National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Management's Discussion and Analysis of Financial Condition and Results of Operations and Consolidated Financial Statements With Report of Independent Auditors

Fiscal Year 2024

Management's Discussion and Analysis of Financial Condition and Results of Operations

The National Railroad Passenger Corporation (Amtrak or the Company) 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. Unless indicated otherwise, the National Railroad Passenger Corporation and its subsidiaries are referred to collectively as we, us and our.

We make available the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Consolidated Financial Statements With Report of Independent Auditors on our website, www.amtrak.com. The MD&A is intended to provide readers with an understanding of our results of operations, changes in financial position, and liquidity, and should be read in conjunction with our audited Consolidated Financial Statements for the fiscal years ended September 30, 2024 (FY2024) and September 30, 2023 (FY2023) and the related notes included elsewhere in this report.

FORWARD-LOOKING STATEMENT DISCLOSURE

This MD&A contains forward-looking statements that may be identified by the use of words like "may," "will," "could," "believe," "expect," "estimate," "anticipate," "project," and similar expressions. These forward-looking statements reflect our good-faith evaluation of information currently available and are subject to risks and uncertainties, including but not limited to the risk factors set forth below.

Forward-looking statements reflect our expectations, forecasts, or predictions of future conditions, events, or results based on various assumptions as well as the business plans. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those envisaged by such forward-looking statements. Accordingly, readers should not place undue reliance on any such forward-looking statements. Forward-looking statements are representative only as of the date this report was prepared, and we do not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments, or otherwise.

RISK FACTORS

The risks we face could adversely affect the business, results of operations, financial condition, liquidity, and net worth, and could cause the actual results to differ materially from the past results or the results contemplated by any forward-looking statements we make. We believe the risks described below and in the other sections of this report are the most significant we face; however, these are not the only risks we face. We may face additional risks and uncertainties not currently known to us or that we currently believe are immaterial.

- We have a history of recurring operating losses and are dependent on grants from the Federal Government to operate the national passenger rail system and maintain the underlying infrastructure. These grants are usually received through annual appropriations. Appropriated funds for Amtrak are generally provided to the United States (U.S.) Department of Transportation (the DOT), which through its agency the Federal Railroad Administration (the FRA) provides us those funds pursuant to annual grant agreements. If we do not receive sufficient Federal Government funding, the ability to operate in the current form may be adversely affected.

  Through two continuing appropriations acts, we have been provided $1.1 billion in FY2025 funding through March 14, 2025, consisting of $513 million for Northeast Corridor (NEC) grants and $579 million for National Network (NN) grants. Congress has not specifically appropriated any FY2025 operating funds for the Company for the period subsequent to March 14, 2025.

Without such Federal Government subsidies, we will not be able to continue to operate in our current form and significant operating changes, restructuring, or bankruptcy may occur.

- On November 15, 2021, the Infrastructure Investment and Jobs Act (the IIJA) was signed into law (Public Law 117-58). The IIJA contains two rail-funding-related components. The first component provides us with $22.0 billion in advance appropriations for capital investment for FY2022 through FY2026. These funds are largely not available to help cover operating costs. In addition, that first component of the IIJA includes another $44.0 billion in advance appropriations for rail programs over the next five years. We are eligible to apply for or will otherwise benefit from the majority of this funding. The second rail-funding-related component of the IIJA is a reauthorization of rail funding for FY2022 through FY2026. The IIJA reauthorization component authorizes, subject to appropriations, a nonbinding target funding level for Amtrak of $19.2 billion for FY2022 through FY2026 or $3.8 billion annually on average. It also contains a similar target for FRA competitive grants of $15.3 billion, or $3.1 billion annually. Actual appropriations for FY2023 and FY2024 were less than the authorized amounts.

  The IIJA provides us with an unprecedented level of funding for capital projects. It will allow us and our state and commuter partners, in partnership with the FRA, to begin modernizing our assets, including by constructing new tunnels, replacing major bridges, accelerating major station development programs, expanding track and platform capacity, replacing obsolete equipment used on Amtrak's routes, acquiring new information technology systems, improving equipment maintenance facilities, acquiring new maintenance-of-way (MOW) equipment, and making MOW facility upgrades. The IIJA also provides the funding and process improvements - including development of a nationwide project pipeline for corridor development - that are needed to set in motion the expansion and improvement of our network to cities and smaller communities that are underserved, or not served at all, by us today.

  The FRA is responsible for distributing and administering the IIJA funding in an expeditious, efficient, and accountable manner. The IIJA provides the FRA with the necessary financial resources to do so. The IIJA funding has required us to make internal process changes to carry out projects more expeditiously and to create additional controls to ensure compliance with new rules and regulations. Execution of the IIJA-funded projects will be challenged by physical and operational constraints (e.g., limitations on the amount of time tracks can be taken out of service for construction work without degrading train operations) and the need for agreements and extensive coordination with governmental, railroad partners, and other parties, and will require us to augment our workforce with many additional employees required to have specialized skills to carry out projects. Deficiencies or delays in administering additional funding, implementing process changes, reaching agreements for and managing very complex projects in coordination with partners (including potential claims), and securing necessary personnel resources could hinder our ability to comply with grant administration requirements, present financial results in sufficient detail, maintain train operational performance, and advance and complete projects in a timely manner. This could negatively impact our financial performance, credibility and ability to secure additional public funding.

- As a federally funded entity, Amtrak is subject to directives and priorities of Congress and the Executive Branch and must comply with all conditions of grant agreements. Changes in the policies and priorities of Congress and the Executive Branch may result in changes in the operations, projects, and priorities of, and funding levels for, the Company.

- Declines in economic conditions, such as recession, economic downturn, and/or inflationary conditions, or a failure of conditions to improve as anticipated may adversely affect demand and/or expenses for our business, reducing our revenue and earnings. Significant inflationary pressures may increase our costs for fuel and electricity, wages and benefits, capital construction costs, and other goods and services we require to operate our business. The adverse impact on our business will depend, in part, on the severity and duration of such economic conditions.

- Our employees are critical for our success. We rely on our ability to hire new employees with highly specialized skills. If we are unable to screen, hire, and onboard new employees, we may be unable to meet demand for rail service, which could have a negative impact on our operational efficiency and otherwise have a material adverse effect on our results of operations and financial condition. Changes in workforce demographics, training requirements, and availability of qualified personnel, particularly for engineers, mechanics, conductors and on-board service employees, could have a negative impact on our ability to meet short-term demand for rail service and our ability to meet our commitments on capital projects. Unpredicted increases in such demand may exacerbate such risks and could negatively impact our operational efficiency.

- The federal funding Amtrak receives through appropriations and IIJA funded grants is subject to Buy America laws. Few companies have domestic manufacturing facilities capable of producing the in many cases unique new equipment Amtrak needs, and U.S. manufacturing capacity for many components and materials required for rail infrastructure projects is also very limited. This limited supplier base could negatively impact the availability and cost of equipment and materials Amtrak requires for major capital projects and the time required to complete such projects.

- A significant portion of our equipment fleet is at or nearing the end of its useful service life. Our passenger railcar fleet averages approximately 39 years of age and diesel locomotives approximately 27 years of age. Our older equipment has outmoded mechanical designs and systems, limited parts availability, poor reliability, commercially outdated appearances and amenities, and high operating costs. If replacement equipment is not provided, these issues may decrease customer satisfaction and the competitiveness of our services, impair on-time performance, and drive up our expenses, impacting our results of operations.

