NATIONAL RAILROAD PASSENGER CORPORATION

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2007 Annual Report

AMTRAK

Amtrak's mission is to provide America with safe and reliable intercity rail passenger service in an economically sound manner that exceeds customer expectations.

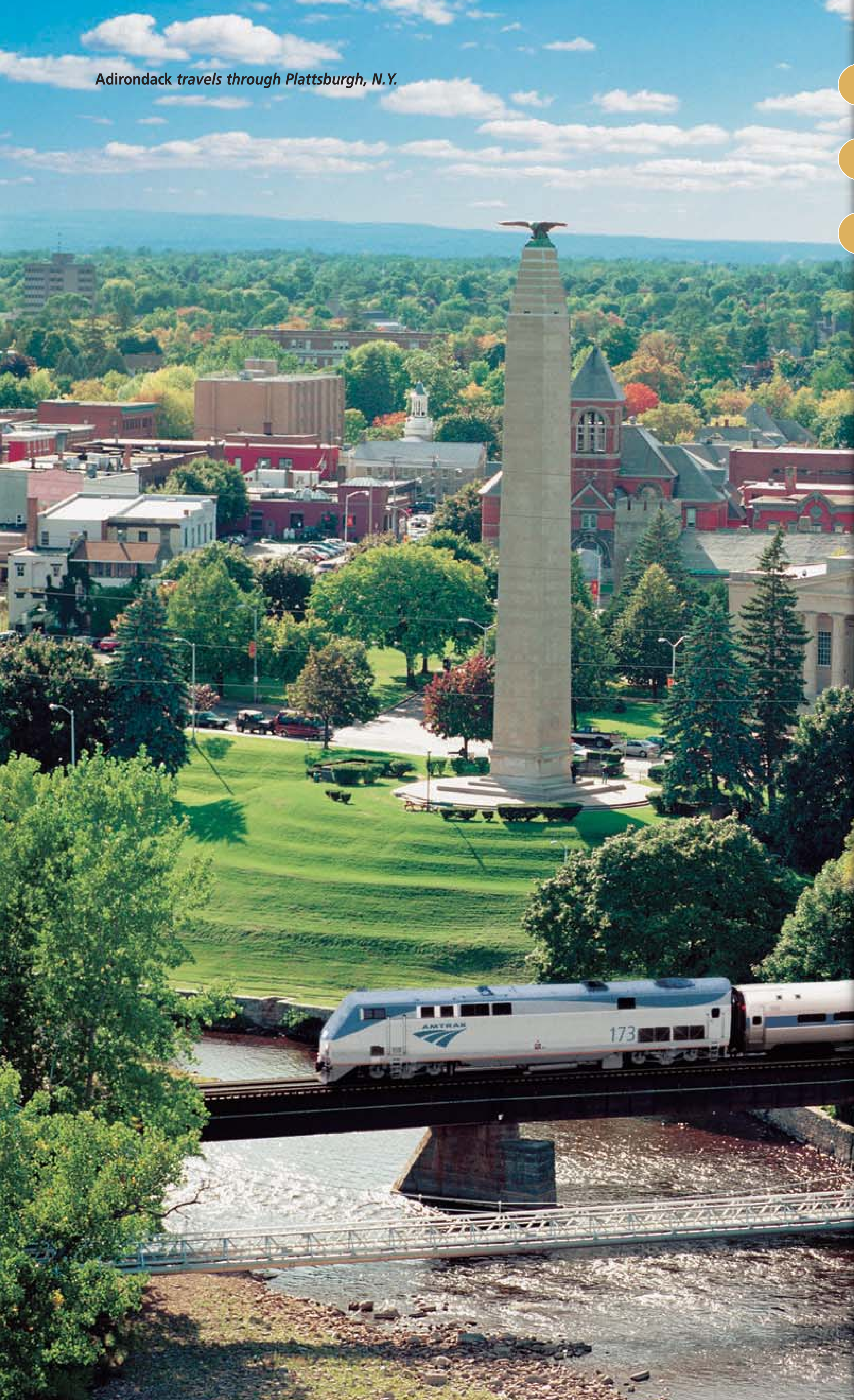
BOARD OF **DIRECTORS**

L. to R.: *Vice Chairman R. Hunter Biden, Chairman Donna McLean, President and CEO Alex Kummant and Federal Railroad Administrator Joseph Boardman.*

EXECUTIVE COMMITTEE

Front Row (L. to R.): *President and CEO Alex Kummant, Chief Operating Officer William Crosbie, Vice President Human Resources and Diversity Initiatives Lorraine Green, Chief Information Officer Ed Trainor, Inspector General Fred Weiderhold.*

Back Row (L. to R.): *Vice President Security Strategy and Special Operations William Rooney, Vice President Government Affairs and Corporate Communications Joe McHugh, Vice President Labor Relations Joe Bress, Vice President Strategic Partnerships and Business Development Anne Witt, Chief Financial Officer William Campbell, Vice President Marketing and Product Management Emmett Fremaux. Not pictured: Vice President, General Counsel and Corporate Secretary Eleanor Acheson.*



Adirondack travels through Plattsburgh, N.Y.

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A LETTER FROM THE PRESIDENT

AS AMTRAK COMPLETES 2007, we can look back with justified pride on a year that brought us many notable achievements and accomplishments. This follows four years of steady growth, growth that highlights the increasing public interest in intercity passenger rail service. As you look at this report, you'll see a number of important elements. Included are the results of our external audit (compiled by KPMG), and our Management's Discussion and Analysis of Financial Conditions and Results of Operations. These explain the details of the company's financial position and performance. The company had a good year; ticket revenue grew 10.6 percent, while ridership grew 6.3 percent. Amtrak carried 25.8 million riders in FY 2007, the highest annual total in its history.

This is a great achievement, and one that highlights the growing demand for our product. We would like to address this pent-up demand, some of it in places we don't serve today — and that means a growth strategy. We want to add riders to our trains and revenue to our income statement. In some cases, that's going to mean increasing frequencies and speeds on existing routes; in others it will mean inaugurating new services. In both cases, the railroad will achieve growth by investment, and our investment plans target three areas: the workforce, partnerships with states and freight railroads, and infrastructure and equipment. Amtrak needs new equipment, and we want attractive and comfortable rolling stock that incorporates the latest energy-efficient technologies and caters to the public's desire for panache.

Amtrak's position is good, and we can address some of the challenges outlined above by ourselves, but some things must happen for us to take advantage of the opportunities. The most important of these is a national surface transportation policy — one that changes the rules of the game and sets a policy that will define the role of passenger rail in the national economic life. But the company's needs are real. The fleet is barely large enough to support day-to-day needs; there is little room for ridership growth on our existing services, let alone their expansion or the development of new services. These are needs we must address if Amtrak is to realize its full potential in the years ahead. Partnerships with cities and towns to develop our stations as intermodal transportation modes must also figure prominently.

The company is forcefully addressing the demand for rail passenger service, and we can point to some results already. From 2003 to 2006, the company partnered with the commonwealth of Pennsylvania to put $145 million into the Keystone Corridor and the work bore fruit in 2007. The return of electrified service and the improvement of speeds to 110 mph have allowed greater frequency of service with the same equipment. This translated into a 20 percent leap in ridership on the route in FY 2007, in part because the travel time on our express trains between Harrisburg and Philadelphia fell by almost 30 minutes, a dramatic illustration of the benefits to be gained from targeted investment in our system, fleet, and people.

While this was a good year for Amtrak, the outlook for the transportation industry is troubling. Capacity constraints and infrastructure challenges in transportation that have been building for decades are now very apparent. The airline industry faces some challenges; highway congestion is a perpetual irritant to the traveling public. Summertime congestion on the other modes probably contributed to the record-breaking ridership levels Amtrak saw in July and August. Gratifying though ridership increases are, they are a sign of a growing national problem, one with economic implications — the congealing of the national transportation system. We as a nation ought to be ensuring we can offer travelers fast, frequent, comfortable and convenient passenger rail service where there is a demand for it.

There are other challenges ahead. We recently submitted our grant request to Congress for FY 2009. Amtrak faces substantial cost increases in a couple of key areas — diesel fuel and health care chief among them. Our budgeting is conservative, and we're projecting income carefully, because the condition of the national economy is unclear. We have not taken on any new debt since 2002, and we are working aggressively to reduce the loans we do have. The company needs to be ready for a downturn, if one comes.

Having said that, I should add that I'm confident Amtrak will do more than just survive. Meeting the short-term challenge has always been this company's specialty, and the ability to stick together and ride out a crisis has always been one of its strengths. Now we must focus the energy and talent and turn them not just to the task of getting through the next few months, but of realizing the opportunities on the horizon. Soon the company will issue its next set of strategic directions, which will focus our efforts in the coming years.

Amtrak is ideally positioned to offer a solution that addresses both energy and congestion concerns, and it will continue to develop the corridor service that is daily carrying a large and growing number of riders in California, along the East Coast, into and out of Chicago, and across the Pacific Northwest. The best argument is success, and when I look at the 2007 statistics, I am confident the workforce that chalked up those records will continue to make the case for passenger rail travel to our customers, the most important advocates we have. Amtrak needs to keep bringing them back, and it needs to convince them of the value the company brings to individual travelers and to the nation. I am confident we will succeed.

Carmen Archie Paige (center) and James Powell (right) discuss their work with President and CEO Alex Kummant (left) at the Ivy City mechanical facility in Washington, D.C.

I'm willing to say that because nobody who has been here, even for a relatively short time, can be unimpressed by our employees' dedication. Amtrak is unique, and our employees' skills are unique — so that in spite of the disparate trades and crafts, the bond that holds us together is a love of passenger trains. It's a strength no set of metrics can measure, and no performance report can quantify. It is this spirit that makes the company a success — the belief that there should always be something special about boarding an Amtrak train. I have come to view Amtrak as more than a transportation provider. We take passengers to where they want to go, but we show them the America they live in. We may not be citizens of every community we serve, but we want to be good corporate citizens of the ones we do, and we want to be stewards of the railroad, the business, and the nation's investment in passenger railroading.

And I think we are.

Sincerely,

Alex Kummant
President and Chief Executive Officer

Empire Service *plows through snow in upstate New York.*

36 Years in Service

Created by Congress in 1970, the National Railroad Passenger Corporation (Amtrak) has been serving the traveling public since May 1971. Traversing 21,000 route miles across 46 states, the District of Columbia and three Canadian provinces, Amtrak carried nearly 26 million passengers to more than 500 destinations in FY 2007, or more than 70,000 people on up to 315 trains each day. In addition to Amtrak riders, more than 830,000 people traveled over Amtrak infrastructure or on commuter trains operated under contract every weekday.

In FY 2007, Amtrak earned approximately $2.15 billion in total revenue and incurred about $3.18 billion in expenses. Amtrak relies on an annual federal appropriation, which in FY 2007 totaled $1.294 billion, including $521 million in operating funds, $495 million in capital and $277 million for debt service. While Amtrak relies on federal appropriations to support its operating and capital needs, the federal government's investment in Amtrak was less than 2 percent of the entire federal transportation budget for FY 2007.

As a result of initiatives designed to reduce costs while increasing revenue, more than $52.8 million in operational savings were realized in FY 2007. Advances in the reliability of equipment and infrastructure; on-time performance on the Northeast Corridor; quality of customer service; and upgraded technological systems, as well as sales and distribution systems, also contributed to the net improvement to the bottom line.

The relevance of passenger rail in today's world has made it an increasingly important element of states' transportation networks, and many states are planning to meet the growing demand for transportation options that address the pressures of congestion, rising fuel prices and environmental consciousness. In FY 2007, 14 states contracted with the company to provide corridor service, representing nearly half of Amtrak's departures.

In addition to intercity trains, Amtrak operates four commuter services under contracts with state transportation or commuter agencies: Caltrain; Connecticut's Shore Line East; Maryland Area Rail Commuter (Penn Line); and Virginia Railway Express. Five other agencies — Delaware Transit; Long Island Rail Road; Massachusetts Bay Transportation

Amtrak carried nearly 26 million passengers to more than 500 destinations in FY 2007.

"Amtrak is chugging toward its fifth-straight record year for ridership nationwide."

Washington Times – 9/10/07

Authority; New Jersey Transit; Southeastern Pennsylvania Transportation Authority — contract with Amtrak for use of its Northeast Corridor infrastructure. Seattle's Sounder Commuter Rail system, the South Florida Regional Transportation Authority's Tri-Rail service, and Chicago's Metra regional rail authority also contract for use of Amtrak's assets, dispatching or maintenance services elsewhere in the country.

Amtrak owns 363 miles of the 456-mile Northeast Corridor from Washington to Boston, where *Acela Express* trains operate at speeds of up to 150 mph; a 61-mile track segment from New Haven, Conn., to Springfield, Mass.; 104 miles between Philadelphia and Harrisburg over which trains travel up to 110 mph; and 97 miles of track in Michigan over which trains travel at 95 mph.

About 70 percent of the train-miles traveled by Amtrak trains are on tracks owned by freight and commuter railroads. In FY 2007, Amtrak paid host railroads $92 million for reimbursed costs and incentives; Amtrak also depends on host railroads for the dispatching and timely movement of its trains. The six largest host railroads are BNSF Railway, Union Pacific Railroad, CSX Transportation, Norfolk Southern Railway, CN Railway and Metro-North Railroad.

FREIGHT PARTNERS

STATE AND **COMMUTER SERVICE** PARTNERS

Not pictured: Metra, SEPTA

FY

OCTOBER

Service expansions are inaugurated with eight new trains in Illinois; new, faster *Keystone Service* — including three more roundtrips — launched on a renewed and electrified route.

NOVEMBER

Amtrak serves a record 600,000 passengers during the Thanksgiving holiday week and logs the highest ticket revenue of any November on the books.

DECEMBER

The Great American Stations site is launched to foster partnerships with local communities to make investments in stations.

JANUARY

Sens. Frank Lautenberg (D-NJ) and Trent Lott (R-MS) and 18 other senators introduce the Passenger Rail Investment and Improvement Act of 2007, a six-year reauthorization bill that would enable $19.2 billion in federal funds for Amtrak and intercity rail development.

FEBRUARY

Annual Grant and Legislative Request is submitted to Congress for $1.53 billion in federal support for FY 2008.

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MARCH

With six months of the fiscal year to go, ridership and ticket revenue are 5 percent and 11 percent higher than in FY 2006, respectively.

APRIL

The new generation of the Quik-Trak self-service ticketing machine wins "Best Travel and Hospitality Deployment" from Kioskcom's Self Service Excellence Awards.

MAY

Engineering crews begin rebuilding Tracks 1 and 4 on the Philadelphia-Harrisburg Keystone Corridor, a project funded by SEPTA.

JUNE

Amtrak is presented the 2007 Image of the Year Award by the National Association of Uniform Manufacturers and Distributors for being selected as the "Best Dressed in the Transportation Field."

JULY

Amtrak and the Connecticut Department of Transportation extend the contract to operate the New Haven-New London *Shore Line East* commuter service.

AUGUST

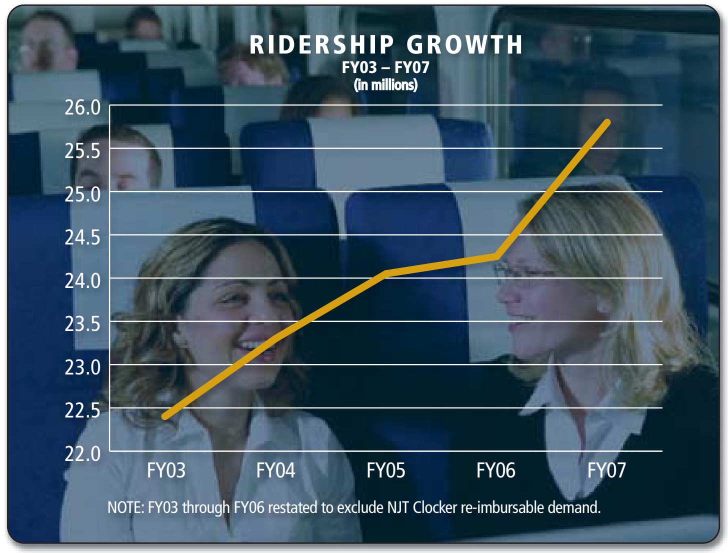
A fifth *Downeaster* roundtrip between Boston and Portland, Maine, is inaugurated.

SEPTEMBER

Amtrak closes the fiscal year with a 2.4 system-wide safety ratio — the number of FRA-reportable injuries per 200,000 hours worked — against a goal of 2.8, marking the fourth consecutive year of safety improvements.

Mobility

TRANSPORTING 25.8 million passengers, Amtrak achieved its fifth consecutive year of record ridership in FY 2007; a jump of 6 percent over the prior fiscal year. The increased ridership yielded ticket revenue of $1.52 billion — up $148 million, or 11 percent better than FY 2006. Thanks to the expansion of some services, the number of train frequencies operated increased 6 percent from 98,984 in FY 2006 to 105,224 in FY 2007, and covered 5 percent more train miles in FY 2007.

