less than prior year. He reported that Amtrak earned 4.6 percent in interest in FY06 compared to 2.5 percent in FY05, which provided the Corporation with sufficient cash to reduce its debt. He noted that Amtrak will receive $31.4 million from the FRA to use for investments in efficiency initiatives.

OPERATING PERFORMANCE

Mr. Smith advised the Board that a 0.5 percent increase in ridership is projected for FY06 when compared to FY05 despite the implementation of fare increases. Ms. Richardson stated that passenger-related revenue is projected at $26 million over budget at year end.

Mr. Smith reported that Amtrak's headcount decreased by 682 positions in FY06 when compared with prior year, following which Management advised the Board about changes in departmental headcount. Mr. Crosbie stated that increases in headcount will occur in Operations as result of Amtrak's takeover of Northeast Corridor Management Services Corporation (NeCMSC) functions effective October 1, 2006 and that reductions will occur in the Mechanical and Engineering Departments. He indicated that an additional reduction of 111 positions will occur in FY07. Mr. Smith informed the Board about increases in headcount in Amtrak Technologies (AT) as result of the conversion of contractors to Amtrak employees. Ms. Richardson reported a decrease in headcount in the Reservation Sales Service Centers (RSCCs).

PENSION PLAN PERFORMANCE AND RETIREE MEDICAL LIABILITIES

Mr. Smith briefed the Board on Amtrak's Pension Plan. He stated that it is a $201 million program with a 4.92 percent return, which is 0.25 percent better than the industry benchmark. He reported that 70 percent of Plan funding is invested in equities and 30 percent in fixed income. He indicated that Amtrak Pension Plan contributions in FY06 were $11.3 million compared to $17.3 million in FY05.

A Board-led discussion ensued regarding the Pension Plan. In response to an inquiry from Mr. Hall, Mr. Smith stated that the Plan is 90 percent funded and that the

Pension Protection Act of 2006 requires pension plans to be 100 percent funded, which will have a $40 million impact on the Management Pension Plan.

Mr. Smith advised the Board that as result of mortality table changes, companies will be required to make even greater contributions to their pension plans. He stated that the Law Department is exploring the corporation's rights and obligations under the Plan as well as viable options. He noted that the Corporation also carries a $634 million liability for retiree medical costs. Mr. Hall requested additional information regarding the Pension Plan and retiree medical liability.

FY07 BUDGET

Mr. Smith informed the Board that Amtrak's proposed FY07 budget of $1.454 billion is $144 million less than the corporation's FY07 *Grant and Legislative Request and* is comprised of $485 million for operating expenses, $675 million for capital expenses, and $294 million for debt service with no provision for working capital.

<u>**FINANCING OF ACELA TRAINSET NUMBER TWENTY**</u>

Mr. Smith briefed the Board on the *Acela* financing program. He indicated that the entire fleet was to have been financed by a consortium of companies offering tax-advantaged, leaseback arrangements with each trainset financed upon completion, ultimately resulting in twenty individual financings. He noted that 19 of the 20 financings have been completed and that Trainset Number Twenty is scheduled for financing later in calendar year 2006.

Mr. Smith advised the Board that the cost of Train-set Number Twenty is $20 million and that under a lease-back financing arrangement, the trainset would be denom-inated at $32 million with a term of 21 years. He described the leaseback financing process and noted that Amtrak would have an opportunity to repurchase the equip-ment at the end of the lease term at fair market value (FMV), assumed to be approximately $11 million. He stated that the "imputed" interest rate of the equipment is estimated at approximately five percent.

Mr. Smith informed the Board that since the end of FY02, Amtrak has reduced its indebtedness by $420 million

Exemption 5
Commercial Privilege

or 10.7 percent and has avoided entering into any new debt arrangements. Mr. Smith recommended that Amtrak purchase Trainset Number Twenty in lieu of completing leaseback financing arrangements. He informed the Board that by pursuing this route, the Corporation would reduce its debt and cash by $32 million by December 31, 2006. He stated that Amtrak must repay $10 million in short-term advances already drawn by September 30 and pay up to another [redacted] during the fourth calendar quarter of 2006. He noted that since the [redacted] payment was not included in either the FY06 or FY07 operating or capital budgets, it is not scheduled to be funded by a federal appropriation for either year. [redacted] which are estimated at $200 million as of September 30, 2006.

A Board-led discussion ensued concerning the likelihood of a continuing resolution, Amtrak's FY07 appropriation, Amtrak's FY07 budget, Amtrak's FY07 spend rate, and funding due Amtrak from the FRA upon completion of reform initiatives. Mr. Smith advised the Board that in the event of a continuing resolution, Amtrak would still have sufficient funding to make the remaining payments to the Bombardier-Alstom Consortium. Mr. Kummant indicated that Management will keep the Board apprised of the corporation's cash flow.

Mr. Crosbie briefly discussed the capital budget, indicating that if Amtrak's FY07 capital appropriation is less than $675 million, Management will need to prioritize capital projects since all budget items are critical.

RESOLUTION DIRECTING MANAGEMENT TO NEGOTIATE A CONTRACT WITH A DOMESTIC CALL CENTER VENDOR

BID PROCESS

Mr. Hardison briefed the Board on the results of the evaluation of bid proposals for outsourcing Amtrak Reservations Sales Call Center (RSCC) functions. [redacted]

[redacted]

Exemption 5
Deliberative Process

[redacted] He stated that at the end of year five, based upon Amtrak's FY07 call center operating budget, annual savings are projected at ten percent for domestic service, 20 percent for international service, and will continue to grow thereafter as staff reductions due to attrition are replaced with vendor resources.

CALL CENTER STATUS

Mr. Hardison briefed the Board on the status of the RSCCs. He advised the Board that the RSCC staff of 1,014 employees is located in two call centers in Riverside, California and Philadelphia, Pennsylvania. He reported that the RSCC budget is $72.4 million of which 89 percent is labor and benefits. He stated that the average wage is $19.62 per hour compared to an industry average of between $9 and $13. He indicated that the call centers handled 20 million calls in FY05, of which 28 percent were handled by Amtrak's automated voice channels. He noted that the RSCC budget has decreased by $19.5 million over the past five years as a result of the shift in sales to the internet and automated voice channels. He advised the Board that technology supporting all of the sales channels will be upgraded in the next six months.

The Board discussed the outsourcing process, including such issues as the attrition rate, the number of positions affected, job opportunities for affected employees, closing of the call centers, and the timing of the conversion to outsourcing. Ms. Richardson advised the Board that no new employees are being hired, part-time workers will have an opportunity to convert to full-time positions, and current employees will not lose their jobs. She discussed other actions being taken by Management in connection with preparations for outsourcing RSCC functions.

Mr. Hardison informed the Board that Management recommends proceeding with the domestic outsourcing option. A discussion of the options ensued, and it was the consensus of the Board that Management should focus on the domestic outsourcing options only. Mr. Hall requested that Management provide him with the RSCC outsourcing public relations and communications plan.

The Board recommended changes to the proposed resolution. Upon motion made by Mr. Sosa and seconded by Mr. Hall, the Board voted to approve the resolution as amended:

> WHEREAS, At the Board's direction, Amtrak has issued a Request for Proposals ("RFP") for a domestic vendor to perform certain call center functions, and through this competitive bid process, Amtrak has identified a number of potential call center providers that can meet this requirement; and
>
> WHEREAS, Management has presented for the Board's consideration various factors associated with each option and has recommended that

Amtrak pursue a contract with a United States based domestic call center vendor; therefore, be it

RESOLVED, That Management is directed to continue the RFP process and to negotiate a potential contract with a United States based domestic vendor for call center services.

(5-0)

Mr. Hardison informed the Board that Management will proceed with negotiations with the preferred vendor to provide domestic outsourcing of Amtrak RSCC functions.

UPDATE ON LABOR NEGOTIATIONS

Mr. Bress briefed the Board on the status of negotiations with Amtrak's labor unions during which he reviewed key elements of proposed agreements with the International Brotherhood of Electrical Workers (IBEW) and the American Federation of Railroad Police, Inc. (AFRP).

EXECUTIVE SESSION

The outside Directors met in executive session in conference room G to discuss the FY07 budget, the purchase of Trainset Number Twenty, and proposed changes to Amtrak's Bylaws. The session began at 12:50 p.m. and ended at 2:05 p.m.

The meeting reconvened in the board room at 2:10 p.m. Board members present were Mr. Biden, Mr. Hall, Mr. Kummant, Mr. Laney, Ms. McLean, and Mr. Sosa. Messrs. Boardman, Bress, Carten, Crosbie, Nissenbaum, Rienzi, Smith, Tornquist, and Weiderhold as well as Madams Marcelle, Oliveri, Richardson, and Serfaty rejoined the meeting. Jeffrey Rosen attended the meeting as a guest.

APPROVAL OF ACTION ITEMS (CONTINUED)

Mr. Laney called for a vote on resolutions approving Amtrak's FY07 operating and capital budgets; amending section 5.01 of the Bylaws; and approving the purchase of *Acela* Trainset Number Twenty.

A discussion ensued concerning the language of the resolution amending Amtrak's Bylaws following which Mr.

Boardman requested that Management ensure that the DOT concurs with the language of this resolution.

Upon motion made by Mr. Hall and seconded by Mr. Biden, the Board voted to approve the following resolutions:

RESOLUTIONS APPROVING FY07 OPERATING AND CAPITAL BUDGETS

WHEREAS, Amtrak Management must present its annual operating and capital budgets for approval by the Board of Directors; and

WHEREAS, Amtrak Management has proposed for approval the FY07 operating and capital budgets, which are based on a FY07 federal appropriation in the amount of $485 million for operating expenses, $675 million for capital investment expenses, and $294 million for debt service (the "FY07 Amtrak Budget"); therefore, be it

RESOLVED, That the Board of Directors approves the FY07 Amtrak Budget.

RESOLUTIONS AMENDING SECTION 5.01 OF THE BYLAWS AND DESIGNATING AN EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS TO ACT IN THE EVENT BOARD MEMBERSHIP FALLS BELOW A QUORUM OR A QUORUM IS UNAVAILABLE TO TRANSACT BUSINESS AT A BOARD MEETING OR CALL

WHEREAS, Applicable law and Amtrak's Bylaws require a quorum of four of the seven voting members of the Board to transact the Company's business including the appointment of the President and Chief Executive Officer (CEO) and other officers and authorization of major corporate transactions not previously delegated to the President and CEO of the Company; and

WHEREAS, Section 5.01 of Amtrak's Bylaws, in accordance with D.C. law, currently permits the Amtrak Board of Directors (the "Board") to designate an Executive Committee comprised of two or more members, one of which must be the Secretary of Transportation or his designee; and

WHEREAS, By Resolutions adopted July 22, 2004, the Board established an Executive Committee comprised of the following members: David Laney, Chairman; Floyd Hall; and the Secretary of Transportation; or his designee; and

WHEREAS, The Board has determined that it is in the best interests of the Company to amend section 5.01 of Amtrak's Bylaws and to reconstitute the membership of the Executive Committee of the Board to have and exercise the authority of the Board in the event Board membership falls below a quorum of four voting members, or a quorum of members of the Board is unavailable to transact business at a Board meeting or call; therefore, be it

RESOLVED, Section 5.01 of Amtrak's Bylaws is amended by modifying the second sentence to read as follows:

> "In the event that the Secretary of Transportation is a voting member of the Board, then one of the members of the Executive Committee shall be the Secretary of Transportation or his designee"; and

FURTHER RESOLVED, That all previous Resolutions designating an Executive Committee of the Board are hereby rescinded; and

FURTHER RESOLVED, That in the event the membership of the Board falls below a quorum of four voting members, then an Executive Committee constituted by the remaining legally appointed members of the Board shall be immediately designated to have and exercise the full authority of the Board in the management of the business and affairs of the Company as provided under applicable law and in accordance with the Company's Bylaws until such time as a quorum is re-established, provided that such Executive Committee shall be comprised of no less than two legally appointed members of the Board; and

FURTHER RESOLVED, That in the event a quorum of voting members of the Board is unavailable to transact business at a Board meeting or call, upon adjournment of such meeting or call, pursuant to Section 4.08 of the Bylaws, the Chairman of the Board may constitute an Executive Committee of the Board of those available voting members to transact the business of the Corporation provided that such Committee shall be comprised of the Chairman and at least one other voting member of the Board and further provided that if the Secretary of Transportation is a member of the Board, then such Executive Committee shall include the Secretary of Transportation at a minimum.