- Most of the rights-of-way over which we operate are owned by freight and other railroads, known as host railroads. Because the host railroads make all dispatching decisions about which trains have priority in using their rail line, they have significant control over our operations. Failure of host railroads to provide Amtrak trains with acceptable on-time performance (OTP) and adhere to our agreed-upon passenger train schedules could have an adverse impact on our revenues. Some freight railroads have disregarded the statutory requirement that our trains be given preference over freight. Currently, judicial enforcement of this requirement lies exclusively with the Department of Justice, which has exercised that authority twice; once in 1979 and most recently in 2024. Freight railroad violations of Amtrak's preference rights result in poor OTP that reduces our revenues and increases our costs. Continued non-compliance with the law by host railroads could negatively affect our financial performance and jeopardize the continued operation of the impacted routes.

- Our current route map still closely resembles the service we provided when we began operations in 1971. The only Amtrak service in certain regions in the country (i.e., most of the South, Southwest and Mountain States) is provided by Long Distance trains that generally operate once a day or less, serve many major metropolitan areas in the middle of the night or not at all, have unreliable OTP, and continue to generate significant operating losses. In FY2021, we launched *Amtrak Connects US*, a vision to advance the development of more frequent, reliable, and sustainable intercity passenger rail service to over 160 more communities and 20 million more passengers annually by 2035. While the enactment of the IIJA will enable the expansion of corridor service into new markets, the FRA, through its Corridor Identification and Development Program (Corridor ID), is tasked with selecting specific corridors for funding, and we can provide no assurance that any portion of Amtrak's initial vision will be realizable. Our failure to develop and expand intercity passenger rail corridors around the nation in collaboration with our existing and new state partners to serve growing metropolitan areas, in order to become relevant to present and future travelers in these underserved or not served regions and corridors, could negatively impact future revenue growth and financial performance and hinder our ability to attract the state funding support that has historically enabled us to expand our operations and increase our attractiveness to potential customers in other regions. In addition, expanding service also comes with an investment of resources that is constrained by available funds or availability to obtain grants, participation by state partners, and willingness of host railroads.

- With the renewed interest and funding in passenger rail travel, Amtrak has increased competition as we look to expand ridership and routes. The FRA's Corridor ID program is operator agnostic and certain states that have invested heavily in developing passenger rail may not initially pick Amtrak as operator or require competitive bids, and private companies have attempted to step in for specific market segments. The increase in competing passenger rail providers to state supported areas and areas where Amtrak is looking to expand would limit Amtrak's ability to grow the network as quickly or comprehensively as we plan.

- In FY2024, our State Supported services represented 44% of our ridership and generated $314 million in State Supported route revenue. Other companies provide some of the services required for State Supported routes, and other U.S. and foreign government-owned train operators have shown increased interest in operating or providing services required for some Amtrak State Supported routes. Increased competition could affect Amtrak's future operation of these services. In addition, continued operation of State Supported routes is subject to annual operating agreements and state legislative appropriations. Failure on the part of any of the states to secure the necessary operating and capital funds from their state legislatures or decisions by states to contract with service providers other than Amtrak could put some state corridor services at risk.

- Our business is subject to federal and certain state and local laws and regulations, including compliance with requirements from various grant agreements. Congress, the DOT, or other agencies may enact additional or updated safety, security, or cybersecurity regulations that could have a negative impact on our business and the efficiency or performance of our operations and may result in increased operating costs, capital expenditures, claims, and litigation. Our non-compliance with applicable laws, regulations, or grant agreements could result in litigation, assessment of damages, imposition of penalties, or other consequences, any or all of which could harm our reputation and have an adverse effect on our financial results.

- Our business is subject to the impacts of climate change and natural disasters, including increased frequency of weather events, hurricanes, storm surges, floods, heavy precipitation, sea level rise, extreme temperatures, fires, erosion, and earthquakes which could adversely impact our operations, infrastructure and facilities.

- We can have material and adverse impacts to demand for our services or ability to operate due to public health crises including epidemics, pandemics, and similar outbreaks. Measures to reduce the impact of such outbreaks can create travel restrictions and social distancing measures that reduce travel demand which would adversely impact our business, operating results, financial condition, and liquidity.

- We could experience adverse publicity, harm to our brand, reduced travel demand, and potential tort liability as a result of an accident, catastrophe, future disease outbreak, construction issue or failure, or incident that involves us, our state partners, or our host railroads, which may result in a material adverse effect on our business, operating results, and financial condition.

- Our business is subject to numerous operational risks such as equipment failure, disruption of our supply chain, information system failure or interruption, cybersecurity attacks or breaches, acts of terrorism or war, criminal activity, and other events which could adversely impact our operations.
- Cybersecurity breaches or lapses in the security of our technology systems and the data we store could compromise passenger, employee, or business partner information and expose us to liability, possibly having a material adverse effect on our business. We rely on our information technology systems in all areas of our operations and management. Although we maintain comprehensive security programs intended to protect our information technology systems across the company, we are continually targeted by bad actors who attempt to access our network and breach the security protocols. The threat of cybersecurity breaches comes from both domestic and international sources and includes unauthorized access, denial of service, theft of money and data, and extortion. The compromise of our technology systems could result in the loss, disclosure, misappropriation of, or unauthorized access to, our information or that of our customers, employees, or business partners or failure to comply with regulatory or contractual obligations with respect to such information. These events could result in legal claims or proceedings, liability, or regulatory penalties under laws protecting the privacy of personal information, disruption to our operations, and damage to our reputation, any or all of which could adversely affect our business. In addition, the costs to remediate breaches and similar system compromises that do occur could be material.
- Large portions of our operating costs are driven by prices for diesel fuel and electricity. To protect against increases in the market prices of diesel fuel and electricity, we may enter into forward purchases of our forecasted diesel fuel and electricity consumption. However, these programs may not be successful in mitigating higher fuel costs due to changes in our consumption, and any price protection provided may limit the benefit we would have received under favorable market conditions.
- Due to the capital-intensive nature of our business, a significant increase in the replacement cost of our assets due to inflation or other economic conditions could adversely impact our business operations and financial results.
- Our infrastructure capital construction projects may cause delays in our train service, which could impact revenue and ridership.
- Most of our employees are represented by unions, and failure to negotiate reasonable collective bargaining agreements under the terms of the Railway Labor Act could eventually result in strikes, work stoppages, or substantially higher ongoing labor costs.
- We are subject to federal and state environmental laws and regulations which can negatively affect us and our operations. Our services and infrastructure are subject to federal and state environmental laws and regulations which cover emissions affecting clean air; discharges of material to waterways or groundwater supplies; handling, storage, transportation, and disposal of waste and other materials; and the cleanup of hazardous material or petroleum releases. The risk of incurring environmental liability, for accidents and other events, past and present, is inherent in the business of running train operations. This risk of environmental liability extends to property owned by us, whether currently or in the past, that is or has been subject to a variety of uses, including our railroad operations and other industrial activity by past owners or our past and present tenants.

- Train derailments or other accidents could result in costs and liabilities exceeding our insurance coverage. We have experienced train derailments in the past and this risk continues due to the nature of our business.
- Any decline in the economy that further reduces business travel or depresses consumer spending in the U.S. could have a negative impact on our revenues.