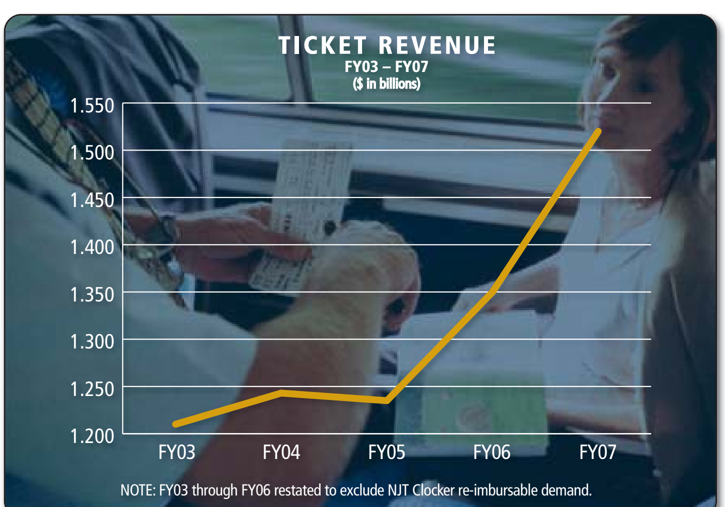


The year-end results were boosted by exceptional growth of the popular Washington-New York-Boston *Acela Express* service, which benefited from an aggressive Northeast Corridor Improvement program. As a result of track geometry analysis and capital investment, *Acela Express* trip times were reduced by five minutes. On-time performance for the service averaged 88 percent — the highest since the service's inception in 2001 — and a roundtrip added to the schedules in July between New York and Washington increased frequencies to 9 roundtrips north of New York and 16 roundtrips south of New York per weekday.

In addition, more personalized customer service was delivered, including at-seat food and beverage cart service on some trains. All of these factors — along with high fuel prices — helped drive a record number of travelers to the service, while implementation of strategic pricing and revenue management tactics also contributed to the growth in ticket revenue.

By the end of the fiscal year, *Acela Express* ridership grew 20 percent and ticket revenue rose 23 percent over FY 2006. Traveling along the same route, ticket revenue for *Regional* service increased 7 percent; the results significantly boosted the bottom line, considering that combined *Acela Express* and *Regional* service comprises more than 50 percent of national ticket sales.

Amtrak achieved its **FIFTH** consecutive year of record ridership in FY 2007.



Compared to the airlines, Amtrak's share of the New York-Washington air/rail travel market rose to 56 percent in FY 2007. Between New York and Boston, Amtrak earned 41 percent of that market; a 5 percentage point increase over FY 2006.

The 15 long-distance trains Amtrak operates served 2 percent more passengers and yielded 5 percent more ticket revenue in FY 2007; ticket revenue from First class sleeping car accommodations was up 7 percent over FY 2006.

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Investments made in state partnerships resulted in expansion of corridor service in the Northeast and Midwest, yielding short-distance train ridership and ticket revenue growth of 8 percent and 9 percent, respectively.

Following a multi-year infrastructure investment partnership with the commonwealth of Pennsylvania, the newly electrified *Keystone Service* yielded an increase in weekday departures from 11 to 14 in October 2006. The expanded New York-Philadelphia-Harrisburg service, combined with trip time reductions of 15 to 25 minutes between Philadelphia and Harrisburg, contributed to ridership growth of 20 percent and a 30 percent increase in ticket revenue on the line in FY 2007.

In Maine, an additional Portland-Boston *Downeaster* train launched in August helped drive a 7 percent rise in ridership. Thanks to support from the state of Illinois, eight new departures on three corridors serving Chicago and 28 downstate stops were inaugurated in October 2006. As a result, ridership soared by double digits.

FY 2007 **TOP TEN CORRIDORS**

CORRIDOR	RIDERSHIP
Northeast Corridor	10.04 million
Pacific Surfliner	2.71 million
Capitol Corridor	1.45 million
Empire Service Corridor	1.25 million
Keystone Corridor	.99 million
San Joaquins	.80 million
Amtrak Cascades	.67 million
Hiawatha	.60 million
Wolverine	.45 million
Chicago-St. Louis Corridor	.41 million

Investments made in state partnerships resulted in expansion of corridor services.

"Airplanes are getting stuck in lots of traffic jams this summer, but Amtrak is on a roll. Ridership on the passenger rail system is up 6% so far this year, the biggest jump since the late 1970s."

Wall Street Journal – 8/23/07

Construction in progress on the Thames River Bridge in Connecticut.

MOBILITY is incumbent upon consistent investments in equipment and infrastructure that are designed to reduce trip times and improve the reliability and on-time performance of Amtrak service.

Maintaining a state of good repair on Amtrak-owned infrastructure, most of which supports the Northeast Corridor, involved installation of 87,357 concrete ties, 93,799 wood ties or timbers, 4,241 bridge ties and 62 miles of rail in FY 2007. Engineering forces also replaced 78 switches, improved the condition of 11 undergrade bridges, laid 10 miles of copper signal cable and renewed seven high-speed interlockings. To fortify the efficiency and dependability of the electrical systems, 13 electric traction power transformers that change the voltage from 138 kV to 12 kV were replaced, and 61 miles of the overhead catenary wires and hardware from which the electric trains obtain their power was renewed. All of this work contributed to a 19 percent decrease in unplanned minutes of delay on the Northeast Corridor.

Other major capital projects included construction work on the Amtrak-owned Thames River Bridge located between New London and Groton, Conn. The 90-year-old bridge will get a new vertical lift span, which elevates between two lift towers to allow marine traffic to pass, in FY 2008. The $85 million, multi-year project will improve the reliability of the bridge, which was prone to operating failures resulting in train and marine traffic delays.

Along the Philadelphia-Harrisburg Keystone Corridor, the Communications and Signals group installed microprocessor-based track circuits and a dual-frequency cab signal system; a significant upgrade for the line. The new system enables increased speeds and greater flexibility by allowing trains to run on both tracks in either direction and provides better speed regulation along the route.

In New York, work continued on the Fire and Life Safety Program to improve the six Amtrak-owned Hudson and East River rail tunnels that carry passengers to and from New York's Penn Station. The approximately $900 million, two-

"Supporters are calling what's happened in the Keystone Corridor a model that should be followed nationwide."

The Patriot-News – 10/31/06

phase program funded by Amtrak, Long Island Rail Road and the Federal Railroad Administration, involves the construction or installation of modern ventilation and fire standpipe systems, modern communications systems and several other safety and security countermeasures.

Engineering forces completed the largest multi-year bridge tie replacement project in decades when they extended the life of the 100-year-old Susquehanna Bridge by another 20 to 25 years. Located halfway between Baltimore and Wilmington, the 4,154 foot-long bridge is a key rail link on the busy Northeast Corridor; the work helped ensure its long-term reliability.

THE AGGRESSIVE and sustained focus on attaining a state of good repair that began in 2002 resulted in a more reliable fleet in FY 2007, and a reduction in minutes of delay attributed to passenger cars for the fifth consecutive year. By the end of FY 2007, 74 percent of passenger cars and 94 percent of the locomotive fleet were in a state of good repair. Furthermore, mean miles between repairs and overhauls for the locomotive fleet averaged 17,790 miles, up more than 1,500 miles per locomotive than in FY 2006. Likewise, the passenger car fleet averaged over 26,800 miles between shoppings, or 8,900 more miles per car than the prior year.

Moreover, car availability averaged more than 84 percent and locomotive availability averaged over 86 percent in the fiscal year.

The maintenance and overhaul programs are crucially important, as Amtrak runs its equipment to its maximum potential. On average, the fleet's electric locomotives exceed 125,000 miles per year, far more than those on commuter trains on the Northeast Corridor. Amtrak's diesel locomotives run an average of 126,000 miles per year, exceeding the average mileage of freight or commuter diesel engines by at least 35,000 miles. Amtrak's P-42s, which make up the largest number of diesel engines in its fleet, travel 165,000 miles per year.

One of the challenges of maintaining the fleet is its advanced age. The average age of an Amfleet I car is approximately 31 years and a Superliner I car 27 years. Given the age of the fleet and the growing demand for rail in the next five to 10 years, investment in equipment procurement in the coming years will be necessary for Amtrak to take advantage of opportunities for continued growth.

Amtrak's Car and Locomotive Overhaul Program, undertaken at the Bear and Wilmington facilities in Delaware and Beech Grove, Ind., contributed to the reliability and availability of the Amtrak fleet in FY 2007. At the Bear facility, 120 Amfleet I and II cars that operate mostly along the East Coast were overhauled, while 18 overhauls were completed on electric HHP-8 and AEM-7 locomotives in FY 2007.

The work at Bear included conversion of Amfleet II Lounges to Diner Lites, or 28000 series cars, which can serve as both lounge and dining cars on some long-distance trains in the East. Designed to facilitate consist flexibility and to help reduce the overall operating costs of providing food service on certain routes, seven of these cars were completed at Bear in FY 2007. The conversion of these cars is expected to continue in the coming years for use on multiple routes across the country.

Mechanics at the Beech Grove shop overhauled 153 cars and 32 diesel engines, including five converted Superliner diner-lounge cars, or 37000 series cars. The converted Superliner dining car was rebuilt to serve as a combination lounge and diner, replacing the traditional separate lounge and dining car configuration. The combination car offers integrated continuous dining,

Equipment procurement in the coming years will be necessary.

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Five converted Superliner dining cars were produced in FY 2007.

The focus on state of good repair resulted in a more reliable fleet.

lounge and bar service that is appealing to both coach and sleeping car passengers. By utilizing one fewer car in the trainset and attracting more patrons, the new model of service is expected to make food and beverage service on long-distance routes more cost-effective by generating additional revenue while reducing operating costs, including a 25 to 30 percent decrease in labor costs.

At the start of FY 2007, Amtrak began implementing Reliability Centered Maintenance (RCM) on the Acela high-speed trainsets. Reliability Centered Maintenance analyses are performed to identify the best set of maintenance tasks and standardized maintenance procedures to perform those tasks. Also employed by the U.S. Navy and NASA, application of RCM is being expanded to Amtrak's conventional equipment as well.

After Amtrak assumed responsibility for the maintenance of its 20 high-speed *Acela Express* trainsets from the manufacturer at the start of FY 2007, and with the implementation of RCM, it increased the number of *Acela Express* trains operating from 14 in October 2006 to 16 by the end of FY 2007. The shift resulted in an 18 percent increase in the number of weekday frequencies and a 15 percent drop in minutes of delay attributed to equipment.

Community

AMTRAK not only serves as a link between communities, but is also recognized both as a catalyst for growth and a solution to congestion. As such, Amtrak is investing in partnerships with states looking to make passenger rail a greater contributor to their transportation networks. By building a community of state partners, Amtrak seeks to meet the growing demand for more passenger rail service.

Congested highways and airways, volatile gas prices, concerns about carbon dioxide emissions and other factors are leading more states to look to rail. In FY 2007, 14 states contracted with Amtrak to provide corridor service, representing nearly half of Amtrak's departures, and Amtrak was engaged in discussions with several states about service expansions or new routes. Operating support from states increased for the 20th consecutive year in FY 2007 to more than $160 million; an 11 percent increase over the prior year. That support led to service expansions in Illinois, Pennsylvania and Maine, resulting in an approximately 16 percent increase in total state-supported frequencies.

One in five of all Amtrak passengers traveled on state-supported trains in California in FY 2007; a testament to the years of state investment supporting passenger rail.

Included in the dialogue held with states in FY 2007 was discussion of the Northeast Corridor Master Plan Process, which Amtrak launched that year. The objective of the process was to identify investments necessary to meet high-speed, intercity, commuter, and freight service demands through the year 2030, in collaboration with all affected states and commuter operators along the busiest passenger rail corridor in the country.

Because approximately 70 percent of the train-miles traveled by Amtrak trains are on tracks owned by other railroads, strong partnerships are essential to Amtrak's success and growth.

Collaboration and negotiation with host railroad partners in FY 2007 translated to a total 12 percentage point improvement in on-time performance of long-distance trains.

Among the advances made on this front was an agreement with Union Pacific Railroad that limited the minutes of delay Amtrak trains incurred due to track-related problems, so that what are known as "slow-orders" were capped.

Also as a result of a collaborative effort, *Auto Train* on-time performance rose from 17 percent in FY 2006 to 62 percent in FY 2007. This was one element of a broader I-95 Corridor Performance Improvement Plan developed by Amtrak in cooperation with CSX and the states of North Carolina and Virginia, which recommended temporary schedule adjustments, route capacity studies to identify necessary investments, and CSX dispatching focus to improve the on-time performance of passenger trains in the region.

Passengers board the Pere Marquette *at the Holland, Mich., station.*

"Train service between St. Louis and Chicago might just be a hit with travelers. Passenger train ridership in the St. Louis-Chicago corridor is up more than 40 percent since October."

St. Louis Post Dispatch – 8/23/07

Working with its partners, Amtrak helped alleviate select bottlenecks to help drive better on-time performance. On the West Coast, Amtrak managed a project to add a second main track near Oceanside, Calif., along a segment of the 129-mile San Diego-Los Angeles corridor owned by the North County Transit District. Funded jointly by Amtrak and Caltrans, the project was designed to reduce congestion and improve on-time performance of the *Pacific Surfliner* and other trains that travel the route. As the busiest corridor in the Amtrak system outside of the Northeast, the route supported 24 *Pacific Surfliner* trains per day and carried 2.7 million passengers between San Diego, Los Angeles and San Luis Obispo in FY 2007.

In Illinois, as part of an agreement between Amtrak, Canadian National Railway, CSX Transportation, BNSF Railway and Illinois Department of Transportation, a new interlocking consisting of eight new crossing diamonds and numerous signals was installed in FY 2007. The construction, performed and funded by the respective railroads, allowed trains to operate through the area at higher speeds. Historically, the Brighton Park junction, which serves eight *Lincoln Service* trains, two *Texas Eagle* trains, six Metra trains and nearly 100 freight trains a day, had been a major chokepoint in Chicago.

BRAND RESEARCH reveals that passengers enjoy the sense of community that train travel fosters. As a result of more reliable train performance and customer service enhancements designed to create a more pleasurable travel experience, Customer Satisfaction Index scores rose in FY 2007. *Acela Express* scores rose six points in response to the Northeast Corridor Improvement Program instituted in FY 2006, which dramatically improved on-time performance, elevated customer service quality, and enhanced the quality and freshness of food and beverage offerings. A four point increase in overall scores for long-distance trains was attributed to better on-time performance and to higher marks for friendliness and helpfulness achieved by on-board service crews on a number of routes.

As Amtrak's passenger community grew, so did its loyalty to the company. The Amtrak Guest Rewards® program drew 21 percent more customers in FY 2007, enrolling 1.5 million members. In addition, revenue attributed to AGR members soared 23 percent. Strong partnerships with nearly every major hotel brand, financial services companies, car rental and ride-sharing businesses, and an online shopping mall where members can earn points through over 100 well-known online retailers made the loyalty program even more appealing in FY 2007.

Amtrak extended the reach of its online community in FY 2007 with a number of enhancements to Amtrak.com, its Great American Stations site, and a new Web site dedicated to train travel. A German language version of Amtrak.com was introduced in April, following the Spanish language site launched in FY 2006. Amtrak.com accounted for 42 percent of ticket sales in FY 2007. In addition, a new Web-based international booking system was unveiled in March, opening up an entirely new sales channel for international travel agents and tour operators. A new generation of Quik-Trak self-serve ticketing kiosks was also deployed throughout the system; Quik-Trak accounted for 7 percent of total ticket sales and 32 percent of total tickets issued.

Capitalizing on the unique appeal of train travel, a new site at whistlestop.Amtrak.com was launched to provide passengers an online community where they may share travelogues spotlighting the unique journeys available on Amtrak routes. In addition, the Whistle Stop site also includes articles that highlight Amtrak's environmental initiatives and the relatively low impact of train travel on the environment.

Launched in FY 2006, the Great American Stations Web site aims to strengthen partnerships with public officials and local communities to rebuild and revitalize stations, most of which are typically owned by parties other than Amtrak. In FY 2007, Amtrak began a series of "Civic Conversations," day-long workshops for local officials designed to help steer communities toward resources and best practices for rail stations in need of upgrades or repair.

THE AMTRAK COMMUNITY

comprises several large stations, hundreds of mid-sized and small stations and platforms, dozens of facilities, and hundreds of trains traveling over 21,000 miles of track. With a focus on visibility and threat deterrence, one of Amtrak's highest priorities is to provide a safe and secure environment for its passengers and employees within the parameters of the unique, open system that passenger rail presents.

In FY 2007, Amtrak continued to advance a range of behind-the-scenes and front-line security measures aimed at improving passenger rail security, some of which were designed to be conducted on an unpredictable or random basis. Greater police K-9 unit and security presence aboard trains, in stations and on platforms, in addition to strategic use of modern technology and a network of relationships forged with federal, state and local law enforcement and security agencies helped to further secure the system. In addition, employee and passenger security awareness campaigns reinforced security measures. Moreover, a number of critical employee populations underwent targeted

Greater security presence helped to further secure the system.

Spc. Eric Peterson, Amtrak Conductor from Kansas City, Mo., (center), along with fellow soldiers deployed in Iraq.

security training designed to capitalize on the employee knowledge of, and exposure to, Amtrak assets.

Plans for strategic counter-terrorism units that augment existing security measures were made in FY 2007 for deployment in FY 2008. Mobile Security Teams, made up of specially trained uniformed officers, K-9 units, and counter-terrorism special agents, were designed to periodically patrol stations, platforms and trains, and conduct random screening of passengers and carry-on baggage. Launched in early 2008, the teams conduct inspections on an undisclosed and unpredictable basis.