RESOLUTION APPROVING THE PURCHASE OF *ACELA* HIGH-SPEED TRAINSET NUMBER TWENTY

RESOLVED, That the Board of Directors approves the purchase of *Acela* high-speed Trainset Number Twenty and foregoing sale/leaseback financing.

(5-0)

Messrs. Bress, Rienzi, and Weiderhold as well as Madams Marcelle and Oliveri left the meeting. Bruce Williams, Robert Peskin, Chad Edison, and Chuck Hoppe from AECOM Consult as well as John Bennett and Ed Courtemanch of Amtrak's staff joined the meeting.

NETWORK STRATEGY DISCUSSION

AEM Consult provided the Board with results from the analysis of five refined network scenarios. The results included network maps, financial performance based on 2030 demographics under the current cost structure, and transition costs including capital and labor protection. Following the meeting, AECOM will contact Board members to obtain their ideas on the scenarios that have been presented.

ADJOURMENT

There being no further business before the Board, the meeting was adjourned at 4:27 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

NOVEMBER 6, 2006

The Board of Directors of the National Railroad Passenger Corporation adopted the following resolution by unanimous written consent on November 6, 2006:

RESOLUTION APPROVING CREATION OF DEPUTY CHIEF MECHANICAL OFFICER - MAIN FACILITY OPERATIONS POSITION AND APPOINTMENT OF TERRY SCHINDLER

WHEREAS, Management has identified a need for a new position within the Mechanical Department to more effectively manage that operation, Deputy Chief Mechanical Officer - Main Facility Operations; and

WHEREAS, Management has identified a qualified employee, Terry Schindler, to serve as Deputy Chief Mechanical Officer - Main Facility Operations, in Wilmington, Delaware; and

WHEREAS, The Deputy Chief Mechanical Officer - Main Facility Operations position is a new E-Band position; and

WHEREAS, The Board must approve the creation of new E-Band positions and the salary of the individual appointed to the position; therefore, be it

RESOLVED, That Management take all necessary steps to create the Deputy Chief Mechanical Officer - Main Facility Operations position; and

FURTHER RESOLVED, That Management take all necessary steps to appoint Terry Schindler to Deputy Chief Mechanical Officer - Main Facilities, at the salary identified in the Executive Summary.

Recorded by:

John M. Carten

John M. Carten
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

NOVEMBER 6, 2006

The Board of Directors of the National Railroad Passenger Corporation adopted the following resolution by unanimous written consent on November 6, 2006:

RESOLUTION AUTHORIZING E BAND SALARY ADJUSTMENT

WHEREAS, Management has determined that the Deputy Chief Mechanical Officer - Terminal Operations in Wilmington, Delaware, Mario Bergeron, has greater responsibilities than his peers within the Mechanical Department; and

WHEREAS, The Board must approve salary adjustments for employees serving in E-Band positions; and

WHEREAS, Management recommends a salary adjustment to compensate Mr. Bergeron for the level of management responsibility, to bring his pay in line with competitive rates of pay for employees in similar jobs in other companies, and to avoid internal pay inequities between Mr. Bergeron and his peers; therefore, be it

RESOLVED, That the Board of Directors approves the salary adjustment for Mario Bergeron, Deputy Chief Mechanical Officer, Terminal Operations as set forth in the Executive Summary.

Recorded by:

John M. Carten

John M. Carten
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

NOVEMBER 6, 2006

The Board of Directors of the National Railroad Passenger Corporation adopted the following resolution by unanimous written consent on November 6, 2006:

RESOLUTION APPROVING CREATION OF DEPUTY CHIEF MECHANICAL OFFICER, ENGINEERING STANDARDS AND PLANNING POSITION AND APPOINTMENT OF DALE ENGELHARDT

WHEREAS, Management has identified a need for a new position within the Mechanical Department to more effectively manage that operation, Deputy Chief Mechanical Officer - Engineering Standards and Planning; and

WHEREAS, Management has identified a qualified employee, Dale Engelhardt, to serve as Deputy Chief Mechanical Officer - Engineering Standards and Planning position in Chicago, Illinois; and

WHEREAS, The Deputy Chief Mechanical Officer - Engineering Standards and Planning position is a new E-Band position; and

WHEREAS, The Board must approve the creation of new E-Band positions and the salary of the individual appointed to the position; therefore, be it

RESOLVED, That Management take all necessary steps to create the Deputy Chief Mechanical Officer - Engineering Standards and Planning position; and

FURTHER RESOLVED, That Management take all necessary steps to appoint Dale Engelhardt to Deputy Chief Mechanical Officer - Engineering Standards and Planning at the salary identified in the Executive Summary.

Recorded by:

John M. Carten
Assistant Corporate Secretary

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

NOVEMBER 15, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Wednesday, November 15, 2006.

Members of the Board of Directors present were Hunter Biden, Joe Boardman (representing the Secretary of Transportation), Floyd Hall, Alex Kummant (President and Chief Executive Officer), David Laney (Chairman), Donna McLean, and Enrique Sosa.

David Tornquist of the Department of Transportation Inspector General's Office (DOT OIG) and Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Joe Bress, Bill Crosbie, Dawn Marcelle, Joe McHugh, Paul Nissenbaum, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present.

John Carten, Tom Moritz, and Medaris Oliveri of Amtrak's staff also attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:05 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to the minutes of the September 21, 2006 meeting of the Board of Directors. Upon motion made by Mr. Sosa and seconded by Mr. Hall, the minutes were approved as submitted.

Following a brief discussion, it was the consensus of the Board that the new process of highlighting the minutes to readily identify action items and issues requiring additional Board discussion should be continued.

BOARD MEETING DATES

Mr. Laney indicated that Board actions occurring later in the meeting could affect the Board meeting schedule for calendar year 2007 and recommended tabling the vote on this agenda item until December.

REPROGRAMMING OF FY06 CAPITAL EXPENDITURES

Mr. Laney directed the Board's attention to resolutions approving changes to authorized FY06 capital expenditures. Mr. Kummant advised the Board that Management is requesting approval to reprogram $21.56 million in FY06 capital expenditures. He explained that these expenditures were incurred to keep active crews and production lines functioning on FY06 projects that were slated to continue into FY07 in an effort to prevent disruption of planned work. Mr. Smith indicated that submission of the reprogramming request was delayed in order to provide the Board with FY06 year-end expenditures. Mr. Crosbie commented that all of the items in the reprogramming request are in Amtrak's Five Year Capital Plan, and there has been no change in the scope of these projects.

Mr. Smith informed the Board that the reprogramming changes are necessary to fund acceleration of FY07 overhaul and track work into FY06, unexpected purchases due to equipment failure, pier modifications for the Thames River replacement lift span, and expenditures associated with New York Tunnel ventilation shaft project delays. He stated that the Susquehanna bridge fender rehabilitation project has been necessitated by a barge accident and that a claim for reimbursement of expenses associated with rehabilitation of the bridge has been initiated. Mr. Smith called the Board's attention to a summary showing the sources of capital funding for the reprogramming request.

A discussion of the capital reprogramming process ensued. Mr. Crosbie briefly discussed causes of project delays. Mr. Smith advised the Board that when capital funding becomes available as result of delays, reductions in project scope, or projects completed under budget, Management determines the most effective use of such funding based upon return on investment (ROI) or the need to continue production. Mr. Crosbie informed the Board that funding for Amtrak's capital program is tracked at the project level rather than at the program level. Mr. Boardman commented that tracking of capital expenditures at the project level is required by Congress and recommended that Management explore other ways of dealing with this requirement. A number of suggestions were made regarding the process for tracking capital expenditures.

The Board also discussed the impact of inflation on delayed capital projects; the methodology used by Amtrak and other railroads to track capital funding; the need for policy decisions regarding the level of utility; and the process used by Amtrak to verify project estimates. Mr. Hall requested that Management provide the Board with quarterly updates on the status of capital projects. Mr. Smith indicated that Management will take steps to improve the capital spending process and the tracking of the status of capital projects.

Mr. Crosbie identified several large projects completed in FY06, which included the Keystone and Fire/ Life/Safety project in New York and invited the Board to inspect the project sites.

MARYLAND TRANSIT ADMINISTRATION OPERATING AGREEMENT

Mr. Laney called the Board's attention to resolutions authorizing an agreement between the Maryland Transit Administration (MTA) and Amtrak. Mr. Moritz informed

Exemption 5
Commercial Privilege

Exemption 5
Deliberative Process

the Board that Amtrak has operated Maryland Rail Commission (MARC) commuter rail service for the MTA since the early 1980s, and the current contract is due to expire on December 31, 2006. He stated that the parties have reached agreement in principal for an 18-month contract. He noted that provisions of the new agreement increase reimbursement by [redacted] annually, which includes an increase of [redacted] for the General and Administrative (G&A) additive and an increase of [redacted] for access to the Northeast Corridor (NEC), Washington Union Terminal (WUT), and Washington Union Station (WUS). He stated that MTA will continue to make a [redacted] annual capital contribution for jointly beneficial projects.

Mr. Moritz informed the Board that under an Interstate Commerce Commission (ICC) ruling, certain commuter agencies (including the MTA) have the right to operate on the NEC on an avoidable cost basis. He commented that

[redacted]

Exemption 5
Deliberative Process

[redacted] He stated that it is Amtrak's intention to compete for these services.

A Board-led discussion ensued concerning commuter service and state-supported service during which Mr. Nissenbaum advised the Board about major differences in financial contributions related to these services. Mr. Kummant commented that he plans to further explore the differential in financial contributions made by the states and commuter authorities.

Mr. Nissenbaum informed the Board that a letter from David Hughes and David Laney was sent to state transportation officials for the purpose of initiating a dialogue regarding forming a NEC Infrastructure Advisory Committee to collaborate on developing a master plan for the corridor. He indicated that Mr. Kummant will meet with a number of state officials in the near future. Mr. Laney and Mr. Hall urged Management to schedule a meeting between state officials and the Board in early 2007. Mr.

Nissenbaum stated that the meeting will be scheduled following the initial dialogue with state officials.

Barbara Richardson of Amtrak's MEC joined the meeting.