CYBERSECURITY RISK MANAGEMENT AND STRATEGY

Our cybersecurity strategy drives the mission to develop and sustain digital resilience and safety across information and operational technologies.

We have developed a cybersecurity function aligned with the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) and the Zero Trust principles. Cybersecurity products and services are integrated across our business processes as part of our modernization programs. This work includes continuous compliance, cyber resilience of information and operational technologies, and vulnerability management. Our maturity model is aligned to the NIST CSF categories of Govern, Identify, Protect, Detect, Respond, and Recover.

Risk Identification, Assessment, and Management

Regularly scheduled vulnerability scanning, penetration testing, and phishing tests identify weaknesses in our business and operational technology networks. A Cyber Threat Intelligence team reviews open-source news feeds, government and commercial intelligence reports, and cybersecurity breaches of other companies. A partnership alliance encompassing state, federal, industry, association, and foreign entities provides information related to ongoing and emerging threats. All of these activities support conventional tracking and assessment of industry-reported indicators of compromise. Risks to the security of our technology infrastructure are documented in a risk register, rated for level of risk, and reviewed regularly. We have teams dedicated to the development, coordination, and review of information technology and information security policies. Those policy requirements are operationalized within a control framework based on core elements of the NIST Security and Privacy Controls. Cybersecurity's Integrated Risk Management process documents compliance and exceptions to these controls, with defined mitigations and target dates for reconsideration.

Integration into a Risk Management Framework

The Cybersecurity Governance, Risk, and Compliance (GRC) team operates under the risk-based approach of the NIST Risk Management Framework. GRC establishes governance structures, implements risk management policies and systems, ensures compliance with regulations and mandates, and formalizes policies and standards to the NIST CSF and other industry best practices.

Third-Party Engagement

We maintain third-party partnerships that are a critical component of our security program. These third parties provide essential support such as serving as our threat response center during non-business hours, to round out our 24/7 threat monitoring and response capability. We also engage third parties to assess our maturity towards a quantitatively managed NIST cybersecurity framework. As a business that accepts credit cards for payment, we are subject to the Payment Card Industry Data Security Standard, and we contract with a third-party assessor to conduct the assessment.

Management of Third-Party Risk

We maintain a standard set of cybersecurity terms and conditions that are provided as a component of any contract with a vendor who will manage or interact with our data or information technology systems. Third-party service providers (TPSPs) are responsible for maintaining the security, confidentiality, and, if applicable, the privacy of the information stored, transmitted, or processed by the TPSPs on our behalf or to the extent that they could impact our cybersecurity.

GENERAL BUSINESS DESCRIPTION

Amtrak is America's Railroad®, the nation's intercity passenger rail service and its high-speed rail operator. Our principal business is to provide rail passenger service in the major intercity travel markets of the U.S. In addition to our core business of intercity passenger railroad operations, we engage in related ancillary businesses that include:

- operating commuter railroads on behalf of various states and transit agencies;
- providing infrastructure access to commuter agencies, freight railroads, and third parties such as private developers, utilities, and others that require right-of-way access;
- performing engineering and capital improvement activities for ourselves and others, including commuter agencies and freight railroads, on a cost-reimbursable basis; and
- owning, managing, and leasing commercial real estate.

We operate a national rail network of more than 21,400 route miles serving more than 500 destinations in 46 states, the District of Columbia (D.C.), and two Canadian provinces. We offer over 130 Thruway Service Connection routes, operated by more than 75 carriers, that provide guaranteed connection to trains via buses, vans, ferries, and other modes of transportation. This extends our service to hundreds of communities not served directly by Amtrak trains.

The *Acela* travels on the NEC between Washington, D.C., and Boston, Massachusetts. It is the fastest train in the Western Hemisphere, with a maximum speed of 150 mph (241 kph) on sections of its route between Washington-New York City-Boston. Nearly half of our trains operate at top speeds of 100 mph (160 kph) or greater. Amtrak is the only railroad in North America to maintain right-of-way for regular service at speeds in excess of 125 mph (201 kph) and our engineering forces maintain more than 375 route-miles of track for 100+ mph (160+ kph) service.

The NEC is the busiest rail line in North America. There were approximately 2,000 Amtrak, commuter, and freight trains operating over some portion of the Washington, D.C.- New York - Boston NEC main line each day. Amtrak provides infrastructure access, primarily along the NEC to 13 authorities that provide commuter services. In FY2024, to address increased demand, we increased our Northeast Regional capacity. Service increased by approximately 20% on weekdays and 10% on Sundays, and additional stops were added at stations in New Jersey. In FY2024, customers made 14.1 million trips on Amtrak NEC services (*Acela* and Northeast Regional) compared to 12.1 million trips in FY2023.

In FY2024, we received funding from 21 agencies representing 18 states for financial support of 30 short distance routes (750 miles or less). Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) required Amtrak and its state partners to develop jointly a single, nationwide, and standardized cost-sharing methodology to charge states for State Supported intercity passenger rail service. In FY2024, 14.5 million trips were taken on the State Supported services routes as compared to 12.5 million trips in FY2023.

Four State Supported corridors had ridership of over 1 million in FY2024:

- *Pacific Surfliner* (San Diego-Los Angeles-San Luis Obispo) - 2.0 million;
- *Empire Service/Maple Leaf* (New York-Albany-Buffalo-Toronto) - 1.9 million;
- *Keystone Service* (Harrisburg-Philadelphia-New York) - 1.3 million; and
- *Capitol Corridor* (San Jose-Sacramento-Auburn) - 1.0 million.

Amtrak operates 15 Long Distance train routes (more than 750 miles), which accounted for 13% of Amtrak ridership (4.3 million trips) in FY2024 as compared to 14% of Amtrak ridership (4.0 million trips) in FY2023. Amtrak is the only intercity passenger transportation service in an increasing number of communities that lack intercity bus and airline service. Our Long Distance trains provide the only rail service at nearly half of the stations in the Amtrak system and are the only Amtrak trains in 22 of the 46 states in the network.

To attract new riders and build the capacity for growing services, in FY2024 we initiated or continued the following revenue generating and other measures:

- We have 28 new *Acela* high-speed trainsets from Alstom on order.
- An additional 18 units of a total order of 125 new Tier 4 ALC-42 diesel locomotives from Siemens Mobility went into revenue service in FY2024, bringing the total units in service to 63. Cleaner, faster and more fuel efficient than their predecessors, they will form the new backbone of the National Network fleet.
- We also have contracted with Siemens Mobility to manufacture a new fleet of up to 83 multi-powered Amtrak *Airo* trainsets that will be leveraged for State Supported and NEC services, with further options for up to 130 additional trains to support growth plans. Most of these trainsets will provide both electric and diesel power, and some will have cutting-edge battery power. Production of these trains has boosted businesses nationwide with over 3,500 parts manufactured by nearly 100 suppliers in 31 states.
- During FY2024, we continued upgrading the Long Distance customer experience; 82% of the fleet has been refreshed with new seating cushions, upholstery, carpet, LED lighting, tables, and curtains.
- We are leading a new era of passenger rail, investing in modern trains, enhanced stations, new tunnels and bridges, and other critical infrastructure upgrades. We are enhancing the customer experience across the country, improving safety and reliability, driving economic development, reducing trip times, expanding capacity, advancing accessibility, and promoting a more sustainable future. Traditionally known as a passenger rail operator, Amtrak is also now a major construction company executing the largest capital program in our history. With over $50 billion of capital investments in planning and development, these historic investments are made possible by the IIJA. In FY2024 we initiated or continued the following infrastructure investments:
    - Construction activities on the Hudson Tunnel Project, the most important component of the New York/New Jersey Gateway Program, a planned phased expansion and renovation of the NEC rail line between Newark, New Jersey and New York City, New York, continued in FY2024, with construction activities on both sides of the Hudson River in New Jersey and New York. The first major construction activity also began in FY2024, with the Hudson River Ground Stabilization project commencing in-river activities. During the

fourth quarter of 2024, Amtrak and its state and local partners celebrated the execution of final agreements to fully fund the project, including the Gateway Development Commission's $6.9 billion Full Funding Grant Agreement with the Federal Transit Administration, a $4.1 billion Railroad Rehabilitation and Improvement Financing (RRIF) loan agreement with the Build America Bureau, and a $3.8 billion Federal-State Partnership (FSP) grant agreement with the FRA. The Portal North Bridge over the Hackensack River, also a component of the Gateway Program, is now 70% complete.