INVESTMENTS in Amtrak's core community — its workforce — continued in FY 2007. Amtrak maintained its focus on employee training, including training for more than 7,000 front-line employees covering regulatory issues, technical skills and customer service skills. In addition, 52 new-hire classes were held for 600 front-line employees, such as assistant conductors, and on-board and station service employees. Front-line supervisor training continued for over 500 managers who were instructed in leadership, technical and customer service skills. Furthermore, management employees completed a comprehensive Ethics and Compliance training course.

Two hundred Engineering Training Camps were held for 2,800 employees, focusing on compliance with Roadway Worker Protection requirements as well as other mandated instruction. On the Mechanical front, 5,000 Mechanical department employees participated in training required for passenger equipment safety standards.

In 2007, more than 1,800 Amtrak employees had acquired 30-plus years of work experience and were retirement-eligible, making attracting and retaining quality employees essential for Amtrak. To that end, Amtrak joined the U.S. Army Recruiting Command and its Reserve Officers' Training Corps (ROTC) in its Partnership for Youth Success Programs to provide career opportunities for soldiers upon completion of their active-duty service, while in the U.S. Army Reserve service or after ROTC commission. The program is expected to assist in replenishing the workforce in a range of disciplines, including positions in the Engineering, Transportation and Mechanical fields.

For Amtrak employees on active military duty, a new policy to extend medical benefits for military employees and their families was unveiled in FY 2007. To support those employees and their families during this period, employees serving in the National Guard or Reserves were subsequently eligible to receive 12 months of extended health care at no cost to them.

Environment

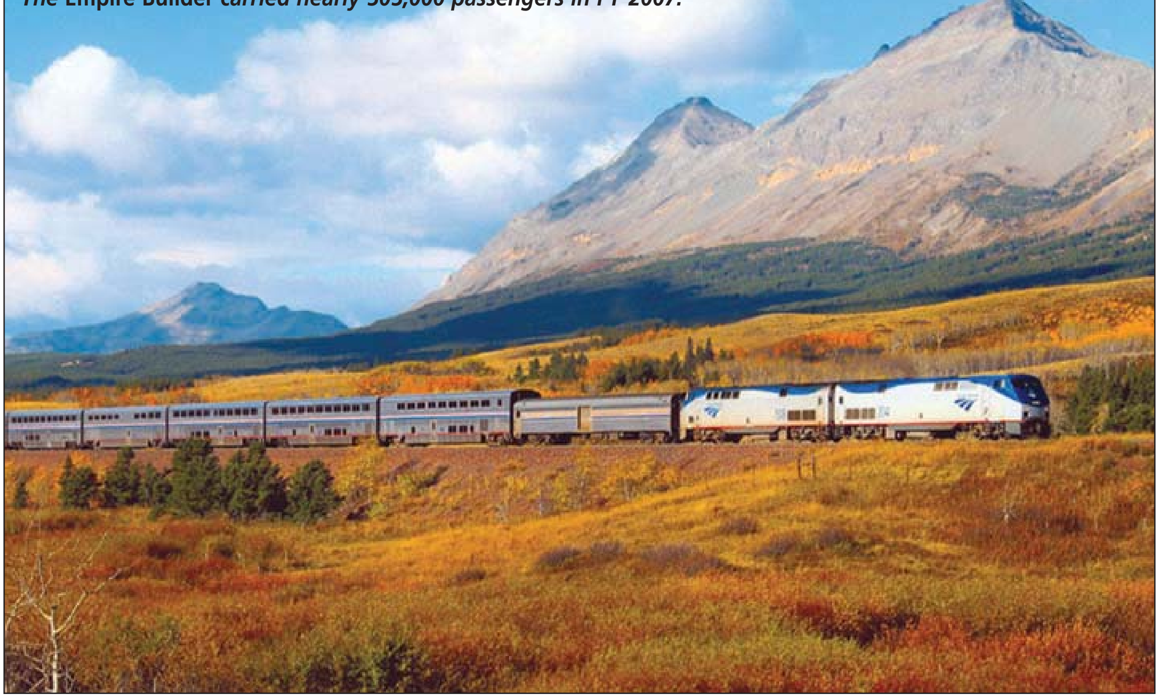
AS HIGHWAY and airline congestion grow, and concerns about automobile and other sources of carbon dioxide emissions mount, the benefits of passenger rail have become even more relevant to communities across the country.

Leadership, stewardship and compliance are the guiding principles of Amtrak's environmental program. With electric train service and fuel-efficient diesel locomotives, Amtrak is considered one of the modes of transportation with the lowest environmental impact. Based on U.S. Department of Energy data, Amtrak is 17 percent more efficient than domestic airline travel and 21 percent more efficient than auto travel on a per-passenger-mile basis.

While its Environmental Management System includes a comprehensive environmental compliance auditing program, Amtrak seeks ways to improve environmental practices beyond compliance. A range of conservation programs, including those aimed at reducing diesel fuel consumption, are at the core of those efforts. Amtrak cut diesel fuel consumption by 8 percent between 1999 and 2006. Even though train miles were up nearly 5 percent in FY 2007, total gallons consumed decreased by almost 1 percent.

Amtrak also instituted a number of anti-idling practices for locomotives, which helped reduce consumption. Rather than using a diesel-powered generator for electricity in the locomotive, known as head-end power, mechanical facilities made use of more efficient commercially supplied ground power while servicing trains. In addition, diesel engine idling was curbed with the installation of an Automatic Engine start/stop modification. Aerodynamic improvements of rolling stock, smart consist and locomotive management, improved maintenance of locomotives and dynamic braking also

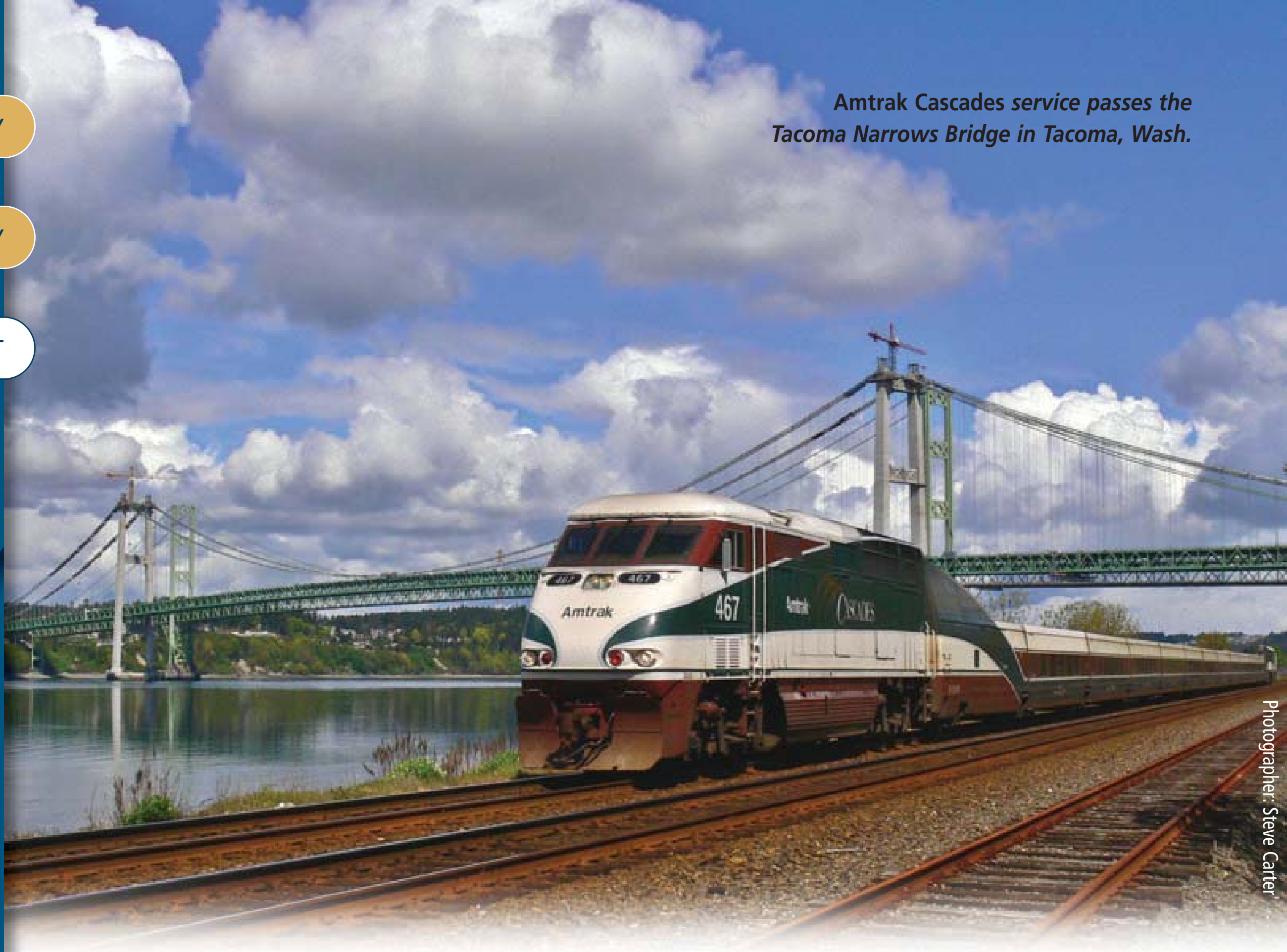
The **Empire Builder** *carried nearly 505,000 passengers in FY 2007.*



Leadership, stewardship and compliance are the guiding principles of the environmental program.

"So what is the most fuel-efficient form of transportation available in the U.S. today? Believe it or not, it's Amtrak."

Baltimore Sun – 6/11/07



Amtrak Cascades service passes the Tacoma Narrows Bridge in Tacoma, Wash.

Photographer: Steve Carter

contributed to more efficient management of fuel consumption.

Advances on the electric locomotives contributed to energy conservation as well. For instance, the regenerative braking system on electric *Acela Express* locomotives sends about 8 percent of the energy produced when the brakes are applied back into Amtrak's overhead electrification system for use by other trains.

Amtrak's pollution prevention program in FY 2007 included promoting the use of alternative non-hazardous materials, increasing the purchase of recycled products, modifying processes and procedures to limit pollution, expanding recycling programs, and strengthening environmental awareness and training.

Amtrak is a charter member of the growing Chicago Climate Exchange, the world's first legally binding integrated carbon dioxide emissions reduction and trading system. When Amtrak joined the Exchange in 2003, it committed to cutting diesel emissions by 6 percent by 2010. This represented the largest percentage reduction committed to in the United States on a voluntary basis, and is the first commitment made by a national transportation company.

From promoting environmental awareness with customers on the Whistle Stop site, to serving as a charter member of the Chicago Climate Exchange, to implementing energy-efficiency tactics, Amtrak remains focused on improving and expanding its environmental stewardship.

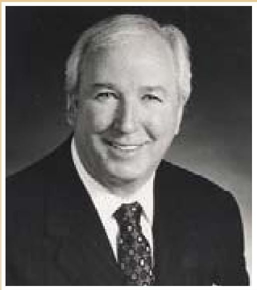
"A single railroad track, just 6 feet across, has the capacity of a superhighway 10 times wider. As for energy savings, even the most conservative studies give trains an advantage of 4 to 1 over cars and airplanes . . . If truly we believe in the need for beauty and balance, the time for action — and good trains — is now."

Seattle Times – 5/30/06

FORMER MEMBERS OF THE BOARD OF DIRECTORS

Amtrak would like to acknowledge
the service of former members of the board of directors
who served during FY 2007.

Enrique Sosa
August 2004 – March 2007



Floyd Hall
July 2004 – December 2007

David Laney
November 2002 – November 2007

The popular* Auto Train *carries passengers and their cars non-stop between Lorton, Va., and Sanford, Fla.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the results of operations and of the liquidity and capital resources of the National Railroad Passenger Corporation (Amtrak or the Company) is based upon and should be read in conjunction with Amtrak's Consolidated Financial Statements for the fiscal years ended September 30, 2007 and 2006, and related notes thereto. This discussion has not been reviewed by our auditors, KPMG, LLP (KPMG), and the opinions expressed by KPMG on Amtrak's Consolidated Financial Statements for the fiscal years ended September 30, 2007 and 2006 are wholly separate and are not intended to be incorporated by reference or considered to be an expression of opinion on any of the information contained herein.

RESULTS OF OPERATIONS

Amtrak reported a 2007 net loss of $1,120.9 million compared to a 2006 net loss of $1,068.0 million, an increase of $52.9 million or 5.0%. During fiscal year 2007, Amtrak experienced an overall increase in revenues as well as expenses, as compared to fiscal year 2006.

Revenues – Total revenues increased 5.4% to $2,152.6 million in 2007 compared to $2,042.6 million in 2006, largely due to an increase in passenger related revenue as a result of increased ridership. Total revenues, excluding State capital payments, increased 7.0% to $2,150.6 million in 2007 compared to $2,009.5 million in 2006.

Expenses – Total expenses increased 5.8% to $3,179.6 million in 2007 compared to $3,005.5 million in 2006. The increase is largely due to an increase in Salaries, wages, and benefits resulting from a $190.0 million estimated wage accrual related to ongoing labor union negotiations. This was partially offset by a decrease in Casualty and other claims.

Other Income and Expense – Net Other expense decreased 10.6% to $93.9 million in 2007 compared to $105.1 million in 2006, as a result of the combined effect of lower interest expense and higher interest income.

REVENUE

Passenger related revenue, which includes Ticket, Food and beverage, and State operating contribution revenue, increased 10.6% to $1,730.9 million in 2007 compared to $1,565.5 million in 2006, primarily due to increases in passenger ticket revenue and ridership for the Acela service driven by improved on-time performance and continued marketplace challenges in alternative forms of transportation.

Commuter revenue increased 1.8% to $117.4 million in 2007 compared to $115.4 million in 2006, due to increased revenues from commuter contracts.

Other revenue decreased 8.0% to $302.3 million in 2007 compared to $328.6 million in 2006. Other revenue consists of: transportation revenue from use of Amtrak-owned tracks and other services; revenue from reimbursable engineering and capital improvement activities; commercial development revenue from station rent, right-of-way fees and retail rent; freight access fee revenue from the use of Amtrak-owned tracks by freight railroad companies and other one time gains.

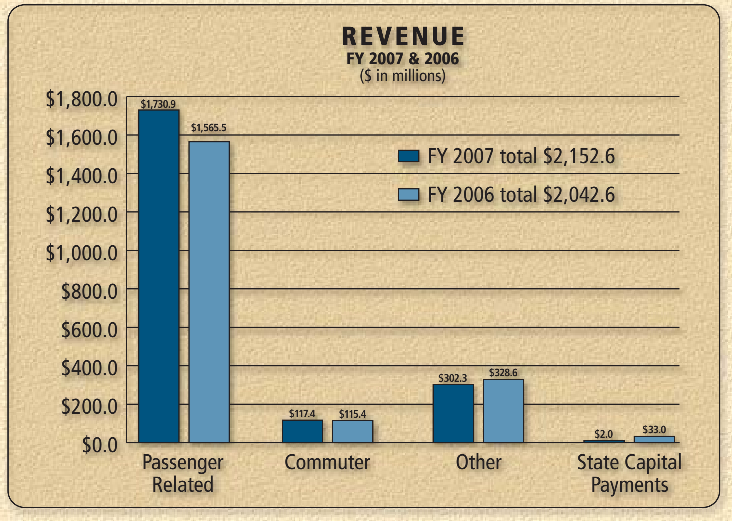
Transportation revenue from commuters for use of Amtrak-owned tracks and other services increased 13.8% to $128.5 million in 2007 compared to $112.9 million in 2006.

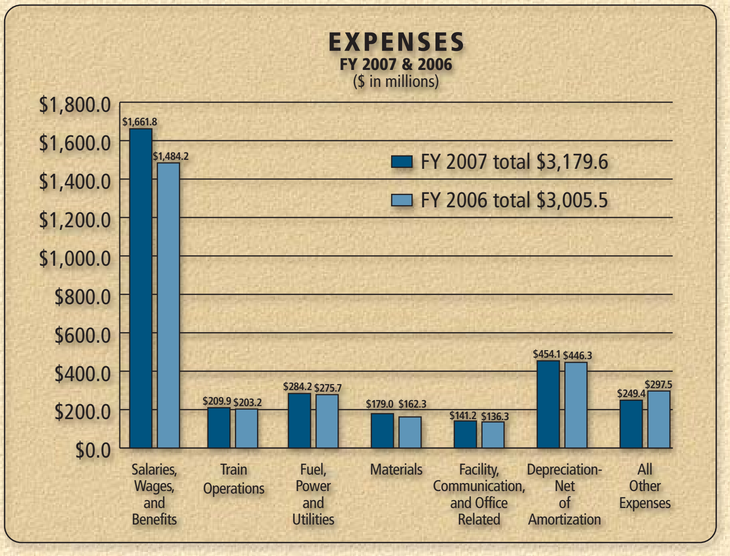
Reimbursable revenue decreased 17.4% to $72.4 million in 2007 compared to $87.7 million in 2006, due to decreased reimbursable maintenance of way activities.

Commercial development revenues increased 2.9% to $64.6 million in 2007 compared to $62.8 million in 2006.

Freight access fees and other revenue decreased 43.5% to $36.8 million in 2007 compared to $65.2 million in 2006, primarily due to $19.8 million in one-time gains recorded in 2006 and decreases in police forfeiture and other miscellaneous revenue.