TRI-RAIL COMMUTER SERVICE PROPOSALS

Mr. Laney directed the Board's attention to resolutions authorizing Amtrak responses to requests for proposals (RFPs) to provide train operations, maintenance of equipment, maintenance of way, and dispatching for the South Florida Regional Transportation Authority's (SFRTA) Tri-Rail service. Mr. Crosbie indicated that Herzog Transit Services currently operates Tri-Rail commuter service and maintains the equipment. He added that CSX Transportation is responsible for dispatching and maintaining the Tri-Rail corridor under a 1988 agreement with SFRTA. Mr. Crosbie stated that if Amtrak receives these awards, maintenance of equipment and maintenance of way will be contracted out, and Amtrak will assume responsibility for dispatching and operating Tri-Rail trains.

A Board-led discussion ensued concerning the Tri-Rail proposals. Mr. Crosbie advised the Board that no capital funding will be required for Amtrak to provide any of these services. At Mr. Laney's request, a summary of key indicators regarding the four Tri-Rail proposals was provided for the Board's review.

ADVANCE ORDERS FOR TRACTION POWER TRANSFORMERS

Mr. Laney called the Board's attention to resolutions authorizing advance purchases of traction power transformers for Amtrak's FY08, FY09, and FY10 capital programs. Mr. Rienzi informed the Board that the catenary system between Washington, D.C. and New York City is more than 75 years old and that Amtrak has no spare transformers. He commented that NEC service could be degraded or disrupted in the event of equipment failure. He explained that transformers are in short supply due to shortage of specialty steel and the high demand for power equipment by China and the U.S. Gulf states. He stated that Amtrak has only two qualified vendors at the present time. He reported that due to market conditions, deliveries of FY06 purchases have been delayed and plant capacity for FY07 is nearly booked.

Mr. Rienzi informed the Board that Amtrak's Capital Plan for the FY06 through FY12 time period calls for the acquisition of 82 step-down transformers at a cost of $500,000 each and 16 step-up transformers at a cost of $1.6 million each. He stated that to expand the supply base and meet FY07 requirements, Amtrak plans to enter into single-source negotiations with one of the qualified manufacturers and to execute sole-source contracts with six other firms to qualify their products. He indicated that the estimated cost of this action is $9.8 million in FY07. He reported that Amtrak also plans to initiate $23.2 million in advance procurements for FY08, FY09, and FY10 to secure plant production capacity.

A Board-led discussion ensued concerning the reliability of the electrical traction system, Amtrak's back-up plan in the event of system failure, and outages that occurred on the NEC in 2003 and 2005. In response to an inquiry from Mr. Boardman, Mr. Crosbie indicated that the report on the NEC power outage on May 25, 2005 and Amtrak's long-term plans concerning the electrical traction system will be provided to the Board as soon as completed.

CONTRACT FOR CONSULTING SERVICES WITH BOOZ ALLEN HAMILTON

Mr. Laney called the Board's attention to resolutions authorizing an increase in the contract amount for consulting services with Booz Allen Hamilton (BAH). Mr. Nissenbaum stated that BAH was engaged in May 2006 to assist Amtrak's Planning and Analysis (P&A) Department with Amtrak's Strategic Reform Initiative (SRI) Program. He noted that in July, the Board authorized increasing the scope and amount of the $130,000 contract to $430,000.

Mr. Nissenbaum informed the Board that BAH has been providing the technical support and resources needed to establish a Program Management Office (PMO) as well as associated project management and tracking systems. He indicated that enterprise project management, tool development, and training needs across the company have been greater than anticipated and will require consultant support for another couple of months while the work is transitioned to Amtrak's staff. He stated that an additional $100,000 increase in the contract amount is required to procure the necessary resources to complete staffing of the PMO without slowing progress on training and software implementation.

Mr. Nissenbaum indicated that Management has provided Ms. McLean with an overview of BAH work and offered to brief other Board members at their request or make a formal presentation at a Board meeting.

VOTE ON ACTION ITEMS

Mr. Boardman announced he was abstaining from the vote on resolutions authorizing capital reprogramming and the advance purchase of transformers due to the fact that the Secretary of Transportation must independently approve these requests.

Following further discussion, upon motion made by Mr. Hall and seconded by Mr. Sosa, the Board voted to approve the following resolutions:

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY06 CAPITAL EXPENDITURES

WHEREAS, On December 5, 2005 the Board of Directors approved the reset FY06 Capital Budget; and

WHEREAS, Management must present for Board approval any capital reprogramming which exceeds $1 million and the addition of new projects exceeding $500,000; and

WHEREAS, $1.5 million in Amtrak funding is requested for a new project that involves the upgrade of the fender system on the Susquehanna Bridge, necessitated by a barge accident for which a claim for reimbursement is in progress; and

WHEREAS, Management has identified project changes that require Board approval; therefore, be it

RESOLVED, That the Board of Directors approves a reprogramming of FY06 Capital Expenditures for $21,560,013 to include funding the acceleration of FY07 overhaul work into FY06 for P-42 locomotives and Amfleet I coaches, for the purchase of new power modules for a Wilmington HHP-8, to purchase a turntable and lift tables for Ivy City, to accelerate Cork interlocking renewal work into FY06, to cover unforeseen project delays for the New York Tunnel ERT First Avenue ventilation shaft design and the New York Tunnel ERT-Long Island City ventilation shaft construction, to complete pier modifications for the Thames River replacement lift span, to accelerate Philadelphia tie/timber work into FY06, to cover the Manor interlocking renewal, and to complete tie installation on the Harrisburg Line, with $1,5 million of the total amount requested for the Susquehanna Bridge; and

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the *Grant Agreement for FY 2006 Capital Expenses* and approves the forwarding of this reprogramming to FRA for this purpose.

(5-0-1)

RESOLUTIONS AUTHORIZING THE EXECUTION OF AN AGREEMENT BETWEEN THE NATIONAL RAILROAD PASSENGER CORPORATION AND THE MARYLAND TRANSIT ADMINISTRATION FOR THE OPERATION OF COMMUTER RAIL PASSENGER SERVICE

WHEREAS, Amtrak currently provides commuter rail services for the Maryland Transit Administration (MTA), including transportation and maintenance of equipment services and provides the MTA access to Amtrak's Northeast Corridor, Washington Union Station, and Washington Union Terminal via the Agreement between the National Railroad Passenger Corporation and Maryland Department of Transportation, Maryland Transit Administration, for the Operation of Commuter Rail Passenger Service (Operating Agreement); and

WHEREAS, The Operating Agreement, signed effective December 1, 2004, is due to expire on December 31, 2006; and

WHEREAS, The MTA approached Amtrak to continue providing commuter rail for an additional period; and

WHEREAS, Management has determined that continued operation of MARC Train Service is advantageous to Amtrak, both financially and operationally; and

WHEREAS, Management and the MTA recognize that Amtrak must be properly reimbursed for all costs associated with the operation of MARC Train Service, including MTA's use of Amtrak's Northeast Corridor, Washington Union Terminal, and Washington Union Station; and

WHEREAS, Management and the MTA recognize that, based upon the MTA's use of Amtrak assets, the MTA must also contribute a suitable amount for jointly beneficial capital projects to sustain and improve those assets; therefore, be it

RESOLVED, That the Board of Directors authorizes the Corporation to execute and deliver an agreement between the National Railroad Passenger Corporation and the Maryland Transit Administration for Operation of Commuter Rail Passenger Service through June 30, 2008; and

FURTHER RESOLVED, That the President and Chief Executive Officer (CEO) or the Vice President-Contract Administration, is hereby authorized, directed, and empowered to take any and all actions to execute and deliver, in the name of and on behalf of the Corporation, an Agreement between the National Railroad Passenger Corporation and the Maryland Transit Administration for Operation of Commuter Rail Passenger Service, together with any and all other necessary documents and instruments, to effectuate the transaction contemplated by the foregoing.

(6-0)

RESOLUTIONS AUTHORIZING AMTRAK RESPONSES TO REQUESTS FOR PROPOSALS TO PROVIDE TRAIN OPERATIONS, MAINTENANCE OF EQUIPMENT, MAINTENANCE OF WAY, AND DISPATCHING FOR THE SOUTH FLORIDA REGIONAL TRANSPORTATION AUTHORITY'S TRI-RAIL SERVICE

WHEREAS, The South Florida Regional Transportation Authority (SFRTA) has issued four Requests for Proposals (RFPs) for commuter train operations, maintenance of equipment, maintenance of way, and dispatching; and

WHEREAS, Management intends to submit proposals in response to the RFPs if terms contained in the RFPs are acceptable to Amtrak; and

WHEREAS, If selected as the contractor for these services, Amtrak expects to receive full reimbursement and a profit for such work; therefore, be it

RESOLVED, That the Board of Directors hereby authorizes Management to submit proposals in response to the SFRTA RFPs consistent with Amtrak's commuter pricing standards; and

FURTHER RESOLVED, That the President and Chief Executive Officer (or his designee) or the Vice President-Contract Administration (or his designee) are each authorized to initiate, execute, and deliver in the name of the Corporation all documents, instruments, agreements, and certificates as may be required or necessary; to take any other action necessary; to participate in the submission of responsive proposals and any resulting contract awards; and to perform the services required by the contracts.

(6-0)

RESOLUTIONS AUTHORIZING ADVANCE PURCHASES OF TRACTION POWER TRANSFORMERS FOR AMTRAK'S FY08, FY09, AND FY10 CAPITAL PROGRAMS

WHEREAS, Amtrak's Capital Program is designed to promote operational stability by ensuring a state-of-good-repair to Amtrak's infrastructure and rolling stock; and

WHEREAS, In order to achieve a state-of-good-repair to the Northeast Corridor (NEC) catenary, it is necessary to advance order traction power transformers to be in a position to commence work activities in the scheduled years; and

WHEREAS, To achieve this goal; to accommodate vendor lead times; and to comply with Procurement policies, federal requirements, and Grant Agreement obligations, including receipt of prior approval from the Federal Railroad Administration, it is necessary to begin the acquisition process in December 2006; therefore, be it

RESOLVED, That Management is authorized to proceed with the acquisition of the traction power transformers as set forth in the attached Executive Summary; and

FURTHER RESOLVED, That the President and Chief Executive Officer (CEO) and the Vice President-Procurement and Materials Management are authorized to take all actions necessary and required to effectuate the foregoing Resolution.

(5-0-1)

RESOLUTIONS AUTHORIZING AN INCREASE IN THE CONTRACT AMOUNT FOR CONSULTING SERVICES WITH BOOZ ALLEN HAMILTON

WHEREAS, Consulting services are required to ensure the successful implementation and ongoing operation of Amtrak's Project Management Office (PMO), which duties include, as set forth in the attached Executive Summary, providing oversight, tracking, and reporting on the full set of Amtrak's Strategic Reform Initiatives (SRIs); and

WHEREAS, Management has previously retained Booz Allen Hamilton (BAH) as having the qualifications, knowledge, and previous experience necessary to support the efforts of the PMO; and

WHEREAS, The contract with BAH contains Amtrak's standard terms for consulting services; and

WHEREAS, Additional services from BAH are necessary to support the PMO; therefore, be it

RESOLVED, That Amtrak is authorized to increase the amount of the consulting contract with BAH to an amount not to exceed $530,000; and

FURTHER RESOLVED, That the President and Chief Executive Officer (CEO) or the Vice President-Procurement and Materials Management is authorized to execute an amendment to the contract with BAH and to take all other action necessary to effectuate the foregoing Resolution.