  - In FY2024, we entered into a construction agreement with a contractor for the East River Tunnel Rehabilitation project. The tunnel is comprised of four tubes – two of which require significant repairs and comprehensive reconstruction following damage caused by floodwaters that entered the tunnel during Superstorm Sandy. The East River Tunnel Rehabilitation project will demolish all existing tunnel systems down to the liner, before completely restoring both tubes that were damaged.
  - We entered into a construction contract with a contractor for the replacement of the 117 year old Connecticut River Bridge between Old Saybrook and Old Lyme, Connecticut. The project entails constructing a two-track, electrified, and movable bridge equipped with new track, signal, catenary, power, communication, controls, and security features. This new bridge structure will replace the existing two-track Connecticut River Bridge and construction commenced in FY2024.
  - Major construction activities for the Frederick Douglass Tunnel Program to replace the 151 year old Baltimore & Potomac Tunnel commenced in FY2024 and the second of the three major construction contracts was awarded.
  - We are also moving towards construction of the 118-year-old Susquehanna River Bridge replacement in Maryland. The project is in the design phase and we expect to begin construction in FY2025.

- The FRA-led Corridor ID program created by the IIJA, in which Amtrak is actively participating, provides a much-needed process for guiding and shaping an expanded network to bring new and improved service, including high speed rail in appropriate markets, to places where there is unmet demand for intercity passenger rail. We are actively supporting our state partners and the FRA as they develop plans for service on many of the 69 routes throughout the country that the FRA has selected for inclusion in the program. Some of the activities we have been involved in include:
  - We submitted applications and received awards for four routes: an extension of Northeast Corridor service from New York City to Ronkonkoma on Long Island; the Texas High-Speed Rail project described below; and increasing service frequency from tri-weekly to daily on two Amtrak long distance routes, the New York City-to-Chicago Cardinal and New Orleans-to-Los Angeles Sunset Limited.
  - In May 2024, Amtrak and its state partners Minnesota and Wisconsin commenced the *Borealis* between St Paul/Minneapolis and Chicago.
  - We continue to work in partnership with the Commonwealth of Virginia under the Transforming Rail in Virginia initiative to essentially extend NEC service to Richmond and Petersburg, Virginia.
  - In October 2023, we signed a service development agreement with the state of Louisiana to advance plans for Amtrak services between New Orleans and Baton Rouge.

- ◦ We reached agreements with the states of Louisiana and Mississippi, with support from the city and port of Mobile, for new service between New Orleans and Mobile, Alabama. Set to begin in FY2025, it will be the first Amtrak service along that portion of the Gulf Coast in 20 years.

FY2025 Outlook and Additional Funding

The $22.0 billion in advance appropriations the IIJA provides us - $6.0 billion for the NEC and $16.0 billion for our National Network of state-supported and long-distance routes - will partially fund long-deferred investments in our infrastructure, equipment, stations, facilities, and information technology. Many of these types of investments, along with investments to expand service, will also be eligible for competitive grants that will be awarded by the FRA under the Federal-State Partnership for Intercity Passenger Rail program. The IIJA provides advance appropriations of $36.0 billion for FSP grants, of which no more than $24.0 billion may be used for NEC projects.

The NEC has a state of good repair (SOGR) backlog of over $40 billion. Some of the most critical projects - including the Hudson Tunnel - are part of the Gateway Program. The IIJA funds provided to Amtrak are intended to address the long-standing backlog of SOGR projects and Amtrak's modernization needs.

Rail passengers are not the only beneficiaries of the IIJA. It is creating thousands of jobs, both within Amtrak and for the suppliers and contractors who will provide many billions of dollars in goods and services required for the IIJA-funded projects. The IIJA will enhance communities small and large throughout the country that will benefit from the new and expanded Amtrak service it will produce, and the station and other infrastructure projects it is funding will spur local development. Furthermore, the IIJA will help address climate change and reduce greenhouse gas emissions by allowing more travelers to use rail, a sustainable transportation mode.

On December 21, 2024, President Biden signed into law the "American Relief Act, 2025" (Public Law 118-158), which appropriates funding for Amtrak at FY2024 levels through March 14, 2025. Congress has not specifically appropriated any FY2025 operating funds for the Company for the period subsequent to March 14, 2025.

Fleet, Facilities and Infrastructure Assets

As of September 30, 2024, our active fleet included 16 *Acela* high speed trainsets; 1,214 passenger cars including *Amfleet*, *Superliner*, *Viewliner*, and *Horizon* types; 77 *Auto Train* vehicle carriers; 267 road diesel locomotives; and 67 electric locomotives.

We are focused on the modernization of our passenger car, locomotive, and trainset fleets. Our current fleet predominantly consists of custom-built equipment and there is a long lead-time to procure replacement units. As part of our efforts to launch and/or complete major fleet initiatives to modernize our passenger car, locomotive, and trainset fleets, we have entered into the following agreements:

- In June 2021, we entered into an agreement to purchase certain intercity trainset equipment, including 73 base Amtrak *Airo* trainsets, 67 locomotives and 18 spare vehicles, with options to purchase additional trainsets. In FY2023, we exercised the option to purchase ten additional trainsets, ten additional locomotives and four additional spare units under the same agreement.

- In December 2018, we entered into a contract to purchase 75 ALC-42 long-distance diesel-electric passenger locomotives. In May 2022, we executed options to purchase an additional 50 locomotives. Deliveries of the locomotives started in June 2021.

- In August 2016, we entered into a contract to purchase 28 *Acela* high-speed trainsets that will replace our existing *Acela* trainsets.

We serve 533 stations in the U.S. and Canada. At certain of these stations, we own some or all of the station components (76 station structures, 48 platforms, and 37 parking facilities). In addition, there are 57 stations in the U.S. where we own one or more components but do not actually serve the station (instead leasing the components to other rail operators). We own most of the maintenance and repair facilities for our fleet.