State capital payments include the amortization of state funds used to acquire depreciable assets. These state capital payments are deferred when received and amortized over the estimated composite life of the related assets purchased with the funds. In the current year, the Company reassessed the lives being utilized to amortize the revenue and reduced the current year revenue for amounts recognized in prior periods. As a result, state capital payments decreased 93.9% to $2.0 million in 2007 compared to $33.0 million in 2006.





EXPENSE

Salaries, wages, and benefits increased 12.0% to $1,661.8 million in 2007 compared to $1,484.2 million in 2006. This is primarily due to an accrual of $190.0 million related to ongoing labor union negotiations, partially offset by a 0.3% decrease in headcount. Approximately 90% of Amtrak's labor force is covered by labor agreements. All Amtrak labor agreements became amendable as of January 1, 2000. In 2003 and 2004, Amtrak reached new agreements covering approximately 35% of Amtrak's unionized employees for the period of January 1, 2000 through December 31, 2004. Those agreements settled since January 1, 2000 became open to amendment once again on January 1, 2005. On October 31, 2007, the National Mediation Board officially released Amtrak and nine of the unions that had been in mediation with the Board. This release began a process governed by the Railway Labor Act that is aimed at resolving the issues and reaching a collective bargaining agreement, but which could ultimately result in an imposed agreement or self-help which means the unions may strike or management can lockout or impose contract terms. After an initial 30-day period, the U.S. President appointed a Presidential Emergency Board (PEB) which held hearings and issued a recommendation on December 30, 2007. On January 18, 2008, Amtrak reached tentative agreements with nine of the unions consistent with the recommendations of the Presidential Emergency Board. These tentative agreements stayed any potential strike while the agreements are submitted to the membership for ratification.

Train operations expense increased 3.3% to $209.9 million in 2007 compared to $203.2 million in 2006. This is due to increased commissary costs related to increased ridership, connecting motorcoach costs for increased service in California, increased railroad track fees due to improved on time performance and roadway maintenance for increased corridor services in the Midwest and California.

Fuel, power, and utilities expense increased 3.1% to $284.2 million in 2007 compared to $275.7 million in 2006, due to increased consumption of propulsion power at higher unit costs. The overall increase was partially offset by a reduction in the general consumption of utilities due to the success of internal efficiency initiatives.

Materials expense increased 10.3% to $179.0 million in 2007 compared to $162.3 million in 2006 primarily due to increased locomotive maintenance costs, preventive maintenance repairs and an increase in reserves for obsolescence.

Facility, communication, and office related expense increased 3.6% to $141.2 million in 2007 compared to $136.3 million in 2006 primarily due to maintenance and repair of equipment, office equipment, janitorial services expenses and increased communication fees.

Depreciation net of amortization of gain on sale-leasebacks increased 1.7% to $454.1 million in 2007 compared to $446.3 million in 2006 primarily due to decreased service lives of certain asset categories.

All other expenses decreased 16.2% to $249.4 million in 2007 compared to $297.5 million in 2006, primarily due to a decrease in casualty and other claims from lower passenger and other insurance costs. This is partially offset by increased credit card commissions related to increased ticket revenues and increased advertising, primarily for Acela Express services.

OTHER INCOME AND EXPENSE

Other income and expense includes investment income and interest expense associated with equipment and infrastructure financings.

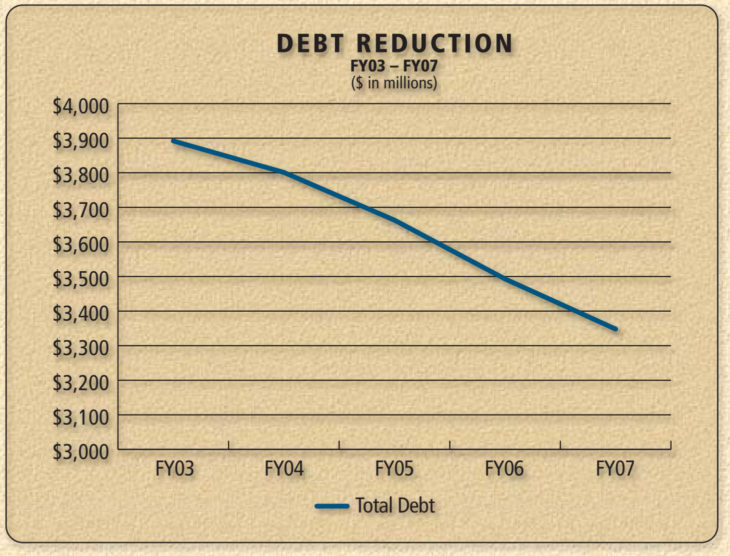
Interest income increased to $99.3 million in 2007 compared to $95.0 million in 2006, due to higher interest rates on increased cash balances. It was also impacted by certain one-time settlements that produced a net increase of $0.7 million between the two periods.

Interest expense decreased to $193.3 million in 2007 compared to $200.1 million in 2006, due to lower debt balances.

LIQUIDITY AND CAPITAL RESOURCES

Amtrak relies on cash flows from operating activities and appropriations from the United States government (Federal Government) to operate the national passenger rail system and maintain the underlying infrastructure. The Company believes that it will be able to meet current and long-term liquidity and capital requirements, through cash flows from operating activities, appropriations, existing cash and cash equivalents, and short-term investments.

Amtrak had unrestricted cash and cash equivalents, and short-term investments of $233.9 million compared to $212.0 million at September 30, 2007 and 2006, respectively.



The working capital ratio increased to 0.63 compared to 0.55 at September 30, 2007 and 2006, respectively. Current maturities of debt and capital lease obligations decreased over the prior year by $10.7 million or 7.5% primarily due to an accelerated installment payment against a loan from the Federal Railroad Administration. Current assets increased over the prior year by $108.0 million or 21.7% primarily due to increases in receivables from reimbursable capital and commuter programs and an increase in inventory to support budgeted capital programs.

Total debt and capital lease obligations decreased by $188.3 million or 5.4% to $3,304.8 million at September 30, 2007 from $3,493.1 million at September 30, 2006. This decrease was primarily caused by principal payments on leased locomotives and rolling stock, principal payments on the Penn Station mortgage and the Federal Railroad Administration loan.

The graph above depicts the reduction in outstanding debt balances over the last five years.

OUTLOOK

Amtrak was incorporated in 1971 pursuant to the Rail Passenger Service Act of 1970 and is authorized to operate a nationwide system of passenger rail transportation. The Company has a history of recurring operating losses and is dependent on subsidies from the Federal Government to operate the national passenger rail system and maintain the underlying infrastructure. These subsidies are usually received through annual appropriations. Amtrak's ability to continue operating in its current form is dependent upon the continued receipt of subsidies from the Federal Government.

The enactment on December 26, 2007 of the Department of State, Foreign Operations and Related Programs Appropriations Act, 2008, (the "2008 Act") as Public Law H.R. 2764 authorizes the Secretary of the United States Department of Transportation (the "Secretary") to make quarterly grants to Amtrak from a total appropriation of $1.325 billion. The 2008 Act gives the Secretary oversight of the fiscal spending of the Company and enables the Secretary to make grants to the Company, to remain available until expended, providing a maximum of $475.0 million for operating subsidy grants and $850.0 million for capital subsidy grants. Of the $850.0 million capital subsidy grants, not more than $285.0 million shall be for debt service obligations and $35.0 million will be available only if the Company demonstrates to the Secretary's satisfaction that Amtrak has achieved operational savings and met ridership and revenue targets as defined in its business plan.

Amtrak and the Secretary were directed by the Consolidated Appropriations Act, 2005 to agree on a schedule for the repayment in five annual installments beginning in fiscal year 2005 of the $100 million loan grant by the Federal Railroad Administration (FRA) made in July 2002 with such payments to be made within thirty days of enactment of each annual act, otherwise all principal and interest shall come due as provided for under the existing terms of the loan grant. To date, Amtrak has made four of the five installments and has only one payment remaining.

The Company has received $258.6 million of the fiscal year 2008 appropriation under continuing resolutions through January 29, 2008. The Company believes that it can achieve its planned results and that it will receive the full amount appropriated under the 2008 Act. To the extent that less than the full appropriation is received from the Secretary or the Company's funding needs are greater than $1.325 billion plus $233.9 million combined of cash on hand and short-term investments, due to operating results or the unfavorable resolution of contingencies or other matters, the Company may not have sufficient funds to operate through the end of fiscal year 2008.

There are currently no Federal Government subsidies authorized or appropriated for periods subsequent to September 30, 2008. To the extent that regular appropriations have not been approved by October 1, 2008, the Company expects to receive additional interim Federal Government funding under continuing resolutions until the fiscal year 2009 funding is approved. In addition, as is more fully described in Note 9, because of expected settlements with its union employees, the Company believes it will incur substantially higher salary costs in 2008 and future years and will be required to make significant lump sum payments to its union employees in 2008 and 2009. While the Company believes it has adequate resources to meet the required payment in 2008, additional appropriations may be required to meet the 2009 obligations. There can be no assurances that the Company will receive adequate funding to continue operations in its current form in fiscal year 2009 and beyond. To the extent that sufficient appropriations are not received, the Company may be required to make certain operational changes, which could result in impairments.

KPMG LLP
1660 International Drive
McLean, VA 22102

Independent Auditors' Report

The Board of Directors and Stockholders
National Railroad Passenger Corporation:

We have audited the accompanying consolidated balance sheets of National Railroad Passenger Corporation (Amtrak or the Company) and subsidiaries as of September 30, 2007 and 2006, and the related consolidated statements of operations, comprehensive loss, cash flows and changes in capitalization for the years then ended. These consolidated financial statements are the responsibility of Amtrak's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Company has a history of substantial operating losses and is highly dependent upon substantial Federal government subsidies to sustain its operations. There are currently no Federal government subsidies authorized or appropriated for any period subsequent to the fiscal year ending September 30, 2008 ("fiscal year 2008"). Without such subsidies, Amtrak will not be able to continue to operate in its current form and significant operating changes, restructuring or bankruptcy may occur. Such changes or restructuring would likely result in asset impairments.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Railroad Passenger Corporation and subsidiaries as of September 30, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 3 to the financial statements, on October 1, 2006, the Company adopted the recognition and related disclosure provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R),* which changed the method of accounting for and the disclosures regarding pension and postretirement benefits.

KPMG LLP

January 29, 2008

CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars, Except Share Data)

	September 30 2007	September 30 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 223,949	$ 37,988
Restricted cash	10,393	3,081
Short-term investments	9,950	174,000
Accounts receivable, net of allowances of $7,397 and $9,479 at September 30, 2007 and 2006, respectively	141,645	90,892
Materials and supplies - net	174,897	152,939
Other current assets	44,026	37,997
Total current assets	604,860	496,897
Property and Equipment:		
Locomotives	1,405,200	1,517,231
Passenger cars and other rolling stock	2,650,963	2,796,359
Right-of-way and other properties	8,363,818	8,080,656
Leasehold improvements	310,503	301,277
Property and equipment, gross	12,730,484	12,695,523
Less - Accumulated depreciation and amortization	(4,424,569)	(4,495,937)
Total property and equipment, net	8,305,915	8,199,586
Other Assets, Deposits, and Deferred Charges:		
Escrowed proceeds on sale-leasebacks	874,744	862,940
Deferred charges, deposits, and other	379,942	359,508
Total other assets, deposits, and deferred charges	1,254,686	1,222,448
Total assets	$ 10,165,461	$ 9,918,931
LIABILITIES and CAPITALIZATION		
Current Liabilities:		
Accounts payable	$ 207,776	$ 202,074
Accrued expenses and other current liabilities	537,054	481,678
Deferred ticket revenue	82,167	73,402
Current maturities of long-term debt and capital lease obligations	132,852	143,577
Total current liabilities	959,849	900,731
Long-Term Debt and Capital Lease Obligations:		
Capital lease obligations	2,851,761	2,994,144
Mortgages	227,510	240,805
Equipment and other debt, net	92,657	114,576
Total long-term debt and capital lease obligations	3,171,928	3,349,525
Other Liabilities and Deferred Credits:		
Deferred federal and state capital payments	701,357	591,782
Casualty reserves	212,469	223,319
Deferred gain on sale-leasebacks	305,462	400,116
Postretirement employee benefits obligation	620,152	325,989
Environmental reserve	63,500	67,014
Other	177,996	17,858
Total other liabilities and deferred credits	2,080,936	1,626,078
Total liabilities	6,212,713	5,876,334
Commitments and Contingencies		
Capitalization:		
Preferred stock - $100 par, 109,396,994 shares authorized, issued and outstanding at September 30, 2007 and 2006	10,939,699	10,939,699
Common stock - $10 par, 10,000,000 shares authorized, 9,385,694 issued and outstanding at September 30, 2007 and 2006	93,857	93,857
Debt and other paid-in capital	16,100,513	14,829,886
Accumulated deficit	(22,962,131)	(21,819,117)
Accumulated comprehensive income (loss)	(219,190)	(1,728)
Total capitalization	3,952,748	4,042,597
Total liabilities and capitalization	$ 10,165,461	$ 9,918,931

The accompanying Notes are an integral part of these Consolidated Financial Statements

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands of Dollars)

	Twelve Months Ended September 30 2007	Twelve Months Ended September 30 2006
Revenues:		
Passenger related	$ 1,730,926	$ 1,565,540
Commuter	117,424	115,394
Other	302,254	328,598
State capital payments	2,011	33,045
Total revenues	2,152,615	2,042,577
Expenses:		
Salaries, wages, and benefits	$ 1,661,838	$ 1,484,206
Train operations	209,881	203,201
Fuel, power, and utilities	284,184	275,677
Materials	179,044	162,301
Facility, communications, and office related	141,154	136,299
Advertising and sales	83,160	75,389
Casualty and other claims	25,708	114,877
Depreciation - net of amortization	454,085	446,252
Other	247,091	218,457
Indirect cost capitalized to property and equipment	(106,537)	(111,183)
Total expenses	3,179,608	3,005,476
Net loss from continuing operations before other (income) and expense	1,026,993	962,899
Other (Income) and Expense:		
Interest income	(99,349)	(94,967)
Interest expense	193,265	200,058
Other expense - net	93,916	105,091
Net loss	$ 1,120,909	$ 1,067,990

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In Thousands of Dollars)

	Twelve Months Ended September 30 2007	Twelve Months Ended September 30 2006
Net loss	$ 1,120,909	$ 1,067,990
Other Comprehensive (Income) Loss:		
Unrealized (gain) loss on derivatives	(1,069)	2,369
Unrealized (gain) on minimum pension liability adjustment	-	(12,095)
Adjustment to initially apply SFAS 158	218,531	-
Comprehensive loss	$ 1,338,371	$ 1,058,264

The accompanying Notes are an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)

	Twelve Months Ended September 30	
	2007	2006
Cash Flows From Operating Activities:		
Net loss	$ (1,120,909)	$ (1,067,990)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation net of amortization	454,085	446,252
Gain on disposal of property	(212)	(3,916)
Other	15,770	13,858
Changes in assets and liabilities:		
Restricted cash	(7,312)	(2,586)
Accounts receivable	(51,753)	6,982
Materials and supplies	(36,728)	(19,040)
Other current assets	(1,146)	25,298
Other assets, deposits, and deferred charges	(38,391)	(28,209)
Accounts payable, deferred ticket revenue, and other current liabilities	54,365	38,643
Deferred state capital payments	(2,010)	(33,045)
Other liabilities and deferred credits	199,301	104,909
Net cash used in operating activities	(534,940)	(518,844)
Cash Flows From Investing Activities:		
Purchases and refurbishments of property and equipment	(657,547)	(603,246)
Proceeds from disposals of property and equipment	6,314	8,935
Purchase of short-term investments	(1,511,013)	(1,314,572)
Proceeds from dispositions of short-term investments	1,675,063	1,203,736
Net cash used in investing activities	(487,183)	(705,147)
Cash Flows From Financing Activities:		
Proceeds from federal paid-in capital	1,257,300	1,257,300
Proceeds from federal and state capital payments	124,912	128,888
Repayments of debt and capital lease obligations	(182,990)	(155,553)
Increase (decrease) in cash overdraft	8,862	(43,422)
Net cash provided by financing activities	1,208,084	1,187,213
Net increase (decrease) in cash and cash equivalents	185,961	(36,778)
Cash and cash equivalents-beginning of period	37,988	74,766
Cash and cash equivalents-end of period	$ 223,949	$ 37,988
Supplemental Disclosure of Cash Payments:		
Interest paid (net of amounts capitalized and non-cash defeased capital lease interest)	$ 138,942	$ 146,039
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Property acquired with escrowed deposit	$ -	$ 791
Other non-cash increases (decreases) in property, includes accruals of amounts due for purchases	$ 6,616	$ 5,693
Debt and capital lease reduction through use of escrow deposits	$ 5,332	$ 19,483
Capital lease reduction offset to assets	$ -	$ (3,271)

The accompanying Notes are an integral part of these Consolidated Financial Statements

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITALIZATION
(In Thousands of Dollars)

	Preferred stock	Common stock	Debt and other paid-in capital	Accumulated deficit	Accumulated comprehensive income (loss)	Totals
Balance at September 30, 2005	$ 10,939,699	$ 93,857	$ 13,559,085	$ (20,751,127)	$ (11,454)	$ 3,830,060
Federal paid-in capital	-	-	1,257,300	-	-	1,257,300
Federal capital and other payments	-	-	13,501	-	-	13,501
Net loss	-	-	-	(1,067,990)	-	(1,067,990)
Unrealized gain/ (loss) on derivatives and minimum pension liability adjustment	-	-	-	-	9,726	9,726
Balance at September 30, 2006	$ 10,939,699	$ 93,857	$ 14,829,886	$ (21,819,117)	$ (1,728)	$ 4,042,597
Federal paid-in capital	-	-	1,257,300	-	-	1,257,300
Federal capital and other payments	-	-	13,327	-	-	13,327
Net loss	-	-	-	(1,120,909)	-	(1,120,909)
Unrealized gain/ (loss) on derivatives	-	-	-	-	1,069	1,069
Adjustment to initially apply SFAS 158	-	-	-	(22,105)	(218,531)	(240,636)
Balance at September 30, 2007	$ 10,939,699	$ 93,857	$ 16,100,513	$ (22,962,131)	$ (219,190)	$ 3,952,748

The accompanying Notes are an integral part of these Consolidated Financial Statements

NOTE 1: NATURE OF OPERATIONS

The National Railroad Passenger Corporation ("Amtrak" or the "Company") is a passenger railroad. The United States government (the "Federal Government") through the United States Department of Transportation (the "DOT") owns all issued and outstanding preferred stock. Its principal business is to provide rail passenger transportation service to the general public in the major intercity travel markets of the United States. The Company also operates commuter rail operations on behalf of several states and transit agencies, provides equipment and right-of-way maintenance services, and has leasing operations.

