## Amtrak Vision for the Future

For the Midwest Interstate Passenger Rail Commission

Thursday, October 4, 2018

### FY 2018 - Undeniably challenging year

<table>
<thead>
<tr>
<th></th>
<th>Sept FY 2018 Forecast</th>
<th>$ Fav/(Unfav) vs Plan</th>
<th>% Fav/(Unfav) vs Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$3,191.4M</td>
<td>($67.4M)</td>
<td>(2.4%)</td>
</tr>
<tr>
<td>Total Expense</td>
<td>$3,356.1M</td>
<td>$67.7</td>
<td>2.0%</td>
</tr>
<tr>
<td>Adjusted Operating Earnings</td>
<td>($164.7M)</td>
<td>$0.3M</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
FY 2019 Strategy Summary

• Lays Out:
   Vision
   Mission
   Core Values
   Capabilities
   Management Systems
   Core Strategies
   FY19-22 Metrics

• Core Strategies:
   Run a Great Railroad
   Grow the Network
   Winning together
   Earning Customer Preference
   Financial Stewardship and Sustainability

FY 2019 Annual Plan Key Pillars

Safety and Operations
• Meet Operating Safety Metrics for customers and employees
• No NTSB passenger accidents
• Implement PTC or achieve PTC-levels of safety across network
• Deliver the FY 2019 Capital Plan on-time within scope and budget
• Implement FY 2019 Level of Operations Plan

Customer Impact
• Fully implement Customer Now stations repair and clean up program
• Develop, implement station and train signage and branding plan
• Achieve ADA compliance goals
• Achieve ITP and Customer OTP goals by service line
• Progress development & implementation new F&B models.
FY 2019 Annual Plan Key Pillars

Strategy
• Develop and execute FAST Service and Asset Line plans
• Implementation of PRIIA/Fast and NEC Ops and Infra. policies
• Complete development of Natl Network and reauth. strategy
• Achieve Acela 21 goals on budget, scope and schedule
• Work with States to expand service in their corridors
• Support FRA discretionary grants for projects beneficial to Amtrak

Assets
• FY19 Fleet initiatives for diesels and single level coaches
• Complete major station transactions (CUS, PHL, BAL)
• Begin gateway project construction
• Advance Natl Network fleet refresh.

FY 2019 Annual Plan Key Pillars

Financial Stewardship
• Deliver FY 2019 Capital spend of $1.75B
• Achieve Other Revenue growth of 2% to $1.0B.
• Continue to aggressively manage headcount in management
• Obtain authorized FY2019 funding levels

<table>
<thead>
<tr>
<th>Service Line</th>
<th>Ridership</th>
<th>Gross Ticket Revenue</th>
<th>NOL Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEC</td>
<td>12.4M</td>
<td>$1,306M</td>
<td>$491</td>
</tr>
<tr>
<td>SS</td>
<td>15.7M</td>
<td>$547M</td>
<td>($568M)</td>
</tr>
<tr>
<td>LD</td>
<td>4.5M</td>
<td>$493M</td>
<td>($546M)</td>
</tr>
<tr>
<td>Total*</td>
<td>32.6M</td>
<td>$2,345M</td>
<td>($132M)</td>
</tr>
</tbody>
</table>
Six Pillars and Annual Operations Plan (AOP)

- Comprehensive strategic plan that is aligned with the Six Pillars

- AOP based on the Level of Operations - the “schedule”
  - Reflects seasonal adjustments to Amtrak routes
  - Includes frequency and consist information for Amtrak trains

- Establishes fiscal year budget and performance goals
- Includes financial assumptions and initiatives
- Identifies capital investments with reserves for key strategic projects

Amtrak - Key Operating Highlights

The FY 2019 Adjusted Operating Loss of ($132.2) million, is a $32.2 million improvement over FY 2018.
- The year over year improvement is largely driven by strong revenue growth coupled with minimal expense increases as the organization focuses on operational efficiencies and cost savings.
- Total expense increases $41.4 million, as expenses are managed tightly and relatively flat with the exception of benefits (up $53.7 million from provider assumptions).

