special employee advisory

Dear fellow employees,

Because I respect you, it is important to me that you understand the current state of our business.

Every year, we make a commitment to the American people, Congress and our Board of Directors that we will successfully operate our business within our given budget. This budget is a set amount of money that we need to operate our trains, build our infrastructure, and employ and grow our people. A critical part of operating within our budget is to for us to realize the ridership and revenue levels that we expect to achieve.

You know that we had a challenging end to fiscal year 2015. And you need to be aware that prevailing market conditions are going to make fiscal year 2016 even more difficult.

Continued low gas and oil prices are hurting our ridership levels. Two years ago, the price of crude oil was more than $100 a barrel. Last year, it was $60 a barrel. Today, it is has fallen to almost $25 a barrel. As a result, the price of gas is now about $2 a gallon nationally – the lowest it has been since 2009. When gas prices are cheap, many customers who normally ride with Amtrak are either choosing to drive for shorter trips, or choosing to fly for longer trips. Either way, our bottom line takes a big hit.

Our ridership and revenue levels have also been impacted by several other factors outside our control. Bad weather has caused several costly service disruptions -- most notably the recent Northeastern blizzard, and flooding on the Texas Eagle and City of New Orleans routes. We also had a disappointing Thanksgiving season, as lower gas prices contributed to a year-over-year decline in ridership. Believe it or not, we are also hurt by a strong U.S. dollar, which has hurt our international sales.

Together, these factors have been causing us to underperform against our budget for some time. In FY 2015, we committed to our stakeholders that we would achieve $235M on an adjusted operating loss basis. Due mostly to lower-than-expected revenues, we fell $70M short of our commitment, ending the year with a $305M adjusted loss.

This revenue decline has continued in the first quarter of FY 2016. The Amtrak budget passed by the Board of Directors last September expected our adjusted operating loss for FY 2016 to be $245M. That adjusted loss was predicated on increased revenue and holding fixed costs down. We're falling short on both counts this year. Revenues are continuing to decline, and we haven't successfully managed our costs, especially in the areas of salaries, wages and overtime. Our company needs cash to pay our daily expenses, and our cash position is becoming a concern.

We have seen these warning signals, and we have already taken some initial actions to improve our position. In January, I asked senior managers to develop new revenue enhancing strategies and cost-saving options for

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ecom@amtrak.com

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consideration. I also asked our department heads in January to cut their FY 2016 budget by an average of 3.8%.

For those of you who know me, you know that I am committed to operating with integrity and transparency. I am compelled to tell you that while these initial reductions are a good start, it's not enough. We are going to need to take more aggressive actions to reduce our costs – some of which may be painful to take. Our senior leadership team is evaluating all our options, and our goal is to achieve our cost-reduction goals with as little impact to our people as possible.

In the meantime, I need your help. We need to rally together and have a laser focus on reducing or eliminating all discretionary spending that is within our control:

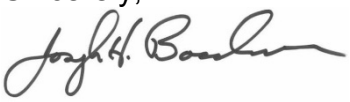
- We should eliminate all non-essential business travel. If at all possible, please conduct your business by phone or video conference.
- We should delay any cost-intensive projects that are not essential to the operation of our business.
- We should delay hiring new employees, where possible.

I want to be clear: We will continue making all necessary investments to keep our employees and customers safe. Our total commitment to safety remains unconditional, regardless of market conditions.

I will update you on a regular basis about the state of our business. I know many of you personally and I know you are good people who want to do the right thing for the company and for the country. I will do everything I can do to support our Amtrak team, and I appreciate your continued support in helping us get through this difficult time.

Be safe, and be at peace with each other,

Sincerely,



Joe Boardman
President and CEO

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