NOTE 2: BUSINESS CONDITION AND LIQUIDITY

OPERATIONS AND LIQUIDITY

Amtrak was incorporated in 1971 pursuant to the Rail Passenger Service Act of 1970 and is authorized to operate a nationwide system of passenger rail transportation. The Company has a history of recurring operating losses and is dependent on subsidies from the Federal Government to operate the national passenger rail system and maintain the underlying infrastructure. These subsidies are usually received through annual appropriations. Amtrak's ability to continue operating in its current form is dependent upon the continued receipt of subsidies from the Federal Government.

The enactment on December 26, 2007 of the Department of State, Foreign Operations and Related Programs Appropriations Act, 2008, (the "2008 Act") as Public Law H.R. 2764 authorizes the Secretary of the United States Department of Transportation (the "Secretary") to make quarterly grants to Amtrak from a total appropriation of $1.325 billion. The 2008 Act gives the Secretary oversight of the fiscal spending of the Company and enables the Secretary to make grants to the Company, to remain available until expended, providing a maximum of $475.0 million for operating subsidy grants and $850.0 million for capital subsidy grants. Of the $850.0 million capital subsidy grants, not more than $285.0 million shall be for debt service obligations and $35.0 million will be available only if the Company demonstrates to the Secretary's satisfaction that Amtrak has achieved operational savings and met ridership and revenue targets as defined in its business plan.

Amtrak and the Secretary were directed by the Consolidated Appropriations Act, 2005 to agree on a schedule for the repayment in five annual installments beginning in fiscal year 2005 of the $100 million loan grant by the Federal Railroad Administration (FRA) made in July 2002 (see Note 6) with such payments to be made within thirty days of enactment of each annual act, otherwise all principal and interest shall come due as provided for under the existing terms of the loan grant. Amtrak made two payments in 2007 and the final installment is due in 2009.

The Company has received $258.6 million of the fiscal year 2008 appropriation under continuing resolutions through January 29, 2008. The Company believes that it can achieve its planned results and that it will receive the full amount appropriated under the 2008 Act. To the extent that less than the full appropriation is received from the Secretary or the Company's funding needs are greater than $1.325 billion plus $233.9 million combined of cash on hand and short-term investments, due to operating results or the unfavorable resolution of contingencies or other matters, the Company may not have sufficient funds to operate through the end of fiscal year 2008.

There are currently no Federal Government subsidies authorized or appropriated for periods subsequent to September 30, 2008. To the extent that regular appropriations have not been approved by October 1, 2008, the Company expects to receive additional interim Federal Government funding under continuing resolutions until the fiscal year 2009 funding is approved. In addition, as is more fully described in Note 9, because of expected settlements with its union employees, the Company believes it will incur substantially higher salary costs in 2008 and future years and will be required to make significant lump sum payments to its union employees in 2008 and 2009. While the Company believes it has adequate resources to meet the required payment in 2008, additional appropriations may be required to meet the 2009 obligations. There can be no assurances that the Company will receive adequate funding to continue operations in its current form in fiscal year 2009 and beyond. To the extent that sufficient appropriations are not received, the Company may be required to make certain operational changes, which could result in impairments.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements reflect the consolidated operations of Amtrak: its three wholly owned subsidiaries, Chicago Union Station Company (CUS), Passenger Railroad Insurance, Limited (PRIL), and Penn Station Leasing, LLC (PSL); its 99.9% interest in Washington Terminal Company (WTC); and its 99% interest in 30th Street Limited, L.P. (TSL). In addition, Amtrak has consolidated certain operations owned by the Pennsylvania Economic

Development Financing Authority (PEDFA) (see Note 6). All significant intercompany balances and transactions have been eliminated.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's Consolidated Financial Statements and accompanying Notes to conform to the fiscal year 2007 presentation. These reclassifications have no effect on prior year reported net loss.

In the current year, the Company has reclassified the 2006 portion of personal injury claims related to employees of $56.6 million from "Salaries, wages and benefits" to "Casualty and other claims" on the Consolidated Statement of Operations.

CASH AND CASH EQUIVALENTS

All short-term investments with original maturities of less than 90 days are considered cash equivalents. Cash equivalents are stated at cost, which approximates fair value because of the short maturities of these instruments.

RESTRICTED CASH

Restricted cash consists primarily of two types of funds received that are restricted for specific purposes. The first is cash received by Amtrak's Police Department as a result of participation in the Asset Forfeiture Program, a nationwide law enforcement program administered by the U.S. Department of Justice. These funds are restricted for use in funding operations of the Amtrak Police Department.

During 2007, Amtrak received $5.0 million from a contractor performing work for the Illinois Department of Transportation (IDOT) under a Letter Agreement whereby Amtrak is acting as a disbursement agent for IDOT. Upon written approval from IDOT, Amtrak will issue payments to subcontractors (not to exceed $5.0 million plus interest earned) performing work for IDOT. In consideration for Amtrak's performance under the Agreement, IDOT will pay Amtrak a $50.0 thousand administrative fee. The administrative fee is payable in four equal installments in July 2007, December 2007, July 2008 and December 2008. As of September 30, 2007, there have been no requests for payments by IDOT.

SHORT-TERM INVESTMENTS

Short-term investments include auction rate securities.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable.

MATERIALS AND SUPPLIES

Materials and supplies, which are stated at the lower of weighted-average cost or market, consist primarily of items for maintenance and improvement of property and equipment. An allowance for shrinkage and obsolescence of $49,614,000 and $38,762,000 for 2007 and 2006, respectively, is provided for materials and supplies based on specific identification and turnover rates.

DERIVATIVE AND HEDGING ACTIVITIES

Amtrak periodically enters into certain hedging agreements to manage a portion of the exposure to fluctuating energy prices that qualify as cash flow hedges under Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Certain Hedging Activities" (SFAS 133), as amended. These derivative financial instruments, which inherently contain market risk, are generally effective in reducing fluctuations in cash flows. Amtrak does not enter into energy contracts for trading or speculative purposes.

Amtrak records the fair market value of energy contracts in "Other current assets" in the Consolidated Balance Sheets. On an ongoing basis, Amtrak adjusts the balance sheet to reflect the current fair market value of energy contracts. The effective portion of the related gains or losses on these contracts is deferred as a component of "Other comprehensive income". These deferred gains and losses are recognized in income in the period in which the related energy purchases being hedged are consumed and recognized in expense. The ineffective portion of the change in the value of the energy contracts is immediately recognized in income. Amtrak calculates the ineffective portion of the hedge performance using the dollar-offset method. The ineffective portions of the energy contracts are included as a component of "Fuel, power, and utilities" in the Consolidated Statements of Operations. If at any time the hedge no longer qualifies for hedge accounting treatment, expires, is sold, terminates, is exercised, or it becomes probable that the forecasted transaction will not occur, the net gain or loss accumulated in "Other comprehensive income" is reclassified into earnings.

For fiscal years 2007 and 2006, Amtrak recognized net increases / (decreases) of $2,381,000 and ($92,000), respectively, to fuel cost associated with derivative fuel contracts. At September 30, 2006, Amtrak had derivative fuel contracts with a fair value of $704,000. The effective portion of these contracts, which qualify as cash flow hedges, amounted to an unrealized loss of $1,729,000 as of September 30, 2006. At September 30, 2007, Amtrak no longer had these derivative fuel contracts. As a result, the effective portion at September 30, 2006 was reclassified into earnings during 2007. During the fiscal year 2007, Amtrak entered into electricity contracts with durations of 24 months. At September 30, 2007, these electricity contracts had a fair value of ($659,000). The effective portions of these contracts, which qualify as cash flow hedges, amounted to an unrealized loss of $659,000 as of September 30, 2007. The electricity contracts resulted in an increase of $767,000 to electricity costs for fiscal year 2007.

PROPERTY AND DEPRECIATION

Property and equipment are stated at cost, and are depreciated on a straight-line basis over their estimated useful lives. The Company uses the group method (group method) of depreciation in which a single depreciation rate is applied to the gross investment in a particular class of property or equipment, despite differences in the service life or salvage value of individual property units within the same class. Property held under capital leases and leasehold improvements are depreciated over the shorter of their estimated useful lives under the group method or their respective lease terms. Upon normal sale or retirement of depreciable property accounted for using the group method, the cost less the net salvage value is charged to 'Accumulated depreciation' and no gain or loss is recognized. Significant premature retirements of depreciable property and the disposal of land are recorded as gains and losses at time of occurrence.

The useful lives of locomotive, passenger car and other rolling stock assets for depreciation purposes range up to 40 years. Right-of-way and other properties (excluding land) are depreciated using useful lives ranging up to 105 years. Other equipment including computers, office equipment and maintenance equipment is depreciated using useful lives ranging up to 20 years. Expenditures that significantly increase asset values or extend useful lives are capitalized. Repair and maintenance expenditures, including preventative maintenance, are charged to operating expense when the work is performed. The cost of internally developed software is capitalized in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" and amortized over its estimated useful life, which generally does not exceed 5 years. Amtrak capitalizes interest costs in connection with the construction of major facilities, locomotives, and passenger cars. Capitalized interest is recorded as part of the asset to which it relates and is depreciated over the asset's useful life. No interest was capitalized in fiscal years 2007 and 2006.

During the year ended September 30, 2006, the Company engaged a civil engineering firm with expertise in railway property usage to conduct a study to evaluate depreciation rates for properties and equipment. The study centered on evaluating historical replacement patterns to assess future lives and indicated that Amtrak had previously been depreciating its property over shorter periods than it currently intends to utilize the assets, as estimated by the study. The Company has adjusted the estimated service lives and corresponding depreciation rates in accordance with the group method. These new depreciation rates will be used going forward until a new study is performed.

During 2007, the Company discovered that a significant number of rail ties produced by one vendor will require replacement significantly earlier than other ties. The Company has hired a third party to perform a full analysis of all related ties. At this point however, the Company believes that a significant number of these ties will need to be replaced over the next several years. Based on the Company's best estimate at this time, depreciation expense has been accelerated on the estimated effected ties. This additional depreciation expense increased net loss in the current year by approximately $16.4 million.

In addition to the adjustment to depreciation rates as a result of periodic depreciation studies, certain other events could occur that would materially affect the Company's estimates and assumptions related to depreciation. Unforeseen changes in operations or technology could substantially alter assumptions regarding the Company's ability to realize the return of investment on operating assets and, therefore, affect the amount of depreciation expense to charge against both current and future revenues. Because depreciation expense is a function of analytical studies made of property, plant and equipment, subsequent studies could result in different estimates of useful lives and net salvage values. If future depreciation studies yield results indicating that assets have shorter lives as a result of obsolescence, physical condition, changes in technology, or changes in net salvage values, the estimate of depreciation expense could increase. Likewise, if future studies indicate that assets have longer lives, the estimate of depreciation expense could decrease.

CASUALTY LOSSES AND CLAIMS

Provision is made for Amtrak's portion of the estimated actuarial liability for unsettled casualty and other claims. Personal injury liability and ultimate loss projections are undiscounted and estimated using standard actuarial methodologies. These actuarial methods include unasserted claims. As of September 30, 2007 and 2006, the current claims liability included in "Accrued expenses and other current liabilities" was $67,700,000 and $88,000,000, respectively. Included in "Deferred charges, deposits, and other" in the Consolidated Balance Sheets at September 30, 2007 and 2006, are estimated insurance recoveries of $39,454,000 and $44,535,000, respectively, which relate to loss events that Amtrak has incurred. In the current year, changes in estimates related to years prior to 2007 resulted in a decrease of current year expense of $42,400,000.

ADVERTISING

The Company expenses advertising costs as incurred and reports these amounts in "Advertising and sales" in the Consolidated Statements of Operations. Advertising expenses were $34,253,000 and $30,706,000 for the fiscal years ended September 30, 2007 and 2006, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS

Properties and other long-lived assets are reviewed for impairment at a system-wide level whenever events or business conditions indicate that the carrying amount of such assets may not be fully recoverable. If circumstances warrant, an impairment review is made for specific assets or groups of assets. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows and include estimated future operating and capital funding expected to be received from the Federal Government over the expected lives of the assets. Where impairment is indicated, the assets are evaluated for sale or other disposition, and their carrying amount is reduced to fair value based on discounted net cash flows, or other estimates of fair value.

The Company assumes future Federal Government funding at levels consistent with those discussed in Note 2 and historical funding in performing its impairment analysis. At this level of funding, the system-wide carrying amounts of the Company's long-lived assets are recoverable. The Company believes that continued funding at historical levels is the best estimate of the future. If future Federal Government funding levels drop below these levels, substantial impairments may occur.

REVENUE RECOGNITION

"Passenger related" revenue in the Consolidated Statements of Operations, for fiscal years 2007 and 2006, includes ticket revenue, state contribution revenue associated with requested service provided by Amtrak beyond that included in the basic route system, and food and beverage revenue as shown below (in millions):

	2007	2006
Ticket	$ 1,492.3	$ 1,346.3
State contribution	154.0	139.4
Food and beverage	84.7	79.8
Total passenger related revenue	$ 1,731.0	$ 1,565.5

These revenues are recognized as operating revenues when the related services are provided. Amounts received for tickets that have been sold but not used are reflected as "Deferred ticket revenue" in the Consolidated Balance Sheets.

"Commuter" revenue includes the revenues earned under contractual arrangements to operate various commuter rail services for a cost-based fee.

"Other" revenue, for fiscal years 2007 and 2006, includes other transportation revenue from use of Amtrak-owned tracks and other services, revenue from reimbursable engineering and capital improvement activities, commercial development revenue from station rent, right-of-way fees and retail rent, freight access fee revenue from the use of Amtrak-owned tracks by freight railroad companies and other one time gains.

During 2007 Amtrak entered into a multiple element arrangement with multiple deliverables related to an ongoing project with the New York Metropolitan Transit Authority (MTA) at its Sunnyside, New York site, expected to be completed in 2012. In accordance with EITF Issue No. 00-21, "Revenue Arrangements with Multiple Deliveries", total consideration received associated with Easements of $51.3 million is being deferred and recognized into revenue over a 30 year period. Revenue associated with the Force Account is being recognized into revenue as earned when Amtrak services are performed.

Other revenue is as shown below (in millions):

	2007	2006
Other transportation	$ 128.4	$ 112.9
Reimbursable	72.5	87.7
Commercial development	64.6	62.8
Freight access fee and other	35.7	45.4
One-time gains	1.1	19.8
Total	$ 302.3	$ 328.6

"State capital payments" includes the amortization of state funds used to acquire depreciable assets. These state capital payments are deferred when received and amortized over the estimated composite life of the related assets purchased with the funds. The unamortized amounts are included in "Deferred federal and state capital payments" in the Consolidated Balance Sheets. In the current year, the Company reassessed the lives being utilized to amortize the revenue and reduced the current year revenue by approximately $23 million for amounts recognized in prior periods (2000 – 2006).

INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Pursuant to the provisions of Title 49 of the United States Code, Section 24-301, Amtrak is exempt from all state and local taxes, including income and franchise taxes that are directly levied against the corporation. Accordingly, there is no provision for state and local income or franchise taxes recorded in the consolidated financial statements for the years ended September 30, 2007 and 2006 (see Note 8).

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Some of the most significant estimates include: estimates of casualty reserves, liability related to union contract settlements (see Note 9), environmental reserves, pensions and other postretirement employee benefits expense and obligations [including expected return on plan assets, discount rates, rate of future compensation increases, and healthcare cost trend rates (see Note 11)], reserves for uncollectible accounts receivable, estimates of fair market value of assets held for sale, estimated useful lives of property and equipment, recoverability of long-lived assets, and reserves for inventory obsolescence.

ADOPTION OF SFAS 158

In September 2006, the FASB issued SFAS 158, "Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132 (R)". SFAS 158 requires companies to recognize the over-funded and under-funded status of defined benefit pension and other postretirement plans as assets or liabilities on their balance sheets. In addition, changes in the funded status must be recognized through other comprehensive income in shareholders' equity in the year in which the changes occur. We adopted SFAS 158 on September 30, 2007. In accordance with the transition rules in SFAS 158, this standard is being adopted on a prospective basis. The adoption of SFAS 158 resulted in an adjustment to our balance sheet. The adoption of SFAS 158 has also resulted in a change in our measurement date from June 30, 2007 to September 30, 2007, which resulted in a charge of $22.1 million to accumulated deficit.