<table>
<thead>
<tr>
<th>FY 2019 Operating P&amp;L 3 Year Trend</th>
<th>Actual FY 2017</th>
<th>August Forecast FY 2018</th>
<th>Plan FY 2019</th>
<th>Y/Y Growth vs FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Related Revenue</td>
<td>$ 2,543.9</td>
<td>$ 2,585.8</td>
<td>$ 2,664.8</td>
<td>$ 79.1</td>
</tr>
<tr>
<td>Other Core Revenue</td>
<td>260.2</td>
<td>285.1</td>
<td>292.1</td>
<td>7.0</td>
</tr>
<tr>
<td>Ancillary Revenue</td>
<td>370.6</td>
<td>324.8</td>
<td>329.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$ 3,174.7</td>
<td>$ 3,195.7</td>
<td>$ 3,286.8</td>
<td>$ 91.1</td>
</tr>
<tr>
<td>Core Expense</td>
<td>3,046.9</td>
<td>3,094.2</td>
<td>3,140.4</td>
<td>46.2</td>
</tr>
<tr>
<td>Ancillary Expense</td>
<td>305.0</td>
<td>250.2</td>
<td>245.3</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Total Expense</td>
<td>$ 3,351.9</td>
<td>$ 3,344.4</td>
<td>$ 3,385.8</td>
<td>$ 41.4</td>
</tr>
<tr>
<td>Adjusted Operating Earnings (excl. STI)</td>
<td>($177.2)</td>
<td>($148.7)</td>
<td>($99.0)</td>
<td>$ 49.7</td>
</tr>
<tr>
<td>Ancillary Expense</td>
<td>(16.5)</td>
<td>(15.7)</td>
<td>(33.2)</td>
<td>(17.5)</td>
</tr>
<tr>
<td>Adjusted Operating Earnings (Incl. STI)</td>
<td>($193.7)</td>
<td>($164.4)</td>
<td>($132.2)</td>
<td>$ 32.2</td>
</tr>
</tbody>
</table>
**Amtrak - Revenue**

Total Revenue of $3,286.8 million increases $91.1 million over the FY 2018 August Forecast.

![Graph showing revenue trend](image)

**Amtrak - Expenses**

Total Core Expenses of $3,140.4 million increases $46.2 million over FY 2018

<table>
<thead>
<tr>
<th>Expense category</th>
<th>Actual FY2017</th>
<th>$ Y/Y Growth vs FY2018</th>
<th>% Y/Y Growth vs FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Expense</td>
<td>$1,745B</td>
<td>$58.7 M</td>
<td>3.5%</td>
</tr>
<tr>
<td>Train Related Expense</td>
<td>$637.3M</td>
<td>$10.2M</td>
<td>1.5%</td>
</tr>
<tr>
<td>Other Core Expense</td>
<td>$665M</td>
<td>(22.7M)</td>
<td>(3.1%)</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$3,046.9M</td>
<td>$46.2M</td>
<td>1.5%</td>
</tr>
</tbody>
</table>
Management & Contractor Headcount

Management and Contractor headcount is increasing 45 heads in FY 2019 (1.5% increase) from FY 2018 and remains below the headcount cap of 3,218 for the full year.

### FY 2019 Management & Contractor Headcount Trend

<table>
<thead>
<tr>
<th>Pre VSIP/RIF FY 2018</th>
<th>Actual July FY 2018</th>
<th>Plan Sep FY 2019</th>
<th>Inc/Dec vs Pre VSIP/RIF</th>
<th>Inc/Dec vs July FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Headcount</td>
<td>3,042</td>
<td>2,778</td>
<td>2,946</td>
<td>(96)</td>
</tr>
<tr>
<td>Contractor</td>
<td>334</td>
<td>315</td>
<td>192</td>
<td>(142)</td>
</tr>
<tr>
<td>Total Headcount</td>
<td>3,376</td>
<td>3,093</td>
<td>3,138</td>
<td>(238)</td>
</tr>
</tbody>
</table>