(6-0)

CONSULTANT REPORT

Mr. Kummant called the Board's attention to a chart showing the spend rate for current consulting contracts. A Board discussion ensued concerning Amtrak's use of consultants. Mr. Hall and Mr. Laney requested that Management provide additional information concerning consultants currently engaged by Amtrak.

Madams Marcelle and Richardson as well as Messrs. McHugh, Rienzi, and Weiderhold left the meeting.

EXECUTIVE SESSION

The Board met in executive session with Messrs. Bress, Carten, Crosbie, Nissenbaum, Smith, Tornquist, and Yachmetz as well as Madams Oliveri and Serfaty present.

BRIEFING ON LABOR RELATION NEGOTIATIONS

Mr. Bress briefed the Board on the status of negotiations with Amtrak's labor unions. He stated that agreements with Amtrak unions expired in December 1999 and that union members have received cost-of-living adjustments (COLAs) amounting to slightly over 8 percent since that time. He advised the Board that unless a major agreement is reached between Amtrak and its unions, it is anticipated that the parties may be released from mediation by the National Labor Relations Board (NLRB) sometime between mid January and mid February 2007. He discussed the process that could follow.

Mr. Bress briefed the Board on the status of negotiations between the unions and the freight railroads, the commuter authorities, and Amtrak. He advised the Board about key issues in negotiations with Amtrak unions. A Board discussion of labor issues ensued.

Messrs. Bress, Carten, Crosbie, Nissenbaum, Smith, Tornquist, and Yachmetz as well as Madams Oliveri and Serfaty left the meeting.

EXECUTIVE SESSION

At 9:53 a.m., the outside Directors met in executive session without a secretary present to discuss confidential matters. At the conclusion of this session, Messrs. Bress, Carten, Crosbie, McHugh, Moritz, Nissenbaum, Rienzi, Smith, Tornquist, Weiderhold, and Yachmetz as well as Madams Marcelle, Richardson, and Serfaty rejoined

Exemption 5
Deliberative Process

the meeting. Also joining the meeting were Ed Courtemanch and John Bennett of Amtrak's staff as well as Robert Peskin and Bruce Williams of AECOM Consult.

BRIEFING ON STRATEGIC PLANNING AND NETWORK OPTIONS

Mr. Kummant presented Management's recommendation on proposed changes to the Amtrak passenger rail system. He first noted follow-up discussions that AEM Consult had with each Board member following the September 21 Board meeting. He said there are three topics to be addressed in regard to Management's proposed strategy: (1) [redacted]

Exemption 5
Deliberative Process

[redacted]

Mr. Kummant reported on the near-term and long-term actions that will be used to implement the plan. [redacted]

Exemption 5
Deliberative Process

[redacted] Mr. Kummant said Management would update the Board on the overall strategic planning process at the December Board meeting.

Following this presentation, the Board provided their thoughts on the proposed plan. Mr. Hall asked about the key issues that have to happen in order for this to take place, and Ms. McLean noted it is important to understand the cost implications of a new route structure.

Mr. Sosa left the meeting.

EXECUTIVE SESSION

Mr. Biden, Boardman, Mr. Kummant, Mr. Laney, and Ms. McLean again met in executive session at 12:10 p.m. on the Beech Grove office car without a secretary present to discuss confidential matters

The Board reconvened in the board room at 1:30 p.m. Messrs. Carten, Crosbie, McHugh, Nissenbaum, Rienzi, Smith, Tornquist, Weiderhold, and Yachmetz as well as Madams Oliveri, Richardson, and Serfaty rejoined the meeting at that time.

BRIEFING ON SECURITY MATTERS

Due to time limitations, this agenda item was not addressed. Mr. Weiderhold indicated that the Amtrak OIG report on security will be provided at the December meeting.

COMMITTEE ASSIGNMENTS

Mr. Laney announced that Board committee assignments will be addressed at a later date.

UPDATE ON GOVERNMENT AFFAIRS

Mr. McHugh briefed the Board on the results of the midterm elections as well as changes in the structure of Congressional committees and committee assignments that could impact Amtrak. He distributed information regarding changes in the leadership of House and Senate committees as well as other key leadership positions.

Mr. McHugh informed the Board of the possibility that Amtrak could be operating under a Continuing Resolution until the second quarter of FY07.

FINANCIAL REPORT

REPORT ON CURRENT FINANCIAL POSITION

Mr. Smith advised the Board of Amtrak's current cash position and noted that Amtrak's current spend rate is $3 million per day. He indicated that the necessary paperwork has been completed to secure grant funding when a Continuing Resolution or the FY07 Appropriation is passed by Congress.

REPORT ON STATUS OF FY06 AUDIT

Mr. Smith reported that KPMG is on track to complete the FY06 audit of Amtrak's financial statements by mid January 2007. Ms. McLean suggested establishing weekly or bi-weekly goals to ensure completion of the audit by that time.

Mr. Smith stated that it is anticipated that Amtrak will end the year at $30 million or $40 million under the FY06 operating budget of $485 million. He indicated that certain adjustments still need to be made and that the final FY06 figures will be available in mid January.

REPORT ON THE ACELA PARTS CONTRACT

Mr. Rienzi briefed the Board on the *Acela* parts contract. He stated that as result of the settlement agreement between Amtrak and the Consortium comprised of Bombardier and Alstom, Amtrak assumed responsibility for maintenance of the *Acela* trainsets on October 1, 2006.

Mr. Rienzi advised the Board that the settlement agreement also provided for "*Material Only*" and "*Inventory and Purchase Agreement*" options for the purchase of parts and materials to maintain the *Acela* fleet. He explained the rationale for pursuing the *Procurement, Inventory Management and Technical Support* option subsequently offered by Alstom Transport. He reported that Amtrak received FRA approval for the advance purchase of long-lead materials in August 2005, the Board approved the Alstom *Acela* parts contract in November 2005, and that $19.4 million in Consortium inventory was transitioned to Alstom.

Mr. Rienzi informed the Board of new business processes developed in conjunction with the takeover from the Consortium, which included electronic requisitioning and automated payroll, warranty tracking, inventory accountability, kits for scheduled maintenance activities, key performance indicators, and automated billing with price validation. He stated that Management now plans to expand business process reengineering to Amtrak's conventional equipment. He reported that electronic requisitioning is being extended to the Ivy City and Wilmington facilities, that Thomas Group intervention was initiated in early November, and that Amtrak is currently in negotiations with Alstom to develop a supply chain for the HHP and AEM-7 locomotives.

A Board-led discussion ensued concerning the locomotive failure rate, Amtrak's cultural environment, and the time line for implementing business engineering processes throughout the Amtrak system. Mr. Hall requested a progress report in February on the expansion of the electronic requisitioning process. Mr. Boardman requested a report on Amtrak's passenger equipment that includes a breakdown by car and locomotive type, etc.

ACELA ON-TIME PERFORMANCE

Mr. Crosbie briefed the Board on *Acela* on-time performance (OTP) for FY06. He stated that *Acela* service accounts for 11 percent and 24 percent of Amtrak ridership and revenue, respectively. He indicated that the OTP tolerance for both *Acela* and *Metroliner* trains is within 10 minutes of their scheduled endpoint arrival time, compared to 15 minutes for the airlines. He reported that *Acela Express* endpoint OTP improved 28 percent in FY06 from a low of 56 percent in FY03. He said that in FY06, *Acela* service achieved an OTP of 84.6 percent, reflecting a 31 percent improvement over FY05 and exceeding airline OTP in the Washington to New York and New York to Boston corridors. He stated that Amtrak's goal in FY06 was 260 minutes of delay per 10,000 train miles. He reported that actual minutes of delay exceeded goal by 52 and that the fall and summer months present an opportunity for improvement. He stated that the turning point for OTP improvement was the restoration of service in September 2005 following failure of the brake discs. He commented that OTP for the north end is lower than the south end due to the fact that the Metro-North Railroad has capacity issues, and Amtrak has only a three-minute window in Metro-North territory.

Mr. Crosbie briefed the Board on steps that Management has taken to improve *Acela* OTP. He identified these steps as increased Management focus, assignment of departmental goals for delay minutes, priority dispatching of *Acela* trains, and a detailed performance analysis of all *Acela* trains. He also discussed challenges that Management faces in sustaining OTP improvements.

A Board-led discussion ensued concerning *Acela* service, which included publicizing Amtrak's OTP record, pursuing a cooperative effort with the airlines, and increasing the size of the consist during peak periods. Ms. Richardson indicated that information regarding improvements in Amtrak's OTP has been sent to corporate accounts. Mr. Crosbie briefly discussed platform and maintenance issues that result from the size of the consist.

UPDATE ON THE NORTHEAST CORRIDOR/ACELA SERVICE IMPROVEMENT PROGRAM

Mr. Crosbie briefed the Board on actions taken by Management since August 2006 regarding the NEC/Acela Service Improvement Program. Mr. Crosbie reported that T-Mobile has completed the WiFi internet test, contract negotiations are due to start in December, and implementation of the wireless network is expected to be completed on the south end of the NEC in 12 months. He stated that leather seats in first class are scheduled for roll out in January and enhanced first-class food service is slated to begin on December 6. He indicated that at-seat-cart-service was initiated on four *Acela Express* trains in September and that this service is covering its costs. Mr. Kummant commented that this is the pilot for all Amtrak trains.

Mr. Crosbie advised the Board that Celerant Consulting has completed a detailed analysis of NEC service delivery and has developed an implementation plan for measuring customer service delivery. He indicated that Celerant estimates improving Amtrak revenue between $7 million and $21 million with the development of a Management Control and Reporting System (MCRS). He stated that at the January meeting, Management will seek Board approval of a [redacted] contract with Celerant for a 30 week engagement.

A Board discussion ensued. In response to an inquiry from Mr. Laney, Mr. Crosbie indicated that the prototype of the redesigned Superliner diner/lounge car will be available for the Board's inspection at the December Board meeting.

ADJOURNMENT

There being no further business, upon motion made by Mr. Hall and seconded by Mr. Biden, the Board voted to adjourn the meeting at 3:00 p.m.

John M. Carten
John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Authorization Request to Advance Purchase Traction Power Transformers for the Northeast Corridor (NEC).

Background:
NEC catenary power between New York City and Washington, DC is provided through a series of step-up (20 MVA) and step-down (4.5 MVA) transformers. The existing equipment is approximately 75 years old and in critical need of replacement.

Catenary power on this section of the NEC is an uncommon 25 hertz (hz) to which Amtrak currently has only two qualified vendors, i.e. Delta Star and Pennsylvania Transformer Technology, Inc. (PTTI).

Due to market conditions related to "core steel" allocations and high demands for power equipment from both China and U.S. Gulf States, deliveries for our FY06 purchases have been delayed and the two vendors' plant capacity for FY07 is nearly booked.

Since Amtrak's Capital program for FY06 through FY12 contemplates acquisition of 82 step-down transformers ($0.5 million each) and 16 step-up transformers ($1.6 million each), staff has developed the following strategy to address the situation:

- For FY07 requirements (which includes 10 step-down and 3 step-up transformers), enter into Single Source negotiations to (a) secure the remaining plant capacity of Delta Star, and (b) execute Sole Source contracts with six other firms to produce "first article" transformers to qualify their products and expand the supply base. The estimated total cost of this action is $9.8 million.