The table below reflects the effect of the adoption of SFAS 158 on our Consolidated Balance Sheets as of September 30, 2007 (in thousands):

	Before Application of SFAS 158	SFAS 158 Adjustments	After Application of SFAS 158
Postretirement employee benefits obligation	$ 408,258	$ 240,636	$ 648,894
Total other liabilities and deferred credits	$ 1,840,300	$ 240,636	$ 2,080,936
Total liabilities	$ 5,972,077	$ 240,636	$ 6,212,713
Accumulated deficit	$ (22,940,026)	$ (22,105)	$ (22,962,131)
Accumulated comprehensive income (loss)	$ (659)	$ (218,531)	$ (219,190)
Total capitalization	$ 4,193,384	$ (240,636)	$ 3,952,748

NOTE 4: ACCOUNTING AND REPORTING FOR FEDERAL PAYMENTS

Certain funds are provided to Amtrak through federal payments for capital and operating expenditures. These federal payments, which are recorded as paid-in capital when received, totaled $1,257.3 million for fiscal years 2007 and 2006. In accordance with Public Law 110-5, Amtrak was provided with a total appropriation of $1,293.5 million for 2007. $31.3 million of this appropriation is an efficiency incentive subsidy grant which Amtrak is entitled to under certain circumstances. Of the 2007 appropriation, $490 million was provided as an operating subsidy, $495 million as a capital subsidy and $277.2 million for debt service obligations. As of September 30, 2007 Amtrak has not applied nor received any of the efficiency incentive subsidy grant funds. As of January 29, 2008, Amtrak applied and received an efficiency grant of approximately $62 million ($31 million from FY06 and $31 million from FY07). In addition, approximately $5 million remains from the 2007 operating subsidy as of September 30, 2007.

Certain other federal funds that are provided and restricted for use on designated projects are also recorded as paid-in capital when received, and these totaled $13.3 million and $13.5 million for fiscal years 2007 and 2006, respectively.

"Debt and other paid-in capital", included in the Consolidated Balance Sheets, includes certain funding received from the Federal Government to finance acquisition of and improvements to property and equipment. In exchange for funding, Amtrak issued two promissory notes to the United States. The first note with a balance of $4.0 billion was issued in 1976 and matures on December 31, 2975, and is secured by the real and personal property of Amtrak, WTC, CUS, PRIL, and TSL. The second note with a balance of $1.1 billion was issued in 1983 and matures on November 1, 2082, with successive 99-year renewal terms, and is secured by all the rolling stock owned by Amtrak. Neither of the notes bears interest, unless prepaid which Amtrak does not intend to do. The Federal Government's security interest in Amtrak's rolling stock entitles it to repayment plus interest in the event Amtrak ceases operations, is acquired by another entity, or seeks relief under bankruptcy or insolvency laws. The amount due to the Federal Government on the first note may be accelerated by enactment of federal law or upon the occurrence of an event of default under the leases and mortgage entered into by Amtrak and PSL on June 20, 2001 (see Note 6), or upon the occurrence of various actions concerning an Amtrak bankruptcy, reorganization, or assignment for the benefit of creditors.

NOTE 5: PREFERRED AND COMMON STOCK

For funds received from the Federal Government prior to December 2, 1997, the Rail Passenger Service Act (49 U.S.C. 24304) required Amtrak to issue to the Secretary of Transportation preferred stock equal in par value to all federal operating payments and most federal capital payments received subsequent to October 1, 1981, as well as capital and certain operating payments received prior to that date. At September 30, 2007 and 2006, 109,396,994 shares of $100 par value preferred stock were authorized, all of which were issued and outstanding. All issued and outstanding preferred shares are held by the Secretary of Transportation for the benefit of the Federal Government. The Amtrak Reform and Accountability Act of 1997 (the Act) resulted in significant modifications to Amtrak's capital structure. Prior to the Act, dividends were to be fixed at a rate not less than 6% per annum, and were cumulative. No dividends were ever declared. The Act abolished the voting rights and the liquidation preference of the preferred stockholder and the 6% minimum annual cumulative preferred stock dividend; and established that no additional preferred stock be issued by Amtrak in exchange for federal grants received. At the time of enactment of the Act, the minimum undeclared cumulative preferred dividend in arrears for all series issued and currently outstanding approximated $5.8 billion and ranged between $0.02 and $97.08 per share. Each share of preferred stock is convertible into 10 shares of common stock at the option of the preferred stockholder.

At September 30, 2007 and 2006, 10,000,000 shares of $10 par value common stock were authorized, of which 9,385,694 shares were issued and outstanding. The common stockholders, who acquired their stock from four railroads whose intercity rail passenger operations Amtrak assumed in 1971, have voting rights for amendments to Amtrak's Articles of Incorporation proposed by the Board of Directors. The Act also required Amtrak to redeem at fair market value the shares of common stock outstanding as of December 2, 1997, by the end of fiscal year 2002.

Amtrak has discussed the redemption of the shares with the owners, but there has been no resolution of this matter between Amtrak and the owners. Amtrak believes that the fair market value of the common stock is zero. Nevertheless, in an effort to comply with the Act, Amtrak has made an offer to redeem the stock for cash at a price of $0.03 per share to the stockholders. By letter dated November 2, 2000, counsel for the four common stockholders responded to Amtrak and rejected the offer as inadequate. Amtrak is considering various courses of action.

NOTE 6: MORTGAGES AND DEBT

Total debt in the Consolidated Balance Sheets consisted of the following at September 30, 2007 and 2006 (in thousands):

Long-Term Debt:	2007		2006	
	Current	Long-Term	Current	Long-Term
FRA loan	$ -	$ 21,136	$ 20,522	$ 42,165
Mortgage obligations	13,295	227,510	12,145	240,805
30th St Limited PAID Bonds	-	13,900	-	13,900
30th St PEDFA Garage Rev Bonds	780	47,190	730	47,970
UDAG loan	130	10,927	130	11,057
	$ 14,205	$ 320,663	$ 33,527	$ 355,897
Less: Unamortized bond discount related to 30th St PEDFA Garage Rev Bonds	-	496	-	516
Total	$ 14,205	$ 320,167	$ 33,527	$ 355,381

CREDIT FACILITIES

At September 30, 2007 and 2006, there were letters of credit outstanding of $8,588,000 and $6,588,000, respectively.

FEDERAL RAILROAD ADMINISTRATION (FRA) LOAN

On July 3, 2002, Amtrak executed a $100 million interest-bearing conditional loan under the Federal Railroad Administration's "Railroad Rehabilitation and Improvement Financing Program" for qualified capital expenditures. The loan bears interest at 1.81% per annum and is secured by various Amtrak-owned right-of-way properties and facilities. This loan requires Amtrak's compliance with certain conditions which include: improving financial controls and accounting transparency, submission of monthly performance reports, and a list of expense reduction options to Congress and the DOT. Under the 2005 Act, Amtrak is required to repay the loan in five annual installments beginning with fiscal year 2005 (See Note 2). Amtrak has made four installment payments so far. The final installment will be paid in 2009.

MORTGAGE OBLIGATIONS

In June 2001, PSL mortgaged a substantial portion of improvements located at Penn Station in New York, New York for $300 million at a fixed rate of interest of 9.25% per annum, which increased to 9.50% effective October 1, 2002, receiving net cash proceeds of $296,249,000. Of this amount, $34,280,000 was deposited into escrow for the benefit of the lender and is reflected in "Deferred charges, deposits, and other" in the Consolidated Balance Sheets. Semi-annual principal plus interest payments are due on the mortgage through maturity in June 2017. At September 30, 2007 and 2006, the outstanding balance due on the mortgage was $240,805,000 and $252,950,000, respectively.

BONDS AND GRANT

On January 7, 2003, the Pennsylvania Economic Development Financing Authority (PEDFA) issued $50 million Revenue Bonds (the "PEDFA Garage Bonds") for the purpose of financing the construction and other related costs of a parking garage located at the 30th Street Station in Philadelphia, PA. The bonds have multiple maturities ending on June 1, 2033. The bonds were issued at a discount of $588,000 and bear interest, by individual maturities, at fixed rates ranging from 4.500% to 5.875%. The parking garage reached substantial completion by June 2004 and was constructed in air rights owned and leased by Amtrak to PEDFA. On December 15, 2002, Amtrak entered into a "Pledge and Security Agreement" (the "Pledge") with PEDFA under which Amtrak guarantees the payment of the principal and interest on the PEDFA Garage Bonds and under which Amtrak's liability is limited to a pledge of: 1) the rent received or receivable by Amtrak under the air rights lease during the fiscal year in which a demand for payment is made, and 2) the additional parking facilities revenues, as defined in the Pledge. Under these agreements (and certain other related agreements), revenue generated from the parking garage will first be used to fund the operations of the parking garage, second to pay principal and interest payments on the PEDFA Garage Bonds, third to reserve certain amounts for future repairs and maintenance of the parking garage, and fourth any excess will be paid to Amtrak subject to amounts that may be owed to the builder of the parking garage as contingent purchase price. Amtrak will obtain title to the garage when the bonds are paid off. Amtrak has recognized PEDFA's $50 million bond obligation in "Equipment and other debt" in the Consolidated Balance Sheets. Amtrak has recorded capital expenditures in the amount of $34,983,000 related to the construction of the parking garage in "Right-of-way and other properties" in the Consolidated Balance Sheets as of September 30, 2007 and 2006. The remaining net bond proceeds are recorded in "Deferred charges, deposits, and other" in the Consolidated Balance Sheets and were $13,568,000 and $10,184,000 as of September 30, 2007 and 2006, respectively.

Included in TSL's long-term debt at September 30, 2007 and 2006, is $13.9 million of Philadelphia Authority for Industrial Development (PAID) tax-exempt private-activity bonds (the "PAID Bonds") issued by PAID for the benefit of TSL's rehabilitation of 30th Street Station (the "Station") in the city of Philadelphia (the "City"), Pennsylvania. The PAID Bonds were issued on December 30, 1987, mature on January 1, 2011, and bear interest at a fixed or variable rate payable until maturity at intervals determined under provisions in the bond indenture. No payments of bond principal prior to maturity are required. Amtrak is periodically required to make annual deposits into a sinking fund to be used to pay off the bonds when they mature. As of September 30, 2007 and 2006, escrowed deposits were $2,691,000 and $253,000, respectively, and included in "Deferred charges, deposits, and other" in the Consolidated Balance Sheets. The PAID Bonds are subject to extraordinary redemption of the indenture in the event of damage or destruction of the Station facilities. On January 4, 2006, utilizing the aggregate deposits made into the sinking fund and interest accrued thereon, Amtrak redeemed $16.1 million of the outstanding bonds.

TSL has a non-interest bearing obligation of $11,057,000 and $11,187,000 to the City under an Urban Development Action Grant (UDAG) loan agreement as of September 30, 2007 and 2006, respectively. Principal is being repaid in $130,000 annual installments each November through 2011, with the balance due in November 2012. The City's rights under the UDAG loan agreement are secured by a leasehold mortgage.

INTEREST RATES

Per annum weighted-average percentage interest rates by debt type for all interest-bearing borrowings at September 30, 2007 and 2006 are shown below (in percentages of 100%):

	2007	2006
FRA loan	1.81	1.81
Mortgage obligations	9.50	9.50
Bonds	5.32	5.27

The overall weighted-average interest rate on all interest-bearing borrowings is 8.2% and 7.5% per annum at September 30, 2007 and 2006, respectively.

SCHEDULED DEBT MATURITIES

At September 30, 2007, scheduled maturities of debt over the next five years and thereafter are as follows (in thousands):

2008	$ 14,205
2009	36,641
2010	16,930
2011	32,390
2012	20,180
Thereafter	214,522
Total	$ 334,868

Amtrak is subject to various covenants and restrictions under its borrowing arrangements. A default by Amtrak or acceleration of Amtrak's indebtedness may result in cross-default to other Amtrak indebtedness, and may have a material adverse effect on the Company. Most of Amtrak's financing transactions require that Amtrak deliver its audited annual financial statements within 90 to 120 days of the end of its fiscal year. Amtrak has not delivered within this timeframe its audited financial statements for fiscal year 2007. Amtrak has at least a 30-day grace period that commences on written notice to Amtrak of its breach. Amtrak may cure the technical default and avoid a defined Event of Default, by delivering the statements and certificates prior to lapse of this grace period. To date, Amtrak has not received any written notice of its breach. Excluding the foregoing, Amtrak is in compliance with all of its covenants.

NOTE 7: LEASING ARRANGEMENTS

FACILITIES

During fiscal year 2001, PEDFA completed two separate issues of exempt facilities revenue bonds, the net proceeds of which were used to finance a portion of the costs associated with Amtrak's construction of a frequency converter facility (the "Facility"). The first series (Series A) totaling $110,795,000 was issued in February 2001 at a $795,000 discount, netting $110 million. The second series (Series B) totaling $45 million was issued in April 2001 at par. Amtrak procured the bond proceeds of each issue through a lease and leaseback arrangement with PEDFA. Under this arrangement, Amtrak awarded title to and ownership of the Facility to PEDFA until November 2041 under a ground lease, in exchange for the total net proceeds. Simultaneously, Amtrak is leasing back from PEDFA the Facility through June 2033, with an option to extend this term through November 2041. PEDFA also has the right to extend Amtrak's leaseback term through November 2041. At the conclusion of the ground lease, title to and ownership of the Facility will revert to Amtrak. Amtrak's leaseback rentals are funding PEDFA's debt service requirements for both the Series A and Series B bonds. Amtrak's rental payments are due semi-annually for the Series A bonds, and monthly for the Series B bonds. With the bond proceeds, Amtrak used $3,343,000 toward financing arrangement costs, and discharged $85,453,000 of interim debt associated with the Facility's construction. The remaining $66,204,000 of proceeds remained on deposit with the bond trustee and was earmarked for use toward Amtrak's leaseback payments, further Facility construction costs, and additional financing arrangement costs. Amtrak recorded a $155 million capital lease obligation, $3,343,000 of deferred financing costs, and $66,204,000 of deferred deposits. Amtrak's sublease rentals consist of an interest and principal portion, with the latter scheduled to pay down this capital lease obligation over the sublease's initial and option terms. At September 30, 2007 and 2006, $152,062,000 and $152,896,000, respectively, of the bonds remained outstanding.

EQUIPMENT

Amtrak leases equipment, primarily passenger cars and locomotives, under capital leasing arrangements. At September 30, 2007 and 2006, the gross amount of assets recorded under capital leases was $3,395,997,000 (36% for locomotives and 64% for passenger cars), and $3,626,695,000 (37% for locomotives and 63% for passenger cars), respectively, with accumulated amortization of $1,288,181,000 and $1,345,804,000, respectively.

During 2007, the Company purchased certain passenger cars that had been under capital leases. As a result, the gross value of these assets of $141,000,000 is now included in owned equipment.

During 2000, Amtrak entered into twelve separate defeased sale and leaseback transactions involving passenger cars. In exchange for $915,155,000 consisting of net cash proceeds and set-aside assets in the form of defeasance instruments, Amtrak sold the cars having a net book value of $334,690,000, resulting in a deferred gain of $580,465,000. The defeasance instruments are held by the beneficiaries of the lease arrangements or their agents. Amtrak accretes value at fixed interest rates of approximately 6.8% to 8.8% per annum. Simultaneously, Amtrak leased back the cars under capital leases over terms ranging from 23 to 28 years. The set-aside assets together with future accreted interest are designated toward satisfying Amtrak's rent payment obligations under the capital leaseback arrangements. The defeasance instruments economically defease, but do not legally defease Amtrak's obligations under the leasebacks. As a result, Amtrak would be required to make payments in respect of its [economically defeased] obligations under the capital leaseback transactions if the defeasance instruments were not sufficient to pay the full amount of Amtrak's obligations when due. This eventuality would occur if there was an event of default by Amtrak or an adverse change in financial status of the party guaranteeing the defeasance instruments or certain other early termination events with respect to the capital leaseback transactions. Amtrak also has an obligation to replace or supplement the defeasance instruments under certain circumstances. Consequently, there is no guaranty that the set aside assets will be sufficient to satisfy the capital lease obligations. The set-aside assets plus accreted interest are not netted against the capital lease obligations, but instead are presented as "Escrowed proceeds on sale-leasebacks" in the Consolidated Balance Sheets. The $580,465,000 gain on the sales was deferred and is being amortized into income as a reduction to depreciation expense over the terms of the capital leasebacks. During fiscal years 2007 and 2006, $19,043,000 and $20,842,000 of deferred gains on these transactions were amortized, respectively.

At September 30, 2007, future minimum lease payments under equipment and facility capital leases including amounts to be funded from defeasance instruments were as follows (in thousands):

2008	$ 279,583
2009	294,309
2010	351,345
2011	341,902
2012	319,183
Thereafter	2,815,646
Total payments	4,401,968
Less amount representing interest	1,431,560
Present value of minimum lease payments at September 30, 2007	2,970,408

The current portion of capital lease obligations at September 30, 2007 and 2006 was $118,647,000 and $110,050,000, respectively, and is included in "Current maturities of long-term debt and capital lease obligations" in the Consolidated Balance Sheets.