Other property that we own and/or maintain includes:

- *NEC:* We own 363 miles of the 457-mile NEC main line which connects Washington, D.C., Philadelphia, New York City, and Boston. The NEC has more trains and higher speeds than any other rail line in the country, with trains regularly reaching speeds of 125-150 mph (201-241 kph). Two sections of the NEC are owned by others: (1) the New York Metropolitan Transportation Authority owns 10 miles and Connecticut Department of Transportation owns 46 miles on Metro-North Railroad between New Rochelle, New York, and New Haven, Connecticut and (2) the Commonwealth of Massachusetts owns 38 miles between the Massachusetts/Rhode Island border and Boston that is operated and maintained by Amtrak;

- *Springfield Line*: We own a 60.5-mile segment of up-to-110 mph (177 kph) track between New Haven, Connecticut, and Springfield, Massachusetts;

- *Harrisburg Line*: We own a 104.2-mile segment of up-to-110 mph (177 kph) track in Pennsylvania between Philadelphia and Harrisburg;

- *Michigan Line*: We own a 95.6-mile segment of up-to-110 mph (177 kph) track from Porter, Indiana to Kalamazoo, Michigan;

- *Michigan Right-of-Way*: We also operate, maintain, and dispatch a 135-mile line between Kalamazoo and Dearborn, Michigan owned by the state of Michigan. Michigan and Amtrak have completed a series of infrastructure improvements, including replacement of worn track and upgrades to the train signaling and communication system, to further integrate this section of railroad with Amtrak's Michigan Line; and

- *Hudson Line*: We operate, maintain, and dispatch approximately 94 miles of the Hudson Line, also known as the Empire Corridor, in New York state between Poughkeepsie and Hoffmans (near Schenectady), nearly all of which is owned by CSX Transportation and leased to Amtrak.

As part of these property interests, we own 18 tunnels consisting of 24 miles of track and 1,414 bridges.

Outside of the NEC, we generally contract with other railroads for the use of their tracks and other resources required to operate our trains, with incentives for on-time performance. These host railroads are responsible for the condition of their tracks and for the dispatching on their tracks. Approximately 71 percent of Amtrak's train miles are run on tracks owned by the host railroads.

The six largest host railroads for Amtrak trains in FY2024, by train-miles traveled, were:

- *BNSF Railway* - 6.7 million train-miles;
- *Union Pacific Railroad* - 6.0 million train-miles;
- *CSX Transportation* - 5.5 million train-miles;
- *Norfolk Southern Railway* - 2.8 million train-miles;
- *Canadian National Railway* - 1.4 million train-miles; and
- *Metro-North Railroad* - 1.4 million train-miles.

Relationship with Federal Government

The Federal Government through the DOT owns all of our issued and outstanding preferred stock and also provides financing to us under the RRIF loan program (see Note 7 to the Consolidated Financial Statements included elsewhere in this report for detailed information regarding our RRIF loan financing with the Federal Government).

Employees

Excluding Amtrak's Office of Inspector General (OIG), as of September 30, 2024, we had approximately 22,300 employees and approximately 81% of our labor force was covered by labor agreements. As of January 17, 2025, we have reached settlement agreements with all of our unionized workforce.

Environmental, Social, and Governance (ESG)

FY2024 marked another year of significant progress for us in incorporating sustainability into our core business practices.

Our ESG highlights as of September 30, 2024, include the following:

- *Sustainability*: In FY2022, we pledged to achieve net-zero greenhouse gas emissions across our network by 2045, to achieve 100% carbon-free electricity by 2030, and to reduce diesel fuel use through advanced technologies. In FY2024 we continued to take steps to meet these goals including issuing a Request for Information to help transform our rail fleet with zero-emissions technology. We also continued to take delivery of ALC-42 locomotives that are an important part of our sustainability initiative and are considerably more environmentally-friendly than their 1990s predecessors. They reduce emissions of nitrogen oxide by more than 89 percent and particulate matter by 95 percent, while consuming less fuel than the locomotives being retired, and reach a greater top speed, 125 mph.
- We recognize everyone has unique needs and continue to create more inclusive health and wellness benefits for eligible employees that provide care and resources when they are needed most.

PRINCIPAL BUSINESS

Our principal revenue generating activity is to provide passenger rail service in the major intercity travel markets of the U.S. and our core operating revenue comes from passenger ridership on our trains. Our train operations are divided into three service lines:

Northeast Corridor

The NEC is a high-speed railroad developed over the course of a multi-decade partnership among Amtrak, the DOT, commuter railroads, and states. While portions of the right-of-way follow alignments that date back to the 1830s, Amtrak, the DOT, and the commuter railroads have created a network that supports an intense daily schedule of approximately 2,000 trains and provides hourly or near hourly high-speed service, with a top speed (on the Boston to New York route) of 150 mph (241 kph).

State Supported

Our State Supported routes operate on short-distance corridors (750 miles or less) outside of the NEC. These routes provide a travel alternative that is generally trip-time competitive with other modes for shorter distance trips and also provide connections to our national network at larger stations. State Supported services are vital links in the Amtrak national network. The power of increasing demand for passenger rail is recognized through state investments to improve service, speed, and safety. In addition, states and communities realize stations served by Amtrak are anchors for economic development, catalysts for historic preservation and tourism growth, sites for commercial and cultural uses, and points of civic pride.

Long Distance

We operate trains on 15 Long Distance routes (two of which have been temporarily consolidated into a single route), all but one offering sleeping car service in addition to coaches. Our Long Distance trains provide the only rail service at nearly half of the stations in the Amtrak system and are the only Amtrak trains in 22 of the 46 states in the network. Amtrak is the only intercity passenger transportation service in many communities that lack intercity bus and airline service. Operating over routes that range up to 2,728 miles in length, the Long Distance trains serve several purposes, connecting nearby communities with one another, with major metropolitan areas, and with other Amtrak services at hubs such as Chicago. The vast majority of passengers, particularly in coach, travel over only portions of these routes. In many places, Long Distance trains have helped to “incubate” short-distance corridor service on portions of their route, and most Long Distance trains provide additional service frequency on State Supported routes and the NEC, offering travelers a greater range of travel options. The vast majority of Long Distance train-miles are on host railroad tracks owned by freight railroads. Customer OTP, measured as the percentage of customers arriving on time compared to total customers traveling by Amtrak train, for our Long Distance routes has historically been the weakest in our network. The primary reason for delays has been freight train interference. Customer OTP increased in FY2024 to 58%, compared to 53% in FY2023. Long Distance routes also have the lowest operating cost recovery ratio in Amtrak's network, requiring substantial Federal Government funding.

OTHER BUSINESS ACTIVITIES

In addition to passenger-related revenue, we earn other revenue from contracts with customers, including (i) commuter and freight access fee and other revenue from the use of Amtrak-owned tracks by commuter agencies and freight railroad companies, and other revenue related to the use of Amtrak's infrastructure; (ii) revenue from reimbursable contracts, which represents amounts earned under contracts with customers pursuant to which Amtrak provides repair, maintenance, design, engineering, or construction services; (iii) revenue earned under contractual arrangements to operate various commuter rail services under commercial agreements; (iv) commercial development revenue from communication, parking, advertising, and pipe and wire contracts; and (v) miscellaneous revenue from co-branding commissions and other sources.

Revenues from sources other than contracts with customers include (i) revenue from state partners for their State Supported route subsidy; (ii) revenue from state government capital assistance; and (iii) rental income from lease contracts.