- For FY08 and FY09, seek Board and FRA approval to initiate advance procurements to secure plant production capacity for step-down transformers (4.5 MVAs), and for FY08, FY09 and FY10, seek Board and FRA approval to initiate advance procurements for step-up transformers (20 MVA). The estimated total cost of this action is $23.2 million.

Status:
Management expects to enter into negotiations for FY07 requirements in November 2006. Upon receipt of Board and FRA authority, Requests for Proposals (RFPs) for the combined FY08, FY09 and FY10 requirements would be issued in December 2006.

Note: Advance Purchase Requirements are on 24 step-down transformers (4.5 MVA) and 7 step-up transformers (20 MVA).

Exemption 5
Commercial Privilege

Recommended Action:
Management recommends that the Board approve the attached Resolution authorizing the advance purchase of 24 step-down transformers (4.5 MVA) and 7 step-up transformers (20 MVA) at an estimated value of $23.2 million, covering Amtrak's Capital Program requirements for Fiscal Years 2008, 2009 and 2010.

Amtrak Board of Directors
Executive Summary

Title: Resolutions Authorizing Increase in Contract Amount for Consulting Services with Booz Allen Hamilton

Background:
The Planning & Analysis Department (P&A) requires consultant support for the implementation of the Program Management Office (PMO). Primary responsibilities of the PMO include the following: (1) providing oversight, tracking and reporting on the full set of Strategic Reform Initiatives (SRIs); (2) providing assistance to SRI project managers and P&A staff for developing detailed work plans; (3) defining and implementing systems and tools to ensure accurate and timely reporting of financial benefits and project status; (4) establishing priorities and identifying implementation risks; and (5) establishing a structured project management environment.

Booz Allen Hamilton (BAH) was engaged on May 15, 2006 to assist P&A with identifying the critical needs of the SRI program. In July, the Board approved an expanded scope of work and an increase in the contract amount to address the P&A's need for additional services to respond to the preliminary SRI assessment. Since July, the PMO has been focused on the following tasks:

- Refining the SRI framework and structure
- Developing and implementing enterprise-wide tools in conjunction with the Amtrak Technology Department (MS Project, Project Web Access and Sharepoint)
- Defining specific roles and responsibilities for the SRI leads, program managers and project managers
- Developing a comprehensive training program for project managers
- Conducting a Pilot Program to test the software rollout and project management training curriculum
- Integrating SRI projects with the financial and capital planning processes for FY08
- Defining a transition plan to enable internal staffing and support of the PMO

An additional modification of the BAH Contract is necessary to enable the Planning & Analysis Department to complete its staffing of the PMO, which is being done within the existing department organization structure, without slowing progress on training and software implementation. As such, Board authorization is sought to increase the BAH Contract Amount by up to $100,000 to an aggregate of $530,000 to procure the necessary resources to complete this transition. This extension will conclude BAH's involvement in this task.

The amount of the original Contract was $130,000, which was increased by $300,000 in accordance with Resolutions adopted by the Board on July 27, 2006, bringing the total Contract Amount to $430,000. This proposed increase of up to $100,000 will modify the total Contract Amount to a maximum of $530,000.

Budget Impact:
The increase in the Contract Amount up to $100,000 will be paid out of available funds from the FY07 P&A operating budget.

Recommended Action:
Management recommends that the Board approve the attached Resolutions authorizing an increase in the Contract Amount for the BAH Contract.

NATIONAL RAILROAD PASSENGER CORPORATION

BOARD OF DIRECTORS

MINUTES OF MEETING

December 14, 2006

The Board of Directors of the National Railroad Passenger Corporation held its regularly scheduled meeting in the board room of the corporation's headquarters located at 60 Massachusetts Avenue, N.E. in Washington, D.C. on Thursday, December 14, 2006.

Members of the Board of Directors present were Hunter Biden, Joe Boardman (representing the Secretary of Transportation), Alex Kummant (President and Chief Executive Officer), David Laney (Chairman), Donna McLean, and Enrique Sosa.

David Tornquist of the Department of Transportation Inspector General's Office (DOT OIG) and Mark Yachmetz of the Federal Railroad Administration (FRA) attended the meeting.

Bill Crosbie, Lorraine Green, Dawn Marcelle, Mike Rienzi, Alicia Serfaty, David Smith, and Fred Weiderhold of Amtrak's Management Executive Committee (MEC) were present.

John Carten and Medaris Oliveri of Amtrak's staff also attended the meeting.

Mr. Laney chaired the meeting and called it to order at 8:03 a.m. Mr. Carten and Ms. Oliveri recorded the minutes.

ACTION ITEMS

APPROVAL OF MINUTES

Mr. Laney called the Board's attention to the minutes of the November 15, 2006 Board of Directors meeting. Upon motion made by Mr. Biden and seconded by Ms. McLean, the minutes were approved as submitted.

(5-0)

Mr. Boardman left the meeting, and Barbara Richardson of the Management Executive Committee (MEC) joined the meeting.

2007 BOARD MEETING SCHEDULE

Mr. Laney directed the Board's attention to the proposed schedule of Board meeting dates for calendar year 2007. He stated that nine meetings have been scheduled for 2007 and that the proposed dates are aligned with the budgetary process. He announced that a strategic planning session will be held in conjunction with the January Board meeting.

ADVERTISING CONTRACTS FOR THE NORTHEAST CORRIDOR

Mr. Laney called the Board's attention to resolutions authorizing the execution of agreements with CBS Outdoor, Inc. ("CBS") for the construction, installation, management, operation, and maintenance of indoor and outdoor advertising displays and for the sale of advertising space to third parties. Ms. Serfaty advised the Board that CBS Outdoor currently manages advertising displays in Amtrak stations and along its rights-of-way under an agreement that is due to expire on December 31, 2006. She briefed the Board on the bid solicitation and evaluation process for the new Northeast Corridor (NEC) advertising display agreements. She indicated that based upon pricing, experience, and other factors, CBS Outdoor was judged to have submitted the best proposals. She reported that Amtrak has negotiated both an Indoor Agreement and an Outdoor Agreement with CBS Outdoor for a term of five years and noted that other contractual terms and conditions are outlined in the Executive Summary provided to the Board.

Joe Bress, Gil Mallery, and Paul Nissenbaum of the MEC joined the meeting.

APPROVAL OF LOUISIANA PROGRAM AGREEMENT FOR TECHNICAL ASSISTANCE, MOBILIZATION, AND OPERATION OF STATE-SUPPORTED SERVICE

Mr. Laney directed the Board's attention to resolutions authorizing the operation of Louisiana state-supported service. Mr. Kummant advised the Board that Management is seeking the approval of both the Board and the U.S. Department of Transportation (U.S. DOT) to negotiate a program agreement with the Louisiana Department of Transportation and Development (DOTD). He noted that Management will seek Board approval of the terms and conditions of the program agreement prior to its execution. Mr. Crosbie stated that the State has requested that Amtrak provide technical assistance for the design, mobilization, and operation of state-supported service between Baton Rouge and New Orleans for a period of three years beginning in mid-2007. He indicated that the service is expected to consist of four weekday round trips and three weekend round trips. He noted that the Louisiana DOTD has also requested that Amtrak manage capital improvements to the Kansas City Southern Railway (KCS) infrastructure that are required for the operation of this service. He stated that the services to be provided by Amtrak under the program agreement and the capital improvements to the KCS infrastructure are estimated at $83.5 million. Mr. Laney suggested postponing further discussion of this agenda item pending the return of Mr. Boardman to the meeting.

AMENDMENT TO THE SEGAL CONSULTING AGREEMENT

Mr. Laney called the Board's attention to resolutions authorizing an increase in the amount of the consulting services agreement with the Segal Company. Mr. Smith reported that the Segal Company was engaged in March 2006 to review the administration of Amtrak's Pension Plan for management employees as well as the 401(k) Plans for both agreement and management employees. He indicated that the Segal Company also assisted Management with the evaluation and selection of a Pension Plan Custodian in addition to a Record-Keeper and Investment Manager for the 401(k) Plans. He stated that in June 2006, the Board authorized Change Order No. 1 to expand the scope of Segal's services to include an Asset Allocation Study and Segal's assistance with the search and selection of an Investment Manager for the Pension Plan at a cost of $110,000, which brought the total value of the contract to $309,500.

Mr. Smith informed the Board that the need for an additional Investment Manager has been identified. He stated that Management requests that the Board approve Change Order No. 2, which will increase the contract amount by $20,000 to fund the search and selection of the additional Investment Manager, bringing the total to $329,500. He noted that this amount reflects preestablished pricing, and payment will be paid from Pension Plan assets.

Mr. Smith advised the Board that Management plans to retain an outside advisor to evaluate Amtrak Retirement Plans on a periodic basis as recommended by the Board.

CAPITAL REPROGRAMMING

REPROGRAMMING OF FY06 EXPENDITURES

Mr. Laney directed the Board's attention to resolutions approving changes to authorized FY06 capital expenditures. Mr. Smith informed the Board that Management has identified $6.2 million in unallocated FY06 grant funding and recommends reprogramming this funding for the upgrade of the Seattle Maintenance Facility. He stated that this new project is part of a $28.6 million initiative to improve the efficiency of Amtrak's Seattle facility. He noted that the Seattle Yard, as presently configured, is not capable of supporting the planned increase in Sound Transit capacity as required by the current contract. He indicated that Amtrak will contribute $14.6 million in two phases for the design and construction of a new service track, a track connection between the Burlington Northern Santa Fe (BNSF) main line and the south end of the yard, reconfiguration of administrative offices, construction of a sanding and fueling facility, and construction of a new material warehouse. He reported that Sound Transit will contribute $14 million to move the BNSF main line to the opposite side of the maintenance yard, which is a perquisite to Amtrak's part of the initiative. He requested Board approval of the request to reprogram $6.2 million for phase I of the Seattle Maintenance Facility Upgrade.

REPROGRAMMING OF FY07 CAPITAL EXPENDITURES

Mr. Smith informed the Board that Management is also seeking Board approval to reprogram $750,000 in FY07 general funding for a new project to replace multiple directories with an Enterprise Directory Service that will provide information regarding employees, contractors, and other users. He indicated that funding for this project is available as a result of cancellation or deferral of the Vehicle Tracking Repository (VTR) project.

A Board-led discussion ensued during which Mr. Laney requested additional information regarding the VTR project and whether it had been deferred or canceled.

AMENDMENT TO THE THOMAS GROUP CONTRACT

Mr. Laney directed the Board's attention to resolutions authorizing an amendment to the Thomas Group consulting services agreement. Mr. Rienzi advised the Board that the Amtrak Office of the Inspector General (OIG) entered into an agreement with the Thomas Group in April 2006, pursuant to which the consultant analyzed equipment maintenance processes and systems at Amtrak mechanical facilities and subsequently developed models and streamlined processes for all repair and maintenance shops. He indicated that during the initial term of the contract (April 25 through October 25, 2006), the Thomas Group focused on Amtrak facilities at Ivy City and has just begun providing similar services at mechanical facilities in Chicago.

