Significant legislation in 2015

• 4 important pieces of transportation legislation passed in 2015:
  – FAST Act (Surface Transportation reauthorization, includes Amtrak)
  – Omnibus Appropriation (funds Amtrak for FY 2016)
  – Positive Train Control extension
  – STB extension or reauthorization

• All of these are significant and important:
  – PTC extension will shift date to Dec 31, 2018
  – STB reauthorization will add 2 members (from 3 to 5)
The FAST Act

• Fixing America’s Surface Transportation (FAST) Act through 2020
  – Usually known as “the highway bill”
  – Authorizes access to the Highway Trust Fund (HTF) for transit and highway programs
  – HTF funds these two modes on an annual basis, independent of the appropriations process
• Amtrak title in the FAST Act is the “Passenger Rail Reform and Investment Act” (PRRIA)
• Amtrak’s incorporation in the surface bill for the first time is historic
• A recognition by Congress of the tremendous importance of passenger rail to the nation
  – Don’t yet have access to HTF – but incorporation of Amtrak in a surface bill allows for future discussion of a predictable and dedicated funding cycle
FAST Act – Amtrak Reform Provisions

- Restructures funding accounts into two separate accounts: NEC/National Network (2017)
- Requires asset plans (2019)
- Creates a State-supported Route Committee
- Private sector station development opportunities
- Explores new revenue streams for right-of-way development
- Promotes local product use and expands “Pets on Trains”
- DOT tasked to review Amtrak reporting requirements and identify opportunities for streamlining and elimination of duplicate reports
- Authorizes three new grant programs:
  - Consolidated Rail Infrastructure and Safety Improvements ($1.1B)
  - Federal-State Partnership for State of Good Repair ($997M)
  - Restoration and Enhancement Grants ($100M)

85 specific items in our tasking matrix to manage
Authorizing legislation sets maximum funding levels – but Congress must act annually to appropriate the money.
FAST Act Funding authorizations

• Abolishes distinctions between “operating” and “capital”
• In the future, money will be appropriated for two accounts:
  – NEC
  – National Network
• Some stipulations, but the work of definition is delegated to FRA and Amtrak
• RRIF Upgrades
  – Streamlines RRIF loan program
  – Creates credit risk premium refunds
  – Makes it easier to incorporate private funding
  – Joint ventures now eligible
• Several other grant programs authorized:
  – Rail Infrastructure & Safety Improvements ($1.1B)
  – Federal-State partnership for SOGR ($997M)
  – Restoration and Enhancement Grants ($100M)
• Also authorizes:
  – Gulf Coast Working Group ($1M)
  – Small Business Participation Study ($3M)
Account Restructuring: The Path Ahead

- Creates new accounting structure, which builds on existing systems (APT)
- In the future, money will be appropriated for two accounts:
  - Northeast Corridor (NEC)
  - National Network (NN)
- Abolishes distinctions between “operating” and “capital” grants
- Amtrak will play a major part in this shift, but the process of creating definitions is the responsibility of the FRA
- FY 17 Grant Request is a hybrid:
  - Basic financial request stated in capital and operating terms
  - “Supplementary Estimate” provides a preliminary restatement in terms of NEC, NN
  - In mid-2016, Amtrak will update the “Supplementary Estimate”, providing refined statement of NEC, NN funding needs

<table>
<thead>
<tr>
<th>Date</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 15, 2016</td>
<td>Amtrak submits Grant Request to Congress</td>
</tr>
<tr>
<td>Jun 1, 2016</td>
<td>FRA must finalize defining accounts for “NEC” and “NN”</td>
</tr>
<tr>
<td>Jun 1, 2016</td>
<td>Amtrak must establish internal controls to allocate costs, revenues between NEC and NN</td>
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<tr>
<td>Oct 1, 2016</td>
<td>Amtrak must complete FY 17 budget in new format</td>
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<tr>
<td>Dec 4, 2016</td>
<td>Amtrak must complete implementation of new accounting structure and produce P&amp;L statement for NEC and NN</td>
</tr>
<tr>
<td>Jan 4, 2017</td>
<td>Amtrak must begin submission of monthly P&amp;L statements to FRA</td>
</tr>
<tr>
<td>Feb 15, 2017</td>
<td>Amtrak must submit FY 18 Grant Request and 5 Year Business Line Plan</td>
</tr>
</tbody>
</table>

A second submission will follow this one to clarify, as accounts are defined
• Passed in December, following 78 day CR
• Appropriated $1.39B for Amtrak:
  – $288.5M for operating
  – $1.1 billion for capital
• Note that the appropriation diverges in key respects from the authorization:
  – Different funding level
  – Maintained current funding structure, to give Amtrak time to adapt
• Also appropriated grant funding through FRA:
  – $19M for NEC infrastructure needs
  – $500K for assistance to states
<table>
<thead>
<tr>
<th>Operating Need</th>
<th>Northeast Corridor</th>
<th>State Supported</th>
<th>Long Distance</th>
<th>Infrastructure &amp; Corporate Development</th>
<th>Total</th>
<th>FY 2016 Amtrak Request</th>
<th>FY 2016 Federal Appropriation</th>
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<tbody>
<tr>
<td>Operating Need</td>
<td>(210.0)</td>
<td>95.3</td>
<td>554.6</td>
<td>(83.0)</td>
<td>649.9</td>
<td>732.2</td>
<td>288.5</td>
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<td>Total Capital Need</td>
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<td>194.9</td>
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<td>96.8</td>
<td>1,668.8</td>
<td>1,803.9</td>
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<td>Operating Revenues and Partner Contributions</td>
<td>(817.2)</td>
<td>(65.2)</td>
<td>-</td>
<td>(83.0)</td>
<td>(965.4)</td>
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<td>Net Capital Need</td>
<td>283.0</td>
<td>129.2</td>
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<td>Debt Service</td>
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<td>NEC Commission</td>
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<td>General Capital and Operating Request</td>
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<td>Federal Discretionary Grant Programs (authorized by FAST Act)</td>
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<td>Total Federal Grant Request</td>
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<td>Total Gateway Expense</td>
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<td>Commuter/FTA Share</td>
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<td>FAST Act Grant Award/FRA</td>
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<td>Gateway (Amtrak share)</td>
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</table>
These numbers based on an early, preliminary estimate of total cost and revenue distribution

Amtrak expects to have final numbers later this year

These categories will replace the traditional Capital and Operating accounts
The takeaways

• Including Amtrak in the surface reauthorization is a huge step forward
  – Still don’t have access to the dedicated and predictable funding streams Amtrak needs
  – Authorized funding levels remain at status quo

• The process of redesigning our financial accounts is also going to be a major change

• We are a small step closer to dedicated and predictable funding, but still very dependent on the appropriations process