RESULTS OF OPERATIONS

The following discussion presents an analysis of results of our operations for FY2024 and FY2023 (in millions):

	Year Ended September 30,			
	2024	**2023**	**$ Change**	**% Change**
Revenues:				
Revenue from contracts with customers	**$ 3,250**	$ 2,988	$ 262	9 %
Other	**586**	585	1	—
Total revenues	**3,836**	3,573	263	7
Total operating expenses	**5,770**	5,413	357	7
Loss from operations	**(1,934)**	(1,840)	(94)	5
Non-operating income, net	**125**	89	36	40
Net loss	**$ (1,809)**	$ (1,751)	$ (58)	3 %

Our total revenue increased by $263 million or 7% in FY2024, compared with FY2023, as revenue from contracts with customers increased $262 million and other revenue increased $1 million. The main driver of the increase in revenue from contracts with customers is increased travel demand. The increase in other revenue was primarily due to increased reimbursable capital revenue as more work was performed, offset partially by lower state supported route subsidies.

Our operating expenses increased by $357 million or 7% in FY2024, compared with FY2023, primarily attributable to increases in salaries, wages, and benefits expense; cost increases in train operations; and an increase in depreciation expense. The overall increase in salaries, wages, and benefits was mainly driven by higher headcount as we continue to experience growth associated with increased capital spend, a new union paid time off (PTO) policy which provides for an additional week of PTO for certain employees covered by collective bargaining agreements, and an increase in medical claims volume and high dollar claims, partially offset by an increase in capitalized labor costs on capital projects.

Total Revenues (in millions)

	Year Ended September 30, 2024	2023	$ Change	% Change
Passenger related revenue:				
Ticket	**$ 2,452**	$ 2,244	$ 208	9 %
Food and beverage	**63**	56	7	13
Total passenger related revenue	**2,515**	2,300	215	9
Commuter and freight access	**280**	261	19	7
Reimbursable operating	**183**	192	(9)	(5)
Commuter operations	**164**	137	27	20
Commercial development (non-lease)	**57**	55	2	4
Miscellaneous	**51**	43	8	19
Total revenues from contracts with customers	**3,250**	2,988	262	9
State Supported route subsidy	**314**	348	(34)	(10)
Amortization of deferred state government capital assistance	**153**	146	7	5
State government capital assistance revenue	**86**	59	27	46
Lease revenue	**33**	32	1	3
Total revenues	**$ 3,836**	$ 3,573	$ 263	7 %

Total passenger related revenue increased by $215 million or 9% in FY2024, compared with FY2023. The increase is primarily driven by an increase in ridership in FY2024.

Ridership and Ticket Revenue

The following table provides a detailed analysis of our ridership and ticket revenue (in millions):

Amtrak Ridership and Ticket Revenue

	Ridership (Number of Trips)			Ticket Revenue ($)		
	2024	2023	% Change	2024	2023	% Change
NEC	**14.1**	12.1	17 %	**$ 1,352**	$ 1,240	9 %
State Supported	**14.5**	12.5	16	**503**	435	16
Long Distance	**4.3**	4.0	8	**597**	569	5
Total	**32.9**	28.6	15 %	**$ 2,452**	$ 2,244	9 %

NEC ridership and ticket revenue increased by 17% and 9%, respectively, in FY2024 compared with FY2023. Although still impacted by reduced business travel since the COVID-19 pandemic, as virtual meetings have replaced many short duration business trips, increased customer travel demand throughout FY2024 drove the increases over FY2023. In FY2024, *Acela* ridership and ticket revenue increased by 9% and 7%, respectively, and *Northeast Regional* ridership and ticket revenue increased by 18% and 10%, respectively.

State Supported ridership and ticket revenue each increased by 16%, in FY2024 compared with FY2023. In FY2024, the top five State Supported routes with the largest ticket revenue were *Empire South, Pacific Surfliner, Cascades, San Joaquins*, and *Keystone Service*.

Long Distance ridership and ticket revenue increased by 8% and 5%, respectively, in FY2024 compared with FY2023. Ridership of 4.3 million in FY2024 was a record high. In FY2024, the top five routes with the largest ticket revenue were the *Auto Train, California Zephyr, Empire Builder, Coast Starlight*, and *Southwest Chief*.

Revenues from sources other than contracts with customers increased by $1 million in FY2024 compared with FY2023, as a $34 million increase in reimbursable capital revenue and $1 million increase in commercial lease revenue was mostly offset by a $34 million reduction in State Supported route funding. We receive payments from our state partners to compensate for most operating and some capital expenses which are not covered by paid ticket revenue. Section 209 of PRIIA required Amtrak and its state partners to develop jointly a single, nationwide, and standardized cost-sharing methodology to charge states for State Supported intercity passenger rail service. Beginning in FY2024, Amtrak is paying a larger share of the operating costs of the state-supported routes due to changes in the Section 209 State-Supported Service Costs Allocation Methodology which were adopted as part of the updated methodology required by the IIJA.

Total Operating Expenses (in millions)

	Year Ended September 30,			
	2024	2023	$ Change	% Change
Salaries, wages, and benefits	**$ 2,914**	$ 2,689	$ 225	8 %
Train operations	**432**	342	90	26
Fuel, power, and utilities	**336**	335	1	—
Materials	**240**	222	18	8
Facility, communication, and office related	**249**	242	7	3
Advertising and sales	**106**	104	2	2
Casualty and other claims	**57**	64	(7)	(11)
Depreciation and amortization	**966**	898	68	8
Other	**763**	733	30	4
Indirect cost capitalized to property and equipment	**(293)**	(216)	(77)	36
Total operating expenses	**$ 5,770**	$ 5,413	$ 357	7 %

Salaries, wages, and benefits increased by $225 million or 8% in FY2024 compared with FY2023, primarily due to higher headcount as we continue to experience growth associated with increased capital spend, a new union PTO policy which provides for an additional week of PTO, and an increase in medical claims volume and high dollar claims, offset partially by an increase in capitalized labor costs on capital projects.

Train operations increased by $90 million or 26% in FY2024 compared with FY2023, primarily driven by higher schedule adherence incentive payments (net of on-time performance penalties collected) to host railroads, increased track and roadway maintenance cost, increases in service frequencies and ridership, and the impact of inflationary pressure that resulted in higher overall train operation cost and food and supply purchases.

Fuel, power, and utilities increased by $1 million in FY2024 compared with FY2023, primarily driven by increased power and utility costs which had price and consumption components with higher commodity costs and increased train frequencies in FY2024. This was mostly offset by lower fuel costs in FY2024 as the higher volume of diesel fuel and electric power consumption due to service frequency increases was offset by larger decreases in price. Our average price per gallon for diesel decreased from $3.37 in FY2023 to $2.99 in FY2024. Consumption increased by 3.2 million gallons, a 6% increase year-over-year.

Materials increased by $18 million or 8% in FY2024 compared with FY2023, primarily due to increases in equipment repair, car and locomotive mechanical maintenance, and material consumption as a result of aging equipment, increased service, and inflationary pressure.

Facility, communication, and office related increased by $7 million or 3% in FY2024 compared with FY2023, primarily due to higher station expenses across the network.

Advertising and sales increased by $2 million or 2% in FY2024 compared with FY2023, primarily due to an increase in credit card commissions resulting from increased ridership and ticket sales offset partially by a decrease in advertising expenses.

Casualty and other claims expenses decreased by $7 million or 11% in FY2024 compared with FY2023, primarily due to lower non-insured passenger claims expense.

Depreciation and amortization expense increased by $68 million or 8% in FY2024 compared with FY2023, primarily due to an increased fixed asset base.

Other increased by $30 million or 4% in FY2024 compared with FY2023, primarily due to an increase in Engineering and Digital Technology professional fees and an increase in software maintenance and cloud hosting services from various IT projects, partially offset by higher insurance proceeds received related to Superstorm Sandy.