Mr. Rienzi advised the Board that on or about November 1, 2006, the OIG entered into Amendment #1, which extended the term of the contract through April 30, 2007 with an option to extend the term through September 30, 2007. He stated that Amendment #1 provides for a firm fixed price of $70,000 per month plus expenses for these services, which are to be continued through Amendment #2. He noted that the expected value of Amendment #1 as modified by Amendment #2 is projected at approximately $500,000. He indicated that extension of the contract provides for continuation of the Thomas Group's services at the Chicago facilities and permits Amtrak to expand these services to the Portland, Oregon facilities.

Mr. Kummant advised the Board that Amendment #2 to the contract will provide for the transfer of funding and administration of the contract from the OIG to the Procurement and Operations Departments, respectively.

A Board-led discussion ensued. Mr. Crosbie informed the Board that one of the outcomes of the Thomas Group's services will be the development of standardized metrics for all mechanical facilities.

Mr. Boardman rejoined the meeting.

APPROVAL OF LOUISIANA PROGRAM AGREEMENT FOR TECHNICAL ASSISTANCE, MOBILIZATION, AND OPERATION OF STATE-SUPPORTED SERVICE (CONTINUED)

Mr. Laney again directed the Board's attention to the agenda item regarding Louisiana state-supported service. Mr. Mallery informed the Board that the Louisiana DOTD has submitted a request for funding to the Louisiana Recovery Authority for a rail demonstration project. He stated that although this project was its highest priority, the Louisiana DOTD could not execute the program agreement with Amtrak until its funding request was approved. He noted that Management also made clear to the Louisiana DOTD that Amtrak will not provide the technical assistance required without a fully executed agreement. He indicated that once executed, Amtrak will be reimbursed for planning support, mobilization, and operation of service per the agreement and in accordance with Amtrak's pricing policy for state-supported service.

The Board discussed issues related to the proposed service. Mr. Boardman stated that, in order for Amtrak to obtain U.S. DOT approval, the Louisiana DOTD must provide Amtrak with a written commitment regarding funding for this service. Mr. Mallery responded that Management will obtain this commitment prior to phase I of the project. Mr. Mallery requested that, subject to the approval of the U.S. DOT, the Board authorize Management to negotiate a program agreement with the Louisiana DOTD as outlined in the Executive Summary with the proviso that Management seek Board approval prior to execution of the agreement.

VOTE ON ACTIONS ITEMS

Mr. Boardman announced that he was abstaining from the vote on resolutions authorizing Louisiana state-supported service and the requests for reprogramming of FY06 and FY07 capital expenditures due to the fact that the U.S. Secretary of Transportation must independently approve these requests.

Following further discussion, upon motion made by Ms. McLean and seconded by Mr. Biden, the Board voted to approve the schedule of Board meeting dates.

(5-0)

The Board also voted to approve the following resolutions:

RESOLUTIONS AUTHORIZING THE EXECUTION OF AGREEMENTS WITH CBS OUTDOOR INC. ("CBS") FOR THE CONSTRUCTION, INSTALLATION, MANAGEMENT, OPERATION, AND MAINTENANCE OF INDOOR ADVERTISING DISPLAYS AND FOR THE CONSTRUCTION, INSTALLATION, MANAGEMENT, OPERATION, AND MAINTENANCE OF OUTDOOR ADVERTISING DISPLAYS

WHEREAS, On July 26, 2006, Amtrak issued a request for proposals (RFP) for (1) the construction, installation, management, operation, and maintenance of, and sale of advertising space on indoor advertising displays on certain property owned or controlled by Amtrak; and

(2) the construction, installation, management, operation, and maintenance of, and the sale of advertising space on outdoor advertising displays on certain property owned or controlled by Amtrak ("Advertising RFP"); and

WHEREAS, Management evaluated proposals submitted in response to the Advertising RFP and determined that CBS submitted the best proposal taking price, experience, and other relevant factors into consideration; and

WHEREAS, Management has negotiated two five-year agreements with CBS: one agreement for the construction, installation, management, operation, and maintenance of, and the sale of advertising space on indoor advertising displays in Amtrak stations ("Indoor Agreement") and another agreement for the construction, installation, management, operation, and maintenance of, and the sale of advertising space on outdoor advertising displays along Amtrak rights-of-way ("Outdoor Agreement"); and

WHEREAS, The terms and conditions of the Indoor Agreement and the Outdoor Agreement are summarized in the Executive Summary provided to the Board; and

WHEREAS, Management recommends that the Corporation execute and deliver to CBS the Indoor Agreement and the Outdoor Agreement on the terms and conditions set forth in the Executive Summary; therefore be it

RESOLVED, That the Corporation is authorized to execute and deliver to CBS: (1) the proposed Indoor Agreement, which will authorize and require CBS to construct, install, manage, operate, maintain and sell advertising space on indoor advertising displays in Amtrak stations and (2) the proposed Outdoor Agreement, which will authorize and require CBS to construct, install, manage, operate, maintain, and sell advertising space on outdoor advertising displays along Amtrak rights-of-way; and

FURTHER RESOLVED, That the President and Chief Executive Officer or the Assistant Vice President Real Estate Development is authorized, directed, and empowered to execute and deliver, in the name and on behalf of the Corporation, the Indoor Agreement and the Outdoor Agreement and to take all other necessary action together with any and all other necessary documents and instruments to effectuate the transactions contemplated by the foregoing Resolution.

(5-0)

RESOLUTIONS AUTHORIZING THE NEGOTIATION OF A PROGRAM AGREEMENT BETWEEN AMTRAK AND THE LOUISIANA DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT FOR THE POTENTIAL OPERATION OF STATE-SUPPORTED RAIL PASSENGER SERVICE

WHEREAS, The State of Louisiana has requested that Amtrak provide technical assistance, mobilize, and operate state-supported service between Baton Rouge and New Orleans, Louisiana beginning in mid-2007; and

WHEREAS, The Louisiana Department of Transportation and Development (DOTD) will reimburse Amtrak for its costs associated with providing planning and technical assistance and management of infrastructure improvements associated with Louisiana state-supported service; and

WHEREAS, The Louisiana DOTD will reimburse Amtrak for operation of state-supported service in accordance with Amtrak's current state-supported pricing policy; therefore, be it

RESOLVED, That the Corporation is authorized to seek United States Department of Transportation (U.S. DOT) approval of Amtrak's planning and operation of new state-supported service between Baton Rouge and New Orleans in accordance with the loan conditions contained in the Financing Agreement between the National Railroad Passenger Corporation and the U.S. DOT dated July 3, 2002; and

FURTHER RESOLVED, Subject to approval by the U.S. DOT, the Corporation is authorized to negotiate a program agreement with the Louisiana DOTD for technical assistance and planning, mobilization, and the operation of state-supported passenger rail service between Baton Rouge and New Orleans provided that Board approval shall be sought prior to execution of a program agreement.

(4-0-1)

RESOLUTIONS AUTHORIZING THE EXECUTION OF A SECOND CONTRACT MODIFICATION TO A CONSULTING CONTRACT WITH THE SEGAL COMPANY

WHEREAS, Amtrak is in the process of evaluating and competitively selecting service providers for its Pension Plan and 401(k) Plans; and

WHEREAS, Outside expertise is required to perform these functions, and Management has executed a contract with the Segal Company ("Segal") to assist with such efforts as set in more detail in the Executive Summary provided to the Board ("the Consulting Contract"); and

WHEREAS, As set forth in the Executive Summary, Management has determined that an additional Investment Manager is needed for this project at a cost of $20,000 (the "Modification"), which will bring the total value of the Consultant Contract to $329,500; and

WHEREAS, The Consultant Contract contains standard terms for consulting services; therefore, be it

RESOLVED, That Amtrak is authorized to enter into a second Modification to the Consulting Contract; and

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President-Procurement and Materials Management is authorized to execute the Modification on behalf of the Corporation and to take all other action necessary to effectuate the foregoing Resolution.

(5-0)

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY06 CAPITAL EXPENDITURES

WHEREAS, On December 5, 2005, the Board of Directors approved the reset FY06 Capital Budget; and

WHEREAS, Management must present for Board approval any capital reprogramming exceeding $1 million and new projects that exceed $500,000; and

WHEREAS, Management has identified project changes that require such Board approval; therefore, be it

RESOLVED, That the Board of Directors approves the proposed reprogramming of FY06 Capital Expenditures totaling $6.2 million as described in the attached Executive Summary; and

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the *Grant Agreement for FY2006 Cap-*

ital Expenses and approves the forwarding of this reprogramming request to FRA for this purpose.

(4-0-1)

RESOLUTIONS APPROVING CHANGES TO AUTHORIZED FY07 CAPITAL EXPENDITURES

WHEREAS, On September 21, 2006, the Board of Directors approved the FY07 Capital Budget; and

WHEREAS, Management must present for Board approval any capital reprogramming exceeding $1 million and new projects exceeding $500,000; and

WHEREAS, Management has identified project changes that require such Board approval; therefore be it

RESOLVED, That the Board of Directors approves the proposed reprogramming of FY07 capital expenditures totaling $750,000 as described in the attached Executive Summary; and

FURTHER RESOLVED, That the Board of Directors recognizes that this reprogramming must be approved by the Federal Railroad Administration (FRA) under the *Continuing Resolution for FY2007 Capital Expenditures* and approves the forwarding of this reprogramming request to FRA for this purpose.

(4-0-1)

RESOLUTIONS AUTHORIZING AN AMENDMENT TO THE CONSULTING AGREEMENT WITH THE THOMAS GROUP

WHEREAS, On April 25, 2006, the Amtrak Office of Inspector General ("Amtrak OIG"), on behalf of the Corporation, entered into a Consulting

Services Agreement with the Thomas Group as described in the Executive Summary presented to the Board (the "Contract"); and

WHEREAS, The Contract was to expire on October 25, 2006, and the parties subsequently entered into an amendment on or about November 1, 2006 ("Amendment #1"), extending the term through April 30, 2007; and

WHEREAS, The parties now desire to make other modifications to the Contract in accordance with the terms of Amendment #2 to the Contract, as described in the Executive Summary; and

WHEREAS, For budgetary reasons, the administration and funding for the services performed under the Contract will be transferred from the Amtrak OIG to the Amtrak Procurement and Operations Departments; therefore, be it

RESOLVED, That the Corporation is authorized to enter into Amendment #2 to the Contract; and be it

FURTHER RESOLVED, That the President and Chief Executive Officer or the Vice President-Procurement and Materials Management is authorized to execute and deliver Amendment #2 to the Contract on behalf of the Corporation and to take all other action necessary to effectuate the foregoing Resolution.

(5-0)

Ms. Marcelle and Richardson as well as Messrs. Bress, Mallery, Nissenbaum, Rienzi, and Weiderhold left the meeting.

EXECUTIVE SESSION

The Board met in executive session to consider personnel matters.

PERSONNEL MATTERS

APPOINTMENT OF CHIEF ENGINEER

Ms. Green requested Board approval of a resolution approving the appointment of Frank Vacca as Chief Engineer. She indicated that this position was previously held by Bruce Willbrandt and David Hughes. She stated that following an extensive interview process, Mr. Vacca was determined to be the best qualified candidate. Mr. Crosbie informed the Board about Mr. Vacca's prior work experience and qualifications and recommended his appointment to the position of Chief Engineer.