The Company, as lessee, has entered into equipment leasing agreements for which the underlying leased equipment is the collateral and is required to be maintained in good operating condition. The Company has recorded an accrual for estimated repair costs for damaged leased equipment of $21,811,000 and $26,757,000 at September 30, 2007 and 2006, respectively, and is recorded in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets. The amounts expensed relating to these items is reflected in "Materials" expense in the Consolidated Statements of Operations in the period in which the damage occurred.

Amtrak is subject to various covenants and restrictions under its leasing arrangements. A default by Amtrak or acceleration of Amtrak's indebtedness may result in cross-default to other Amtrak indebtedness, and may have a material adverse effect on the Company. Most of Amtrak's leasing transactions require that Amtrak deliver its audited annual financial statements within 90 to 120 days of the end of its fiscal year. Amtrak has not delivered within this timeframe its audited financial statements for fiscal year 2007. Amtrak has at least a 30-day grace period that commences on written notice to Amtrak of its breach. Amtrak may cure the technical default and avoid a defined Event of Default, by delivering the statements and certificates prior to lapse of this grace period. To date, Amtrak has not received any written notice of its breach. Excluding the foregoing, Amtrak is in compliance with all of its covenants.

OPERATING RIGHTS AND LEASES

At September 30, 2007, Amtrak was obligated for the following minimum rental payments, principally for station and office space, under operating leases that have initial or remaining non-cancelable lease terms in excess of one year (in thousands):

2008	$ 13,342
2009	12,153
2010	12,274
2011	11,756
2012	10,042
Thereafter	50,302
Total	$ 109,869

Rent expense (which includes cancelable and non-cancelable leases) for the years ended September 30, 2007 and 2006 was $37,877,000 and $36,285,000, respectively, and it is expected that future rent expense will be comparable.

Most of the rights-of-way over which Amtrak operates are owned by other railroads, some of which own Amtrak's common stock. Amtrak uses such trackage under contracts with these railroads. The terms of the agreements range from 1 month to 5 years and costs incurred are based on usage. The total amount incurred for use of the railroads' rights-of-way in 2007 and 2006 totaled $92.4 million and $89.7 million, respectively, and is included in Train operations expense on the Consolidated Statements of Operations.

NOTE 8: INCOME TAXES

There was no provision or benefit for income taxes for 2007 and 2006, which differed from the expected amount computed by applying the U.S. federal income tax rate of 35% to pretax loss, primarily as a result of the increase in the valuation allowance.

A reconciliation of the U.S. federal statutory income tax rate to our actual income tax rate:

	2007	2006
U.S. Federal statutory income tax rate	35.0%	35.0%
Federal operating grants	-15.1%	-14.8%
Valuation allowance	-16.0%	-14.2%
Depreciation	-3.9%	-6.0%
Effective income tax rate	0.0%	0.0%

Basis differences of $2.1 billion relating to property and equipment that do not result in tax deductible amounts have no deferred taxes recorded as the difference will be recognized over the depreciable life of the assets. These amounts relate to capital grants received from the Federal government that were used to purchase capital assets. In addition, Federal operating grants are treated as equity for book purposes, but are taxable.

Management has recorded valuation allowances against net deferred tax assets as it is more likely than not that the results of future operations will not generate sufficient taxable income to realize deferred tax assets. In the current year, the valuation allowance increased by $179.3 million.

Deferred income tax assets and liabilities were comprised of the following (in thousands):

	2007	2006
Deferred Tax Assets:		
Deferred gain on sale leaseback	$ 106,912	$ 140,040
Capital leases (net of depreciation)	301,907	288,156
Bad debt reserve	2,589	3,318
Inventory reserve	17,365	13,567
Accrued vacation	21,271	21,613
Claims reserves	82,444	92,029
Pension and other postretirement employee benefits	227,113	207,879
Other accruals	16,167	9,517
Capitalized software	2,985	5,029
NOL carryforward	2,593,348	2,477,529
Union settlement accrual	66,500	-
Total Deferred Tax Assets	$ 3,438,601	$3,258,677
Deferred Tax Liabilities:		
Straight line rents	$ 2,483	$ 1,877
Total Deferred Tax Liabilities	$ 2,483	$ 1,877
Net Deferred Tax Asset	$ 3,436,118	$ 3,256,800
Valuation allowances	(3,436,118)	(3,256,800)
Net Deferred Tax Asset	$ -	$ -

Net operating loss carryforwards were $7.4 billion and $7.1 billion at September 30, 2007 and 2006, respectively. These carryforwards expire from 2009 through 2027.

NOTE 9: COMMITMENTS AND CONTINGENCIES

INSURANCE CLAIMS

Amtrak maintains various insurance policies to cover its liability to employees and other parties for injury or damage resulting from accidents and to cover Amtrak's loss resulting from damage to Amtrak property. The insurance policies contain large deductibles; losses within the deductibles are self-insured by Amtrak.

The Amtrak Reform and Accountability Act of 1997 limits the amount railroad passengers may recover from a single accident to an aggregate of $200.0 million. Since non-passenger liability is not so limited, Amtrak purchases excess liability insurance limits beyond this statutory cap. Amtrak operates a majority of its long distance passenger rail service on tracks owned by freight railroads. Amtrak indemnifies these railroads for certain liabilities that arise as a result of its operations on freight tracks. Its indemnity applies to bodily injury and property damage claims made by its employees, passengers and third parties struck by its trains, and for damage to its equipment. The freight railroads indemnify Amtrak for bodily injury and property damage claims made by freight railroad employees and third parties off railroad property; and for damage to freight railroad equipment, lading and property.

LABOR AGREEMENTS

Approximately 90% of Amtrak's labor force is covered by labor agreements. All Amtrak labor agreements became amendable as of January 1, 2000. In 2003 and 2004, Amtrak reached new agreements covering approximately 35% of Amtrak's unionized employees for the period of January 1, 2000 through December 31, 2004. Those agreements settled since January 1, 2000 became open to amendment once again on January 1, 2005. On October 31, 2007, the National Mediation Board officially released Amtrak and nine of the unions that had been in mediation with the Board. This release began a process governed by the Railway Labor Act that is aimed at resolving the issues and reaching a collective bargaining agreement, but which could ultimately result in an imposed agreement or self-help which means the unions may strike or management can lockout or impose contract terms. After an initial 30-day period, the U.S. President appointed a Presidential Emergency Board (PEB) which held hearings and issued a recommendation on December 30, 2007. This started a final 30-day "cooling off period" during which Amtrak and its unions will attempt to reach agreement.

The PEB submitted recommendations that Amtrak's settlements with its unions should: (1) follow as a pattern the economic terms of the freight railroad industry agreements negotiated since 2000; (2) apply those terms retroactively; (3) not include any work rule changes. Although Amtrak is not bound by the PEB recommendations, the Company intends to follow the PEB recommendations and has recorded a $190.0 million estimated liability to expense as of September 30, 2007. Pursuant to the PEB recommendations, $76.0 million of this amount would be payable during the year ending September 30, 2008 and is recorded as a current liability. The PEB recommended that the remaining $114.0 million be paid during the year ending September 30, 2009 and is recorded as a long-term liability. On January 18, 2008, Amtrak reached tentative agreements with the unions consistent with the recommendations of the Presidential Emergency Board. These tentative agreements stayed any potential strike while the agreements are submitted to the membership for ratification.

LEGAL PROCEEDINGS

The Acela Trainset Contractor (the Consortium comprised of Bombardier Corporation and Alstom Transportation, Inc.) and the Northeast corridor Management Services Company, (NeCMSC, a sole-purpose company owned jointly by Bombardier and Alstom that maintained the Acela Trainsets) asserted claims against Amtrak in connection with the completion of work required under the 2004 Settlement among the parties and the turn-over of Acela Trainset maintenance to Amtrak. The Consortium and NeCMSC asserted entitlement to payments it claimed it was owed as well as the relinquishment of letters of credit under the 2004 Settlement and other items. Amtrak vigorously opposed these claims, asserting that the Consortium was not entitled to additional payments under the 2004 Settlement and that there was no factual or equitable basis for NeCMSC's remaining claims. In addition, Amtrak asserted claims regarding the main transformers located on the power cars of the Acela Trainsets. The parties participated in non-binding mediation in late November 2006 and met to discuss settlement several times over the past several months. These disputes were resolved in a Final Settlement Agreement reached on September 30, 2007. On September 27, 2007 Amtrak paid the $20.1 million settlement, of which $18.6 million was accrued to expense in prior periods and $1.5 million was charged to expense for the year ending September 30, 2007.

On October 23, 2003, ERC Frankona Ruckversicherungs-AG ("Frankona"), a reinsurer of portions of excess liability and property insurance coverage which PRIL provides to Amtrak, filed suit against PRIL in the New York Supreme Court alleging PRIL made material misrepresentations and omissions regarding Amtrak's loss history seeking an order declaring the contracts null, void and rescinded. Subsequently, Frankona agreed to dismiss its New York action without prejudice. On November 21, 2003, PRIL and Amtrak filed suit against Frankona in the United States District Court for the District of Columbia for a declaratory judgment, breach of contract, bad faith, and other relief against Frankona resulting from its claim that the reinsurance contracts are rescinded, and Frankona filed a counterclaim seeking substantially the same recovery as in its New York action. On September 24, 2007, a Settlement Agreement was entered into between Frankona and Amtrak/PRIL whereby Frankona is to pay PRIL $23.5 million within 30 days of execution of the Agreement. For the year ended September 30, 2007 PRIL and Amtrak adjusted its receivable account balance from Frankona to $23.5 million, which resulted in an expense of $1.7 million. The $23.5 million settlement was received by PRIL on October 16, 2007.

On August 19, 2004, Amtrak was served with a federal court complaint filed by the State of New York. The complaint alleged that Amtrak breached a March 2000 contract relating to the remanufacture of seven Turboliner Trainsets and improvements in infrastructure and facilities along the Empire Corridor in New York. New York sought an injunction requiring Amtrak to specifically perform remanufacturing and infrastructure work or in the alternative, damages in the amount of $477.3 million plus costs, disbursements and interest. Amtrak filed an answer and asserted affirmative defenses, denying New York's claims. Although settlement negotiations had occurred intermittently over the years, no settlement had been achieved. Consequently, under the Court's scheduling order, fact discovery was completed (except for resolution of a few discovery disputes) by February 2007. On September 28, 2007, the parties filed cross-motions for judgment as a matter of law. Shortly thereafter, the parties resumed settlement negotiations and were able to reach agreement, executed December 12, 2007. Under the settlement, Amtrak will pay New York $20 million in installments over the next two fiscal years. Amtrak has recorded a $20.0 million obligation as of September 30, 2007. In addition, Amtrak committed to provide the capital funding for a $6.0 million infrastructure improvement project on Amtrak's property that will improve service on the Empire Corridor, and New York committed to provide another $4.0 million to fund additional Empire Corridor infrastructure projects.

On August 19, 2003, former employees filed a class action lawsuit involving Amtrak's 2001 Voluntary Early Retirement Plan ("VERP") in the United States District Court for the District of Columbia seeking to void a September 2001 amendment to the Amtrak Pension Plan that eliminated a monthly Railroad Retirement Supplement and replaced it with a one-time lump sum payment of $15,000 per eligible employee. Additionally, the complaint seeks to "reopen" the window period to allow eligible employees to apply for the original benefits. Amtrak, the Retirement Plan Committee, and the Retirement Income Plan are also named as defendants. The discovery phase of this case has concluded and all of the named defendants have filed a motion for summary judgment to dismiss the lawsuit in its entirety and have opposed class certification. The Court had dismissed Plaintiffs' claim for benefits because they had failed to appeal the denial of benefits through the Plan's appeal process. Plaintiffs subsequently appealed the denial of benefits to the Plan and, when their appeal was denied, Plaintiffs filed a new lawsuit making the same claims. These claims have now been combined and are pending decision by the Judge on cross motions for Summary judgment. The Company does not believe a loss is probable; therefore, no amount has been accrued.

Amtrak is involved in various other litigation and arbitration proceedings in the normal course of business. The outcome of these matters cannot be predicted with certainty. When management concludes that it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, it is accrued through a charge to earnings. While the ultimate amount of liability incurred in any of these lawsuits and claims is dependent on future developments, in management's opinion, the recorded liability is adequate to cover the future payment of such liability and claims. However, the final outcome of any of these lawsuits and claims cannot be predicted with certainty, and unfavorable or unexpected outcomes could result in additional accruals that could be significant to results of operations in a particular year. Any adjustments to the recorded liability will be reflected in earnings in the periods in which such adjustments are known.

Amtrak has entered into various agreements with states, cities, and other local transportation authorities and private companies pursuant to which Amtrak is required to fund various railroad facility and infrastructure improvements, and to fund the remanufacture and supply of railroad passenger equipment. The significant funding commitments include: improvements to Shell Interlocking in New Rochelle, New York (obligation to Metro-North Commuter Railroad Company of approximately $26.5 million as of December 1, 2007); track improvements west of New Haven in the state of Connecticut (obligation to Connecticut Department of Transportation of approximately $16.0 million as of September 30, 2007); and improvements to the Wilmington, Delaware train station in the amount of $18.0 million (subject of a memorandum of agreement dated May 31, 2007, to be followed by a formal agreement).

NOTE 10: ENVIRONMENTAL MATTERS

Some of Amtrak's past and present operations involve activities that are subject to extensive and changing federal and state environmental regulations that can give rise to environmental issues. As a result of its operations and acquired properties, Amtrak is from time to time involved in administrative and judicial proceedings and administrative inquiries related to environmental matters.

In 1976, Amtrak acquired its Northeast Corridor properties. It is Amtrak's policy to accrue estimated liabilities and capitalize such amounts of remediation costs relating to properties acquired with existing environmental conditions (not to exceed the net realizable value of the related property), and to expense remediation costs incurred on properties for environmental clean-up matters occurring after acquisition. The liability is periodically adjusted based on Amtrak's present estimate of the costs it will incur related to these sites and/or actual expenditures made. At September 30, 2007 and 2006, the reserve was $72,767,000 and $76,282,000, respectively. At September 30, 2007 and 2006, the current portion of the reserve was $9,267,000 and is reported in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets. Of the reserve, $59,689,000 and $64,441,000 relates to costs to be incurred, which will be capitalized when the remediation is performed as of September 30, 2007 and 2006, respectively. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. At September 30, 2007 and 2006, a deferred charge for such amounts is included in "Deferred charges, deposits, and other" in the Consolidated Balance Sheets. Amtrak has not recorded any receivables for recoveries from other parties or from insurance because such recoveries are not sufficiently certain.

The ultimate liability for remediation is difficult to determine with certainty due to, among other factors, the number of potentially responsible parties, site-specific cost sharing arrangements, the degree and types of contamination, potentially unidentified contamination, developing remediation technology, and evolving statutory and regulatory standards. Amtrak's management and counsel believe that additional future remedial actions for known environmental matters will not have a material adverse effect on the results of operations or financial condition.

Reconciliation of Projected Benefit Obligation:	Pension Benefits (000's) 2007	Pension Benefits (000's) 2006	Other Benefits (000's) 2007	Other Benefits (000's) 2006
Obligation at October 1,	$ 227,283	$ 241,261	$ 620,240	$ 634,056
Service cost	9,627	8,426	30,239	25,753
Interest cost	17,446	12,476	47,717	32,861
Actuarial loss (gain)	4,763	(27,379)	(34,481)	(56,844)
Benefit payments	(10,346)	(7,501)	(21,468)	(15,586)
Obligation at September 30,	$ 248,773	$ 227,283	$ 642,247	$ 620,240

Reconciliation of Fair Value of Plan Assets:	Pension Benefits (000's) 2007	Pension Benefits (000's) 2006	Other Benefits (000's) 2007	Other Benefits (000's) 2006
Plan assets at October 1,	$ 194,772	$ 182,076	$ -	$ -
Actual gain on plan assets	37,778	10,843	-	-
Employer contributions	19,922	9,354	21,468	15,587
Participant contributions	-	-	754	537
Medicare D subsidy	-	-	932	411
Benefit payments	(10,346)	(7,501)	(23,154)	(16,535)
Plan assets at September 30,	$ 242,126	$ 194,772	$ -	$ -

Funded Status:	Pension Benefits (000's) 2007	Pension Benefits (000's) 2006	Other Benefits (000's) 2007	Other Benefits (000's) 2006
Funded status at September 30,	$ (6,647)	$ (32,511)	$ (642,247)	$ (620,240)
Unrecognized prior service cost	-	469	-	12,599
Unrecognized loss	-	15,506	-	262,952
Contributions	-	7,921	-	-
Additional minimum liability	-	-	-	-
Net liability recognized in Consolidated Balance Sheets	$ (6,647)	$ (8,615)	$ (642,247)	$ (344,689)
Accumulated Benefit Obligation (ABO) at September 30,	$ 220,894	$ 200,010	$ 642,247	$ 620,240

NOTE 11: POSTRETIREMENT EMPLOYEE BENEFITS

Amtrak has a qualified noncontributory defined benefit retirement plan whose assets are held in trust covering nonunion employees and certain union employees who at one time held nonunion positions.

Amtrak provides medical benefits to its qualifying retirees and life insurance to some retirees in limited circumstances under its postretirement benefits program. Railroad agreement employees' life insurance benefits are covered by a separate policy purchased by Amtrak. Under Amtrak's postretirement benefits program, substantially all salaried employees may become eligible for medical benefits if they meet the service requirement and reach age 55 while they are working for Amtrak. Company-provided medical benefits are reduced when covered individuals become eligible for Medicare benefits or reach age 65, whichever comes first. Medical benefits are subject to co-payment provisions and other limitations.