Indirect cost capitalized to property and equipment increased by $77 million or 36% in FY2024 compared with FY2023 due to increased capital construction activity.

Non-operating Income (Expense) (in millions)

	Year Ended September 30,			
	2024	**2023**	**$ Change**	**% Change**
Interest income	**$ 159**	$ 124	$ 35	28 %
Interest expense	**(11)**	(12)	1	(8)
Other expense, net	**(23)**	(23)	—	—
Total non-operating income, net	**$ 125**	$ 89	$ 36	40 %

Interest income increased by $35 million or 28% in FY2024 compared with FY2023, primarily due to higher returns on investments in FY2024.

Interest expense was relatively unchanged year over year.

Other expense, net was unchanged year over year.

LIQUIDITY AND CAPITAL RESOURCES

Our business activities require that we maintain adequate liquidity to fund current and future needs for our business obligations and to provide for planned capital expenditures, including those to implement regulatory and legislative initiatives.

We rely on cash flows from operating activities and appropriations from the Federal Government to operate the national passenger rail system and to maintain the underlying infrastructure we own. Our primary uses of cash are to support operations; maintain and improve our infrastructure; service our debt; acquire new and maintain and/or modernize our existing locomotives, rolling stock, and other equipment; and meet other obligations.

Our grants from the Federal Government are generally (with the notable exception of the IIJA-provided advance appropriations) received through annual appropriations. Our regular annual federal appropriations totaled $2.4 billion for each of FY2024 and FY2023. In FY2024, the annual appropriation was $1.3 billion for the NN and $1.1 billion for the NEC. In FY2023, the annual appropriation was $1.2 billion for the NN and $1.2 billion for the NEC. In addition to our annual appropriations, we received IIJA supplemental funding of $746 million and $745 million in FY2024 and FY2023, respectively. We also received discretionary grant funding of $57 million and $20 million in FY2024 and FY2023, respectively.

See Note 2 and Note 4 to the Consolidated Financial Statements included elsewhere in this report for additional information regarding our annual and discretionary funding.

In addition to grant funding, we entered into a debt financing arrangement in FY2016 with the Federal Government under the RRIF loan program to finance the acquisition of 28 new *Acela* high-speed trainsets. Scheduled principal and interest payments began in September 2022. We also have debt financing arrangements with third parties. See Note 7 to the Consolidated Financial Statements included elsewhere in this report for more detailed information regarding our debt financing arrangements.

Overview of Cash Flow (in millions)

	Year Ended September 30,			
	2024	**2023**	**$ Change**	**% Change**
Cash flows (used in) provided by:				
Operating activities	**$ (881)**	$ (852)	$ (29)	3 %
Investing activities	**(2,723)**	(2,971)	248	(8)
Financing activities	**3,640**	3,778	(138)	(4)
Net change in cash and cash equivalents, including restricted cash	**36**	(45)	81	(180)
Beginning balance of cash and cash equivalents, including restricted cash	**254**	299	(45)	(15)
Ending balance of cash and cash equivalents, including restricted cash	**$ 290**	$ 254	$ 36	14 %

Operating Cash Flows

Net operating cash outflows for FY2024 increased by $29 million to $881 million, compared with $852 million in FY2023. The higher FY2024 operating cash outflow was primarily due to a $58 million higher net loss in FY2024 and net unfavorable changes in operating assets driven by increases in materials and supplies, prepaid expense, and other current assets, offset partially by favorable changes in operating liabilities driven by increases in accounts payable, deferred ticket revenue, and accrued expenses and other current liabilities.

Investing Cash Flows

Cash flows relating to investing activities consist primarily of capital expenditures on property and equipment and activities related to our available-for-sale and short-term investment securities. Net cash used in investing activities decreased by 8% to $2.7 billion in FY2024 compared with $3.0 billion in FY2023, primarily due to decreased investments in securities, net of proceeds from maturities and sale of securities and higher capital expenditures in FY2024.

Financing Cash Flows

Cash flows from financing activities consist primarily of receipt of federal grant funds, state capital payments, and issuance and repayment of long-term debt and finance lease obligations. Financing activities provided cash of $3.6 billion in FY2024, $138 million less than the $3.8 billion in FY2023.

Financing cash flows for FY2024 and FY2023 are discussed in more detail below:

- Net financing cash inflows for FY2024 were $3.6 billion. Proceeds from Federal Government paid in capital contributed a total of $3.2 billion. Of this, annual appropriations from the Federal Government provided funding of $2.4 billion and the remainder came from the IIJA and other supplemental funding. See Note 2 and Note 4 to the Consolidated Financial Statements included elsewhere in this report for detailed information on funding from the Federal Government. In addition, we received $196 million from issuance of debt and $270 million in state government capital assistance. Offsetting these inflows were debt and finance lease obligation payments of $65 million.
- Net financing cash inflows for FY2023 were $3.8 billion. Annual appropriations from the Federal Government provided funding of $2.4 billion and the remainder came from the IIJA and other supplemental funding. In addition, we received $379 million from issuance of debt and $235 million in state government capital assistance. Offsetting these inflows were debt and finance lease obligation payments of $61 million.

We are subject to various covenants and restrictions under our borrowing arrangements. A default by us or acceleration of our indebtedness may result in cross-default with other debt and may have a material adverse effect on us. As of September 30, 2024, we satisfied all of our covenant obligations.

Overview of Contractual Obligations and Capital Expenditures

Contractual Obligations

We have contractual obligations related to long-term debt and leases that we have entered into to facilitate our business operations and to supplement our funding requirements. Refer to Note 7 to the Consolidated Financial Statements included elsewhere in this report for information on our long-term debt financing and related scheduled maturities and Note 8 for information on our financing and operating lease arrangements and related future minimum lease payment obligations.

In the normal course of business, we enter into long-term contractual commitments for future services needed for the operations of our business. Such commitments are not in excess of expected requirements and are not reasonably likely to result in performance penalties or payments that would have a material adverse effect on our liquidity. See Note 11 to the Consolidated Financial Statements included elsewhere in this report for additional information.

Capital Expenditures

Our business is capital-intensive, requiring significant amounts of capital to fund the acquisition of assets. Our capital spending programs have been designed to assure our ability to provide safe, efficient, and reliable transportation services. We receive funds from state and local entities and from federal appropriations for our capital spending programs, including state of good repair spending on our infrastructure, and modernization of our passenger car, locomotive, and trainset fleets. In FY2024, we invested a record $3.7 billion into capital upgrades, including manufacturing and testing new trains, beginning construction of new tunnels and bridges, conducting annual state-of-good repair upgrades, and additional projects that will improve future service for customers and partner railroads.