APPOINTMENT OF MASTER MECHANIC

Ms. Green requested Board approval of a resolution approving the appointment of Alfonse Marello as Master Mechanic of the New York/New England Division. Mr. Crosbie briefed the Board on Mr. Marello's work experience and qualifications and recommended his appointment to this position.

Following discussion, upon motion made by Mr. Boardman and seconded by Ms. McLean, the Board voted to approve the following resolutions:

RESOLUTION APPROVING THE APPOINTMENT OF FRANK VACCA AS CHIEF ENGINEER

WHEREAS, Management has conducted a search of executive candidates to serve as Chief Engineer; and

WHEREAS, Management has identified a qualified internal candidate, Frank Vacca, to serve as Chief Engineer; and

WHEREAS, Frank Vacca's qualifications and experience are well suited for the position of Chief Engineer; and

WHEREAS, Management recommends the appointment of Frank Vacca to the position of Chief Engineer; therefore, be it

RESOLVED, That the Board approves Management's appointment of Frank Vacca to the position of Chief Engineer effective December 16, 2006 in accordance with the terms and conditions set forth in the attached Executive Summary.

(5-0)

RESOLUTION APPROVING THE APPOINTMENT OF ALFONSO MARELLO AS CHIEF MECHANIC OF THE NEW YORK/NEW ENGLAND DIVISION

WHEREAS, Management has identified a qualified employee, Alfonse Marello, and recommends that the Board approve his appointment to the position of Master Mechanic of the New York/New England Division; and

WHEREAS, The Master Mechanic position is in the E-Band and requires that the Board approve the appointment; therefore, be it

RESOLVED, That Management take all necessary steps to appoint Alfonse Marello to the position of Master Mechanic of the New York/New England Division effective December 16, 2006 in accordance with the terms and conditions set forth in the attached Executive Summary.

(5-0)

Messrs. Carten, Crosbie, Smith, Tornquist, and Yachmetz as well as Madams Green, Oliveri, and Serfaty left the meeting.

EXECUTIVE SESSION

PERSONNEL ACTIONS

The Board met in executive session without a secretary present to discuss confidential personnel and organizational matters beginning at 8:45 a.m. Mr. Laney reported that following discussion by the Board, upon motion made by Mr. Sosa and seconded by Ms. McLean, the following personnel actions were approved:

RESOLUTIONS TERMINATING CERTAIN MEMBERS OF THE EXECUTIVE COMMITTEE AND APPOINTING SPECIAL COUNSEL TO THE PRESIDENT

RESOLVED, That Barbara Richardson, a member of the Executive Committee who is also a Corporate Officer, has been terminated from employment with the Corporation, effective immediately; and

FURTHER RESOLVED, That David N. Smith, a member of the Executive Committee who is also a Corporate Officer, has been terminated from employment with the Corporation, effective immediately; and

FURTHER RESOLVED, That Alicia M. Serfaty, a member of the Executive Committee who is also a Corporate Officer, has been terminated from the position of General Counsel and Corporate Secretary with the Corporation and is appointed as Counsel to the President effective December 15, 2006.

RESOLUTION APPROVING ELECTION OF ELEANOR ACHESON TO THE POSITION OF VICE PRESIDENT, GENERAL COUNSEL

WHEREAS, Management has identified a qualified candidate, Eleanor Acheson, to serve as the Vice President-General Counsel in Washington, D.C.; and

WHEREAS, The Vice President-General Counsel position is in the Executive Committee band, requiring that the Board approve the election of Eleanor Acheson; therefore, be it

RESOLVED, That the Board of Directors elects Eleanor Acheson to the position of Vice President-General Counsel, a corporate officer position, effective January 2007 in accordance with the terms and conditions set forth in the attached Executive Summary.

RESOLUTION ELECTING EMMETT FREMAUX TO THE POSITION OF VICE PRESIDENT, MARKETING AND PRODUCT MANAGEMENT

WHEREAS, Management has identified a qualified employee, Emmett Fremaux, to serve as Vice President-Marketing and Product Management; and

WHEREAS, The Vice President-Marketing and Product Management position is an Executive Committee position, requiring that the Board of Directors approve the election; and

WHEREAS, Management has identified the appropriate salary for this position as set forth in the Executive Summary; therefore be it

RESOLVED, That the Board of Directors elects Emmett Fremaux to the position of Vice President-Marketing and Product Management, a corporate officer position, effective December 15, 2006 in accordance with the terms and conditions set forth in the attached Executive Summary.

RESOLUTION ELECTING ROY JOHANSON TO THE POSITION OF VICE PRESIDENT-PLANNING & ANALYSIS

WHEREAS, Management has identified a qualified candidate, Roy Johanson, to serve as Vice President-Planning & Analysis in Washington, D.C.; and

WHEREAS, The Vice President-Planning and Analysis position is in the Executive Committee band, requiring that the Board elect Roy Johanson to this position; therefore, be it

RESOLVED, That the Board of Directors elects Roy Johanson as Vice President-Planning & Analysis, a corporate officer position, effective December 15, 2006 in accordance with the terms and conditions set forth in the attached Executive Summary.

RESOLUTION CREATING A NEW E-BAND POSITION ASSISTANT VICE PRESIDENT-STRATEGIC PLANNING

WHEREAS, Management recommends an organizational change that will provide direct support to the implementation of the company's Strategic Reform Initiatives; and

WHEREAS, Management recommends the creation of a new senior executive position, Assistant Vice President-Strategic Planning, reporting to the Vice President-Strategic Planning, for oversight and implementation of day-to-day activities that will support the achievement of strategic initiatives in the area of corporate and operational planning and business development; and

WHEREAS, Management has identified a well-qualified candidate with significant experience; therefore, be it

RESOLVED, That the Board of Directors approves the creation of a new E-band position titled Assistant Vice President-Strategic Planning reporting to the Vice President Strategic Planning; and

FURTHER RESOLVED, That the Board of Directors approves the employment of the best-qualified candidate for the position of Assistant Vice President-Strategic Planning and approves offering this position to Paul Nissenbaum in accordance with the terms and conditions set forth in the attached Executive Summary.

RESOLUTION ELECTING JAMES MCDONNELL TO THE POSITION OF CHIEF SECURITY AND RISK OFFICER

WHEREAS, Management has identified a qualified candidate, James McDonnell, to serve as Chief Security and Risk Officer in Washington, D.C.; and

WHEREAS, The Chief Security and Risk Officer position is in the Executive Committee band, requiring that the Board elect James McDonnell to this position; therefore, be it

RESOLVED, That the Board of Directors elects James McDonnell to the position of Chief Security and Risk Officer, a corporate officer position, effective December 15, 2006 in accordance with the terms and conditions set forth in the attached Executive Summary.

RESOLUTION ELECTING EDGAR TRAINOR TO THE POSITION OF CHIEF INFORMATION OFFICER

WHEREAS, Management has identified a qualified candidate, Edgar Trainor, to serve as Chief Information Officer in Washington, D.C.; and

WHEREAS, The Chief Information Officer position is in the Executive Committee Band, requiring that the Board elect Edgar Trainor to this position; therefore, be it

RESOLVED, That the Board of Directors elects Edgar Trainor to the position of Chief Information Officer, a corporate officer position, effective December 15, 2006 in accordance with the terms and conditions set forth in the attached Executive Summary.

RESOLUTION APPROVING EXECUTIVE LEVEL TITLE CHANGE AND SALARY ADJUSTMENT

WHEREAS, Management has identified a qualified employee, William Crosbie, to serve as Chief Operating Officer; and

WHEREAS, The Chief Operating Officer position is in the Executive Committee band and requires Board approval; and

WHEREAS, Management has identified an appropriate salary for this position as set forth in the Executive Summary; therefore, be it

RESOLVED, That the Board of Directors approves the appointment of William Crosbie to the position of Chief Operating Officer and directs Management to take all necessary steps to appoint Mr. Crosbie to this position effective December 15, 2006 in accordance with the terms and conditions set forth in the attached Executive Summary. Further, Mr. Crosbie will not serve as an officer of the Corporation.

RESOLUTION APPROVING EXECUTIVE LEVEL SALARY ADJUSTMENT FOR DALE STEIN

WHEREAS, Management has identified a qualified employee to serve as Acting Chief Financial

Officer until such time as a permanent replacement is found; and

WHEREAS, Management has determined that the salary for the chosen individual must be adjusted to reflect the significant additional duties associated with serving as the Acting Chief Financial Officer; therefore, be it

RESOLVED, That Management take all necessary steps to implement the salary adjustments identified in the attached Executive Summary effective December 15, 2006.

RESOLUTION APPROVING TITLE CHANGE AND EXECUTIVE LEVEL SALARY ADJUSTMENT FOR JOSEPH MCHUGH

WHEREAS, Joseph McHugh currently serves as Vice President-Government Affairs; and

WHEREAS, Management recommends expanding the responsibilities of this position to include overseeing Corporate Communications as well as Government Affairs and that Mr. McHugh continue in this expanded position; and

WHEREAS, Management has identified the appropriate salary for this position as set forth in the Executive Summary; therefore, be it

RESOLVED, That the Board of Directors approves the title change and elects Joe McHugh to the position of Vice President-Government Affairs & Communications, a corporate officer position, effective December 15, 2006 in accordance with the terms and conditions set forth in the attached Executive Summary.

RESOLUTION APPROVING
EXECUTIVE LEVEL SALARY ADJUSTMENT FOR
ROBERT C. BLACK IV

WHEREAS, Management has identified a qualified employee to serve as Acting Chief of Corporate Communications until such time as a permanent replacement is found; and

WHEREAS, Management has determined that the salary for the chosen individual must be adjusted to reflect the significant additional duties associated with serving as the Acting Chief of Corporate Communications; therefore, be it

RESOLVED, That Management take all necessary steps to implement the salary adjustments set forth in the attached Executive Summary effective December 15, 2006.

(5-0)

RESOLUTIONS RELATING TO COMPENSATION FOR MEMBERS OF THE BOARD OF DIRECTORS

Recognizing that no changes have been made to Board compensation since December 2000 and the necessity to address Board compensation issues concerning meetings dating back to June 2006, the Directors next considered changes to the Board Compensation Policy. The Board will consider Board compensation for 2007 and beyond at the next meeting, but the Board believes that it is important to resolve issues related to 2006 compensation so that 2006 payments can be made before year-end.

Following discussion, upon motion made by Mr.Sosa and seconded by Ms. McLean, the Board voted to approve the following resolutions:

WHEREAS, Section 4.10 of the Bylaws of the Corporation provides that from time to time the Board of Directors shall specify by resolution the compensation that members of the Board shall receive for time spent in the performance of their duties; and

WHEREAS, By Resolutions dated December 14, 2000, the Board provided that "members of the Board of Directors, not employed by the federal government or not otherwise employed by the Corporation (as a full-time employee), shall receive $600 per diem when engaged in the actual performance of duties"; and

WHEREAS, The Board has determined to update the compensation to be paid to the Directors in the performance of duties; and

WHEREAS, There have been meetings and other events attended by Board members since June 2006 for which such Board members have not been compensated pending resolution of compensation issues; and

WHEREAS, The Board will consider Board compensation for 2007 and beyond at the next meeting, but the Board believes that it is important to resolve issues related to 2006 compensation so that payments for 2006 can be made before year-end; therefore, be it

RESOLVED, That the Board Resolutions dated December 14, 2000 are modified to provide that for the period June 2006 through December 2006 members of the Board of Directors, not employed by the federal government or not otherwise employed by the Corporation (as a full-time employee), shall receive compensation when engaged in the actual performance of duties as follows:

- $600 per diem if the member participates in a regularly scheduled Board meeting;
- $500 per diem for performance of Amtrak related duties (not including attendance at regularly scheduled Board meetings) if such performance exceeds three hours;
- $250 per diem for performance of duties if such performance is three hours or less; and

FURTHER RESOLVED, That the Board Resolutions dated December 14, 2000, except as modified by the foregoing Resolution, shall remain in full force and effect; and

FUTHER RESOLVED, That any Director otherwise qualified to receive compensation may, at his or her option, waive receipt of such compensation either in whole or in part by notifying the Corporate Secretary's Office.