ADOPTION OF SFAS 158

Amtrak adopted SFAS 158 on September 30, 2007 on the required prospective basis (see note 3). Our September 30, 2007 disclosure is in accordance with the new requirements.

OBLIGATIONS AND FUNDED STATUS

The tables above provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending September 30, 2007, and a statement of the funded status as of September 30, 2007 (measurement date September 30) and 2006 (measurement date June 30).

Prior to adoption of FAS 158, when the ABO exceeds the fair market value of plan assets, an additional minimum pension liability may be required. No additional minimum pension liability was required for 2006.

Pension and other postretirement benefit amounts recognized in the Consolidated Balance Sheets at September 30, 2007 and 2006 are as follows (in thousands):

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Current liabilities	$ (6,647)	$ (8,388)	$ (22,095)	$ (18,927)
Noncurrent liabilities	$ -	$ (227)	$ (620,152)	$ (325,762)
Net amount recognized	$ (6,647)	$ (8,615)	$ (642,247)	$ (344,689)

Pension and other postretirement benefit amounts recognized in accumulated other comprehensive loss at September 30, 2007 and 2006 are as follows (in thousands):

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Net loss	$ 2,074	$ -	$ 205,044	$ -
Prior service cost	$ 221	$ -	$ 11,192	$ -
Net amount recognized	$ 2,295	$ -	$ 216,236	$ -

COMPONENTS OF NET PERIODIC BENEFIT COST

The following table provides the components of net periodic benefit cost for the plans for fiscal years 2007 and 2006 (in thousands):

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Service cost	$ 9,627	$ 8,426	$ 30,239	$ 25,753
Interest cost	17,446	12,476	47,717	32,861
Expected return on plan assets	(19,582)	(14,463)	-	-
Amortization of prior service cost	247	198	1,407	1,126
Amortization of net loss	-	1,772	23,427	25,500
Net periodic benefit cost	$ 7,738	$ 8,409	102,790	$ 85,240

The estimated prior service cost for the defined benefit pension plan that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next year is $197,000. The estimated net loss and prior service benefit for the other defined benefit postretirement plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next year are $13 million and $1 million, respectively.

PLAN ASSETS

The pension plan's assets consist primarily of U.S. equity investments, U.S. fixed income investments, and international equity investments. The other postretirement benefits program has no plan assets. Amtrak funds the other postretirement benefits program on a pay-as-you-go basis. Amtrak's pension plan asset allocations at September 30, 2007 and 2006 by asset category are as follows:

	2007	2006
U.S. equity securities	45.6%	53.1%
International equity securities	18.6%	10.6%
U.S. fixed income securities	23.6%	29.5%
Real estate	10.0%	-
Cash and cash equivalents	2.2%	6.8%

Amtrak's trust asset investment strategy is to invest the assets in a manner whereby long-term earnings on the assets provide adequate funding for retiree pension payments. The investment objectives of the pension fund are to: (1) promote the growth in the plan's funded status, to the extent appropriate, minimizing reliance on employer contributions as a source of benefit security, (2) invest the assets of the plan to achieve the greatest reward consistent with a reasonable and prudent level of risk, and (3) achieve, as a minimum over time, the passively managed asset return earned by market index funds, weighted in the proportions outlined by the asset class exposures identified in the plan's strategic allocation.

The pension plan's investment policy will consider a number of factors, including the strategic asset allocation and asset classes, investment style, and the marketability, diversification, volatility, and liquidity of investments and responsibility for proxy statements. The plan's strategic asset mix is recognized by the Investment Committee as the primary mechanism to influence the reward and risk structure of the plan in accomplishing plan objectives. Plan assets should be invested in specific asset classes at the target allocation and maintained in accordance with the permissible range for each asset class as stated in the following strategic asset allocation table:

	Plan Assets 2007	Plan Assets 2006
U.S. equity securities	40%-60%	50%-60%
International equity securities	10%-20%	8%-12%
U.S. fixed income securities	20%-30%	30%-40%
Other	5%-15%	0.0%

RATE OF RETURN

Several factors are considered in developing the estimate for the long-term expected rate of return on plan assets. These include historical rates of return over the past three, five and ten year periods as well as projected long-term rates of return obtained from pension investment consultants. The expected long-term rates of return for plan assets are 7.5% - 8.5% for equities and 5% - 6% for bonds.

ESTIMATED FUTURE BENEFIT PAYMENTS

Based upon the assumptions used to measure the pension and other postretirement benefit obligations at September 30, 2007, and including pension and other postretirement benefits attributable to estimated future employee service, Amtrak expects that pension benefits and other postretirement benefits to be paid over the next ten years are as follows (in thousands):

	Pension Benefits	Other Benefits
2008	$ 9,155	$ 22,096
2009	$ 18,634	$ 24,474
2010	$ 10,881	$ 29,464
2011	$ 12,008	$ 34,784
2012	$ 13,296	$ 40,139
2013-2017	$ 93,260	$ 272,477

CONTRIBUTIONS

Amtrak expects to make a $12,000,000 contribution in 2008. Also in 2008, it expects to contribute $22,096,000 toward other postretirement benefits.

ASSUMPTIONS

Weighted-average assumptions used to determine benefit obligations at September 30, 2007 and 2006 are as follows:

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Discount rate	6.25%	6.25%	6.25%	6.25%
Rate of compensation increase	3.50%	3.50%	N/A	N/A

Weighted-average assumptions used to determine net periodic benefit cost for years ended September 30, 2007 and 2006 are as follows:

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Discount rate	6.25%	5.25%	6.25%	5.25%
Expected long-term return on plan assets	8.00%	8.00%	N/A	N/A
Rate of compensation increase	3.50%	3.50%	N/A	N/A

Assumed healthcare cost trend rates at September 30, 2007 and 2006 are as follows:

	Other Benefits 2007	Other Benefits 2006
Healthcare cost trend rate assumed for next year	11.00%	12.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2014	2014

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects (in thousands) on the Other Benefits plans:

	Increase	Decrease
Effect on total of service and interest cost component	$ 8,041	$ (7,793)
Effect on postretirement benefit obligation	$ 76,643	$ (83,632)

PRESCRIPTION DRUG BENEFITS

On December 8, 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the "Medicare Act") was signed into law. The Medicare Act introduced a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. As allowed by FASB Staff Position No. FAS 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003", Amtrak elected to record an estimate of the effects of the Medicare Act in accounting for its postretirement benefit plans under SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", and provide disclosures required by SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits". Amtrak's ABO for its other benefits is reduced by $61.4 million and $48.1 million for fiscal year 2007 and 2006, respectively for this prescription drug benefit.

401(K) SAVINGS PLAN

Amtrak provides a 401(k) savings plan for nonunion employees. Under the plan, Amtrak matches a portion of employee contributions up to five percent of the participant's salary, subject to applicable limitations. Amtrak's expenses under this plan were $7,953,000 and $7,467,000 for the years ended September 30, 2007 and 2006, respectively.

NOTE 12: FAIR VALUE OF FINANCIAL INSTRUMENTS

For cash and cash equivalents, short-term investments, accounts receivable, accounts payable, and accrued expenses and other current liabilities, the carrying amounts approximate fair value because of the short maturities of these instruments. The carrying amounts of a portion of bonds and equipment obligations also approximate fair value. All charge interest at rates that are periodically adjusted to market.

The estimated fair values of the mortgage obligations, FRA loan, and remaining bonds were based upon discounted cash flow analyses using interest rates available to Amtrak at September 30, 2007 and 2006 for debt with the same remaining maturities. The UDAG loan, although interest free, was also valued based upon a discounted cash flow analysis using September 30, 2007 and 2006 market interest rates. The estimated fair values of these financial instruments are as follows (in thousands):

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FRA loan	$ 21,136	$ 20,589	$ 62,687	$ 59,905
Mortgage obligations	240,805	287,329	252,950	294,130
Bonds, net of discount	61,374	65,128	62,084	67,270
UDAG loan	11,057	9,196	11,187	9,082
	$ 334,372	$ 382,242	$ 388,908	$ 430,387

NATIONAL RAILROAD PASSENGER CORPORATION and SUBSIDIARIES (AMTRAK) - ANNUAL STATISTICAL REPORT

PERFORMANCE INDICATOR	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Revenues: (in millions of dollars)										
Passenger Related (excluding 403b)	1,000	1,058	1,166	1,261	1,339	1,261	1,312	1,295	1,426	1,577
403b Services	83	100	111	123	129	136	137	141	139	154
Passenger Related	1,083	1,158	1,277	1,384	1,468	1,397	1,449	1,436	1,565	1,731
Mail and Express [8]	83	98	122	117	125	-	-	-	-	-
Commuter	260	261	274	289	295	258	118	119	115	117
Other	276	303	326	298	324	321	276	302	329	302
Federal Payments and State Capital Payments [1]	542	191	112	21	16	18	22	29	33	2
Total Revenue	**2,244**	**2,011**	**2,111**	**2,109**	**2,228**	**1,994**	**1,865**	**1,886**	**2,042**	**2,153**
Expenses: (in millions of dollars)										
Salaries, Wages, and Benefits	1,448	1,457	1,558	1,667	1,617	1,517	1,452	1,512	1,484	1,662
Train Operations	150	194	216	263	252	190	187	193	203	210
Fuel, Power, and Utilities	134	132	164	188	175	184	184	228	276	284
Materials	130	131	148	128	123	156	149	133	162	179
Facility, Communication, and Office Related	159	155	173	176	155	135	129	130	136	141
Advertising and Sales	102	109	107	106	99	75	78	71	75	83
Casualty and Other Claims	70	74	78	117	161	118	89	26	115	26
Depreciation Net of Gain on Sale-Leasebacks	292	327	359	467	479	584	551	558	446	454
Other (Including Indirect Costs Capitalized to Property & Equipment)	63	81	73	176	163	141	131	89	107	141
Total Expense	**2,548**	**2,660**	**2,876**	**3,288**	**3,224**	**3,100**	**2,950**	**2,940**	**3,005**	**3,180**
Operating Loss	**(304)**	**(649)**	**(765)**	**(1,179)**	**(996)**	**(1,106)**	**(1,085)**	**(1,054)**	**(963)**	**(1,027)**
Other Income and (Expense): (in millions of dollars)										
Interest Income	39	30	53	85	76	74	74	82	95	99
Interest Expense	(88)	(83)	(107)	(154)	(212)	(210)	(203)	(207)	(200)	(193)
Other Expense - Net	**(49)**	**(53)**	**(54)**	**(69)**	**(136)**	**(136)**	**(129)**	**(125)**	**(105)**	**(94)**
Loss Before Discontinued Operations and Cumulative Effect of Accounting Changes	**(353)**	**(702)**	**(819)**	**(1,248)**	**(1,132)**	**(1,242)**	**(1,214)**	**(1,179)**	**(1,068)**	**(1,121)**
Loss from Discontinued Operations [2]	-	-	-	-	-	(32)	(95)	(13)	-	-
Cumulative Gain/(Loss) Effect of Accounting Changes [3]	-	-	51	-	-	-	-	-	-	-
GAAP Loss	**(353)**	**(702)**	**(768)**	**(1,248)**	**(1,132)**	**(1,274)**	**(1,309)**	**(1,192)**	**(1,068)**	**(1,121)**
Pro Forma Loss With Changes Applied Retroactively	***(345)***	***(694)***	***(819)***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***
Federal Payments and Related Income, and State Capital Payments	(577)	(214)	(176)	(24)	(17)	(18)	(22)	(29)	(33)	(2)
Amtrak Loss [4]	**(930)**	**(916)**	**(944)**	**(1,272)**	**(1,149)**	**(1,292)**	**(1,331)**	**(1,221)**	**(1,101)**	**(1,123)**
Net Depreciation and Other Postretirement Employee Benefits	305	342	374	479	518	649	714	637	537	533
Adjusted Loss	**(626)**	**(574)**	**(570)**	**(793)**	**(631)**	**(643)**	**(617)**	**(584)**	**(564)**	**(590)**
Federal Grants Appropriated: (in millions of dollars)										
Federal Operating Grant	202	-	-	-	205	519	756	711	490	475
General Capital Funding	-	609	571	521	521	524	462	492	772	848
NECIP / NHRIP Funding	250	-	-	-	-	-	-	-	-	-
High-Speed Rail	-	-	-	-	-	-	-	-	-	-
Taxpayer Relief Act	2,184	-	-	-	-	-	-	-	-	-
Other Federal Grants	-	-	-	-	105	-	-	-	31	-

PERFORMANCE INDICATOR	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Federal Grants Drawn: *(in millions of dollars)*										
Federal Operating Grant	202	-	-	-	205	519	756	711	485	485
General Capital Funding	134	243	593	551	833	476	510	492	772	772
NECIP / NHRIP Funding	417	25	-	-	-	-	-	-	-	-
High-Speed Rail	30	-	-	-	-	-	-	-	-	-
Taxpayer Relief Act	1,092	1,092	-	-	-	-	-	-	-	-
Other Federal Grants	-	-	-	-	25	7	15	27	13	13
Financial Ratios:										
Operating Ratio *(Total Expense/Total Revenue[4])*	**1.50**	**1.46**	**1.44**	**1.57**	**1.46**	**1.57**	**1.60**	**1.58**	**1.50**	**1.48**
Current Assets *(in millions of dollars)*	868	982	376	274	449	405	477	455	497	605
Current Liabilities *(in millions of dollars)*	621	689	779	996	974	1,059	955	901	901	960
Working Capital Ratio	**1.40**	**1.43**	**0.48**	**0.28**	**0.46**	**0.38**	**0.50**	**0.50**	**0.55**	**0.63**
Cash and Short-Term Investments: *(in millions of dollars)*										
Year-End Cash and Cash Equivalents, and Short-Term Investments	275	156	107	33	169	182	247	138	212	234
On-Time Performance:										
Amtrak Systemwide	79%	79%	78%	75%	77%	73%	71%	70%	68%	69%
Operating Statistics:										
Amtrak Systemwide Passenger Miles [5] *(in millions)*	5,304	5,330	5,498	5,559	5,468	5,503	5,558	5,391	5,358	5,654
Amtrak Systemwide Seat Miles *(in millions)*	11,426	12,064	11,629	12,204	12,380	12,091	11,656	11,421	11,246	11,568
Amtrak Systemwide Load Factor *(Passenger Miles/Seat Miles)*	46%	44%	47%	46%	44%	46%	48%	47%	48%	49%
Amtrak Systemwide Route Miles *(in thousands)*	22	23	23	23	23	23	23	23	21	21
Train Miles *(in millions)*	33	34	35	36	38	37	37	37	36	37
Passenger Miles Per Train Mile [5]	160.7	156.8	157.1	154.4	143.9	148.7	150.2	145.7	148.8	151.4
Ticket Yield (Ticket Revenue per Pax Mile) [5] *(cents)*	17.8	18.9	20.3	21.8	23.6	22.1	22.6	23.1	25.6	26.9
Yield (Pax Related Revenue per Pax Mile) [5,6] *(cents)*	18.9	19.8	21.2	22.7	24.5	22.9	23.6	24.0	26.6	27.9
Average Trip Length of Passengers *(miles)*	251.4	247.9	244.4	236.6	233.7	229.3	221.4	222.8	220.5	219.1
Total Revenue per Seat Mile [4] *(cents)*	14.9	15.1	17.5	17.8	18.5	17.0	16.4	17.0	18.7	19.5
Total Expense per Seat Mile *(cents)*	23.1	22.7	25.7	28.2	27.8	27.4	27.1	27.6	28.5	29.2
Core Revenue per Seat Mile [7,9] *(cents)*	11.3	11.5	13.6	13.3	14.0	12.8	13.5	14.0	15.5	16.4
Core Expense per Seat Mile [9] *(cents)*	18.8	19.3	21.7	23.9	23.1	23.1	23.8	24.2	25.1	26.1
Ridership (Passenger Trips): *(in millions)*										
Amtrak Systemwide	21.1	21.5	22.5	23.5	23.4	24.0	25.1	24.2	24.3	25.8
Contract Commuter Passenger Trips *(in millions)*	54.0	58.3	61.6	63.4	66.0	56.1	27.2	28.7	19.2	19.2
Total Ridership (Amtrak & Commuter) *(in millions)*	75.1	79.8	84.1	86.9	89.4	80.1	52.3	52.9	43.5	45.0
Stations Served by Amtrak	508	510	515	512	515	514	517	518	503	497

NOTES:

Where applicable, prior year's amounts have been restated to conform with the current year's presentation.

1 Includes federal payments received related to grants and Taxpayer Relief Act (TRA) funds, as well as state capital payments received.

2 Includes charges related to the discontinued Mail and Express operations.

3 The $50.7M gain in FY00 is the result of changes in accounting for state capital payments and start-up costs.

4 Federal payments received related to grants and TRA funds, state capital payments received, plus investment income earned ($34.6M, $23.1M, $12.1M, $2.9M and $0.7M in FY98-02, respectively) on TRA funds drawn are excluded from the operating ratio, and applicable revenue-based operating statistics.

5 Passenger miles do not include contract commuter passengers.

6 Passenger related revenue excludes state 403(b) service revenue.

7 Core revenues include passenger related, 403(b) service revenue, mail and express, and certain other revenues (specifically: commuter fees, freight railroad access fees and miscellaneous other).

8 Mail and Express operations were discontinued in FY'04.

9 Mail and Express operations were discontinued in FY'04. Core revenues and expenses exclude Mail & Express operations beginning in FY'03.

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