Amtrak - Total FY19 Capital is $3,245.4M

FY 2019 Total Available Capital by Category

<table>
<thead>
<tr>
<th>(in Millions)</th>
<th>August Forecast FY 2018</th>
<th>Plan FY 2019</th>
<th>Y/Y Growth vs FY 2018</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>$ 831.6</td>
<td>$ 742.7</td>
<td>$ 51.0</td>
<td>7.4%</td>
<td></td>
</tr>
<tr>
<td>Stations and Real</td>
<td>200.9</td>
<td>180.7</td>
<td>40.2</td>
<td>20.1%</td>
<td></td>
</tr>
<tr>
<td>Fleet</td>
<td>341.8</td>
<td>400.0</td>
<td>58.2</td>
<td>17.6%</td>
<td></td>
</tr>
<tr>
<td>Information Technology</td>
<td>94.1</td>
<td>153.0</td>
<td>58.9</td>
<td>16.7%</td>
<td></td>
</tr>
<tr>
<td>ADA</td>
<td>51.8</td>
<td>70.0</td>
<td>18.2</td>
<td>35.2%</td>
<td></td>
</tr>
<tr>
<td>Support</td>
<td>27.6</td>
<td>28.6</td>
<td>1.0</td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>Gateway</td>
<td>30.9</td>
<td>40.0</td>
<td>9.1</td>
<td>30.0%</td>
<td></td>
</tr>
<tr>
<td>Acela 21</td>
<td>58.5</td>
<td>154.1</td>
<td>95.6</td>
<td>164.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital Spend Plan</strong></td>
<td>$ 1,536.3</td>
<td>$ 1,748.8</td>
<td>$ 212.5</td>
<td>13.8%</td>
<td></td>
</tr>
<tr>
<td>Specific Reserve</td>
<td>100.0</td>
<td>378.5</td>
<td>278.5</td>
<td>273.8%</td>
<td></td>
</tr>
<tr>
<td>General Reserve</td>
<td>299.6</td>
<td>1,120.1</td>
<td>820.5</td>
<td>273.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td>$ 400.6</td>
<td>$ 1,496.6</td>
<td>$ 1,096.0</td>
<td>273.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Available Capital</strong></td>
<td>$ 1,936.9</td>
<td>$ 3,245.4</td>
<td>$ 1,308.5</td>
<td>67.0%</td>
<td></td>
</tr>
</tbody>
</table>

**FY 2019 Total Capital Spend 4 Year Trend**

- Capital Spend of $1,748.8 million for projects with an immediate work plan and managed actively within the year.
- Reserve Spend of $1,496.6 million will fund future projects which require significant funding but will not be spent immediately.
- The FY 2019 Capital spend plan of $1,748.8 million focuses primarily on improving, upgrading, advancing, and modernizing key strategic areas.
Top 5 FY19 Goals

- Modernize our Products and Services:
  - Drive customer satisfaction, revenue, and cost reduction through better products and services
  - Renew our fleet
  - Modernize F&B
- Build our Plans for the Future:
  - Reauthorization
  - FAST Plans
- Expand our Services:
  - Increase ridership and improve financial performance by growing state corridors, commuter services and intermodal connections
Top 5 FY19 Goals

- **State Supported Service Line:**
  - Exceed ridership and revenue; 4.6% revenue increase and 3.8% ridership increase
  - Aggressive but realistic eCSI, OTP and ITP improvement
  - Engage states in capital investment initiatives, supported by Federal discretionary grants
  - Grow service (CA, KS, VA, VT, WI)
  - Improve internal contract process

- **Long Distance Service Line**
  - Refleet, deploy Viewliners, refurbish Amfleet II, new locos
  - Continue introduction of new F&B models
  - Incorporate LD plans into reauthorization proposal

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Top 5 FY19 Goals

- **Advance NEC Infrastructure:**
  - Gateway Programs
  - B&P
  - Major Stations
  - NECC Policy

- **Make Acela 21 Real**
  - Trainsets
  - Moynihan
  - Infrastructure projects
  - Service Plan
  - *Regionals*
Top 5 FY19 Goals

- **Product Development & Customer Experience:**
  - Expansion of Contemporary Food Car Model
  - POS
  - Catering RFI & RFP
  - Station/Train standards for image and behaviors

- **Corporate Planning**
  - Completion of Asset Plans per FAST
  - NEC Commission Cost Allocation
  - Fleet planning, Re-fleeting
  - Chartering GDC (Gateway project)
  - National Network assessment ongoing and potential new corridor services

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Thank you
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