(5-0)

At the conclusion of the executive session at 11:35 a.m., the Board reconvened its meeting onboard Car No. 37,000 for a briefing by Emmett Fremaux, Barbara Richardson, and Mark Rose regarding the Superliner diner/lounge prototype program. Present were Messrs. Carten, Crosbie, Nissenbaum, Smith, Tornquist, Weiderhold, and Yachmetz as well as Madams Serfaty and Richardson.

Following the briefing and lunch aboard Car No. 37,000, the meeting reconvened in executive session in the board room at 1:03 p.m. Members of the Board present were Mr. Boardman, Mr. Biden, Mr. Kummant, Mr. Laney, Ms. McLean, and Mr. Sosa. Board member Floyd Hall joined the meeting by telephone. Also present were Messrs. Carten, Crosbie, Nissenbaum, Rienzi, Smith, Tornquist, Weiderhold, and Yachmetz in addition to Madams Marcelle, Oliveri, Richardson, and Serfaty. Drew Galloway of Amtrak's staff also joined the meeting.

UPDATE ON STRATEGIC PLANNING

Mr. Nissenbaum provided the Board with an update on the development of Amtrak's Strategic Plan. He presented an overview of themes that will appear in the Strategic Plan and reviewed the proposed strategic targets. He indicated that this document will serve as the basis for Board discussion at the strategic planning session in January.

Mr. Nissenbaum reminded the Board that Amtrak's goal of increasing ridership while reducing operating support will be achieved through four key strategic initiatives. He identified these initiatives as a targeted state and NEC infrastructure investment program in collaboration with the states and host railroads; structuring the long-distance network as a foundation for corridor development while preserving inter-regional connections; maintaining a program of continuous improvement in operational and customer service to reduce the federal operating support ratio and bolster the Amtrak brand; and establishing an equipment company to manage a national pool of standardized car types and accelerate the acquisition of a new fleet.

Mr. Nissenbaum and Mr. Kummant presented a high-level assessment of federal-state capital requirements needed to achieve the targets and discussed the concept of an equipment company. A Board-led discussion ensued concerning Amtrak's approach for achieving the proposed strategic goals.

Mr. Nissenbaum then reviewed the schedule for delivery of Amtrak's *FY08-12 Strategic Plan, FY08 Legislative and Grant Request,* and the stakeholder review process.

FINANCIAL MATTERS

UPDATE ON THE FY06 AUDIT

Mr. Smith advised the Board that KPMG is progressing toward completion of the FY06 audit of Amtrak's financial statements by January 15. He advised the Board that an adjustment will be required as result of the recently completed study on equipment depreciable lives. He stated that the adjustment, which is preliminarily estimated at $500 million, will be amortized over the remaining life of the equipment at the rate of $30 to $40 million per year. He advised the Board that KPMG must still consider the "going concern issue" in light of the fact that Amtrak is currently operating under a Continuing Resolution (CR).

FINANCIAL UPDATE

Mr. Smith informed the Board that the current CR provides for funding through February 15, 2007. He reported that Amtrak has submitted an application for FY07 grant funding to the FRA. He indicated that Management has begun identifying capital projects that could be deferred in the event that authorized funding is less than anticipated. With regard to operating funding, he directed the Board's attention to a graphic depiction of Amtrak cash flow from mid-November 2006 through February 2007, based upon the assumption of the Corporation's receipt of $271.7 million in CR funding and a cash flow rate of $1.454 million per day.

BRIEFING ON RETIREE BENEFITS

PENSION BENEFITS

Mr. Smith briefed the Board on Amtrak's retirement benefit program. He presented management and union demographics that showed Amtrak has a mature work force with an average age of 48 and 49, respectively. He reviewed the benefits, eligibility, and company/employee contributions to the railroad retirement system, Amtrak's pension plan, and 401(k) plans. He compared management's pension benefits with those in the public and private sector and discussed industry practice with regard to the types of plans offered employees. He commented that Amtrak's pension benefits have been effective as a retention tool.

A Board-led discussion ensued during which Mr. Sosa requested additional information regarding plan assumptions. Mr. Laney inquired about future funding requirements and options for achieving savings. Mr. Smith indicated that at a future Board meeting, Management will provide the Board with additional information regarding the retirement plans including the impact of the new mortality tables, options for reducing the costs of these plans, and potential legal implications.

RETIREE MEDICAL BENEFITS

Mr. Smith also briefed the Board on medical benefits for management and union employees, including the value to the employee and the cost to Amtrak on an annualized basis. He advised the Board that Amtrak's balance sheet liability for retiree medical benefits to date is $345 million, and the Corporation has an unfunded future liability projected at $620 million for its current work force as of the end of FY06. He reviewed data comparing management's medical benefits with those of the private and public sector. He presented Management's recommendations for changes to the medical benefits program along with projected savings. Mr. Kummant noted that the retiree medical benefits program has also served as a retention mechanism.

A Board-led discussion ensued following which Mr. Laney indicated that action on this agenda item would be taken at a future meeting.

RESOLUTION APPROVING THE TRANSPORATION COMMUNICATIONS UNION LABOR AGREEMENT FOR CALL CENTER OPERATIONS

Mr. Bress briefed the Board on the terms of the proposed labor agreement with the Transportation Communications International Union (TCU) for Reservation Sales Call Center (RSCC) operations. He stated that the new agreement will enable Amtrak to maintain in-house call center operations rather than going forward with outsourcing these functions. He indicated that the agreement allows Amtrak to meet its cost control needs while maintaining the high level of customer service delivered by its agents. He reported that under the new agreement, part-time employment will immediately be reinstated, and the starting wage of new agents hired after January 1, 2007 will be reduced in order for wages to be more in line with the rest of the domestic call center industry. He informed the Board that it will require nine years rather than the current five-year period for new employees to be eligible for the maximum pay rate.

Mr. Bress reported that under provisions of the proposed RSCC agreement, contracting out of reservations and sales jobs is prohibited during the five year term of the agreement. He advised the Board that six months prior to the end of the outsourcing ban and thereafter, the Corporation may contract out by providing six months advance notice. He advised the Board that in the event that Amtrak elects to contract out at some time in the future, all part-time workers must convert to full-time employment, and all wages will be based upon the prior rate schedule.

Mr. Bress presented baseline costs and savings that will be achieved under the proposed RSCC agreement compared with outsourcing call center functions.

Following discussion, upon motion made by Mr. Boardman and seconded by Mr. Sosa, the Board voted to approve the following resolution:

> WHEREAS, Management has reached a tentative labor agreement with the Transportation Communications International Union (TCU) that will reduce future wage costs associated with call center operations; and

WHEREAS, The tentative agreement with TCU will permit Amtrak to maintain its call centers within a competitive wage structure and avoid the need to outsource call center functions to an outside vendor; and

WHEREAS, Management recommends that the Board approve the tentative labor agreement; therefore, be it

RESOLVED, That the Board approves the terms of the TCU Call Center Agreement and directs Management to take all necessary steps to execute the agreement.

(6-0)

UPDATE ON GOVERNMENT AFFAIRS

Due to time limitations, this agenda item was not addressed. A report on congressional committee appointments and the status of federal appropriations bills funded under a CR was provided in the Board book.

PRESENTATION ON THE MOYNIHAN BUILDING

Mr. Laney announced that the Board and staff were invited to attend a presentation on the proposed design of the Moynihan Building in New York City presented by representatives of Vornado Realty Trust in Conference Room F immediately following the Board meeting.

ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 3:25 p.m.

John M. Carten
Assistant Corporate Secretary

Medaris Oliveri
Assistant Corporate Secretary

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolution Approving Changes to Authorized FY06 Capital Expenditures

Background:
At the Board meeting on December 5, 2005 the Board approved the FY06 Capital Budget reset. In November 2006, Management identified sufficient remaining Grant funds to support one new project.

New Project: $6.2 million – Seattle Maintenance Facility Upgrade
Sponsored by: Contract Administration

Purpose:
This new project is part of a $28.6 million initiative to improve efficiency and increase capacity at the Seattle Maintenance Yard. SoundTransit will contribute $14 million to move the Burlington Northern Santa Fe Railway main line to the opposite side of the yard (a prerequisite for Amtrak's part of the initiative.) Amtrak will contribute $14.6 million in two phases for design, construction of a new service track, a track connection between the BNSF main line and the south end of the yard, reconfiguration of train wash track, relocation of administration offices, construction of a sanding and fueling facility and construction of a new Cascades material warehouse. This request for $6.2M is for Phase I; the balance will be funded in a second phase.

Benefits:
This project is necessary to address increases in SoundTransit Commuter service levels. The Seattle maintenance yard, as it is configured today, is not capable of supporting and maintaining a planned increase in SoundTransit rolling stock capacity, nor would the yard's current configuration be able to continue to support the *Cascades* service levels.

The current yard's inefficiencies and lack of capacity will preclude Amtrak from entering into any new agreements with SoundTransit, and will prevent Amtrak from future profits derived from other increases in regional growth. This project will address the yard's capacity requirements.

Funds available:
FY06 General Funds – Carried Over

Recommended Action:
Management recommends the Board approve the attached resolution authorizing a change to the FY06 Capital Budget.

Amtrak Board of Directors
Agenda Item Executive Summary

Title: Resolution Approving Changes to Authorized FY07 Capital Expenditures

At the Board meeting on September 21, 2006 the Board approved the FY07 Capital Budget. Management has since identified one change that is required to replace multiple directory sources with a single, more secure directory listing all people at Amtrak.

New Project: $ 750,000 – Enterprise Directories
Sponsored by: Amtrak Technologies

Purpose:
Directories are systems or databases that hold employee/ contractor/ or user information. Currently, every application that requires information on employees, contractors or other users has its own directory, at a significant cost.

This state of good repair project will reduce system complexity and maintenance costs. It allows for simpler and more secure systems because log-in and access control programs do not need to be written individually for each business system.

Provisioning tools to determine who has access are an important part of ensuring data quality and improving the ability of Amtrak to have a single view of its employees and contractors. Currently, there are many ad hoc and disjointed processes to support user provisioning (business rules) leading to incorrect data, untimely data, and difficulties identifying and gathering accurate information about Amtrak's workforce.

Benefits:
This project is an IT infrastructure project undertaken to improve security of Amtrak information.

Funds available:
FY07 General Funds: $750,000 will come from the Engineering VTR project that has been cancelled.

Recommended Action:
Management recommends the Board approve the attached resolution authorizing a change to the FY07 Capital Budget.