The following table summarizes major capital expenditures by department for FY2024 and FY2023 (in millions):

	Year Ended September 30,	
	2024	**2023**
Engineering	**$ 1,384**	$ 918
Gateway and Trainsets	**1,020**	655
Mechanical	**426**	294
Other	**895**	743
Total	**$ 3,725**	$ 2,610

- ***Engineering*** major capital expenditures in FY2024 included $1.0 billion for right-of-way (track, signals, substations, etc.) replacement and upgrade projects; $313 million for construction of and upgrades to bridges, tunnels, and culverts; and $92 million for station and facility upgrades. Included within the right-of-way projects are $296 million related to Amtrak system tie and timber replacement and undercutting, surfacing, and turnout renewal programs; $102 million for New York infrastructure renewal and track programs; and $52 million for major equipment purchases.
- ***Gateway and Trainsets*** major capital expenditures in FY2024 included $553 million of Gateway project costs, $242 million for the *Acela* trainsets, and $219 million for the intercity trainsets.
- ***Mechanical*** major capital expenditures in FY2024 included $144 million for other passenger or baggage car overhauls and facilities repairs and improvements, $104 million for overhauls and replacement of Amfleet cars (single-level passenger cars built in the 1970s and 1980s), $74 million for diesel locomotive acquisitions, $74 million for overhauls and modifications on Superliners (bi-level passenger cars built in the 1970s, early 1980s and 1990s and used primarily on Long Distance trains that do not operate over the NEC), and $21 million for new or overhauls and modifications of other locomotives, sleeper, and baggage cars.
- ***Other*** major capital expenditures in FY2024 included $324 million for customer-focused station facility improvements, $169 million of right-of-way projects with host railroads or state partners, $136 million for projects to comply with the Americans with Disabilities Act, $107 million for Frederick Douglass Tunnel project costs, and $81 million in safety related initiatives.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our Consolidated Financial Statements in accordance with Generally Accepted Accounting Principles requires us to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. We base these judgments and estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates.

Understanding the extent to which we use management judgment and estimates in applying our accounting policies is integral to understanding our financial statements. See Note 3 to our Consolidated Financial Statements included elsewhere in this report for a detailed discussion of our significant accounting policies and related management judgments and estimates.

We believe the following accounting policies require significant judgments and assumptions about material and inherently uncertain matters and the use of reasonably different estimates and assumptions could have a material impact on our results of operations or financial condition:

Property, Equipment, and Depreciation

Due to the highly capital-intensive nature of the railroad industry, capitalization and depreciation of property and equipment are substantial components of our financial statements. Property and equipment, including leasehold improvements, comprised 82% of our total assets at the end of FY2024, and related depreciation and amortization comprised 17% of total operating expenses in FY2024.

Except as described below, property and equipment that we own are carried at cost and are depreciated using the group method of depreciation (group method) in which a single composite 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. This excludes computer equipment and software, which are stated at cost and are individually depreciated on a straight-line basis over their estimated useful lives, which are generally five to ten years. Properties held under finance leases and leasehold improvements are depreciated over the shorter of their estimated useful lives or their respective lease terms. Land is carried at cost.

We periodically engage a civil engineering firm with expertise in railroad property usage to conduct a study to evaluate depreciation rates for assets subject to the group method. In addition to the adjustment to group depreciation rates because of periodic depreciation studies, certain other events might occur that could affect our estimates and assumptions related to depreciation. Unforeseen changes in operations or technology or assets' physical conditions could substantially alter assumptions regarding our ability to realize the return of investment on our operating assets and, therefore, affect the amount of current and future depreciation expense. Because group method depreciation expense is a function of analytical studies made of property and equipment, subsequent studies could result in different estimates of useful lives and net salvage values. If future group method depreciation studies yield results indicating that assets have shorter lives because of obsolescence, physical condition, changes in technology, or changes in net salvage values, the depreciation expense for assets under the group method could increase. Likewise, if future studies indicate that assets have longer lives, the depreciation expense for assets under the group method could decrease.

Casualty Losses and Claims

We record an estimated liability for unsettled casualty and other open claims, including personal injury, occupational injury, passenger liability, and miscellaneous liability claims. Our projections for personal injury liability and ultimate loss are undiscounted and estimated using standard actuarial methodologies, including estimates for provisions for unasserted claims. We also record insurance recovery receivables for the estimated liability for passenger and/or employee claims in excess of our self-insured retention amount. Our insurance recovery receivables represent our best estimate of insurance proceeds we believe are probable of recovery.

Revenue Recognition

We recognize revenue from contracts with customers as operating revenues when the related performance obligations are performed. For passenger-related revenue, amounts received for tickets that have been sold but not used are initially recorded as deferred ticket revenue and then recognized in revenue when travel occurs and the service has been provided.

In our experience, there is always a small percentage of tickets purchased by customers which expire unused. For non-refundable tickets that expire unused, we recognize revenue upon departure of the train on the date of the scheduled travel. Refundable tickets that expire unused are recognized in revenue upon departure of the train on the scheduled travel date if the customers do not request a refund or exchange prior to the departure dates. We issue vouchers good for future travel within one year upon request for exchange and record revenue on issued vouchers that are estimated to expire unused (breakage). These estimates are generally based on analysis of our historical data.

Amtrak Guest Rewards Program

The Amtrak Guest Rewards (AGR) program generates customer loyalty by rewarding customers with incentives to travel on Amtrak. This program allows AGR members to earn AGR points by purchasing a ticket and traveling on Amtrak or from transactions with other participating AGR partner companies such as credit card companies. Points can be redeemed for Amtrak travel or for non-travel with our retail and specialty partners. We also sell AGR points to members.

When customers who are enrolled in our AGR program purchase tickets, these customers (i) earn AGR points; and (ii) receive transportation provided by Amtrak. We first value the AGR points earned and the remaining sales proceeds are allocated to transportation provided by us. To value the AGR points earned, we use the market approach to estimate the value per point and also factor in an estimated breakage for AGR points that are not likely to be redeemed. We recognize the associated value proportionally during the period in which the remaining AGR points are estimated to be redeemed. We engage an independent external actuary who uses statistical models to estimate breakage based on both historical and forecasted future redemption patterns. A change in assumptions as to the period over which AGR points are expected to be redeemed, the actual redemption activity for AGR points, or the estimated fair value of AGR points expected to be redeemed could have an impact on revenues in the year in which the change occurs and in future years.

Environmental Matters

As further described in Note 12 to the Consolidated Financial Statements included elsewhere in this report, we are subject to extensive and complex federal and state environmental laws and regulations regarding environmental issues. As a result of our operations and acquired properties, we are from time to time involved in administrative and judicial proceedings and administrative inquiries related to environmental matters. Our policy is to accrue estimated liabilities and capitalize such remediation costs if they (i) extend the life, increase the capacity, or improve the safety or efficiency of the property, (ii) mitigate or prevent environmental contamination that has not occurred but may result from future operations, (iii) are incurred in preparing the property for sale, or (iv) are incurred on property acquired with existing environmental conditions, and to expense other remediation costs. The liability is periodically adjusted based on our present estimate of the costs we will incur related to these sites and/or actual expenditures made. Some of our real estate properties may have environmentally regulated wastes or materials present. If these properties undergo excavations or major renovations or are demolished, certain environmental regulations that are in place may specify the manner in which the wastes or materials must be assessed, handled, and disposed. We have identified a number of locations for which excavations and major renovations are planned and liabilities have been recorded. In the future, we may plan other excavations, demolitions, major renovations, or other construction activities that affect similar wastes or materials.

At some locations, although a potential liability exists for the removal or remediation of environmentally regulated materials, sufficient information is not available currently to estimate the liability, as the range of time over which we may settle these obligations is unknown or the cost of remediation cannot be reasonably estimated at this time. Although we believe we have appropriately recorded reserves for known and estimable future environmental costs, we could incur significant costs that exceed reserves or require unanticipated cash expenditures.

The amounts included in the environmental reserve reflect only our estimate of our portion of the gross liability. The ultimate liability for environmental 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 related to environmental matters. In addition, for certain known sites, the ultimate liability cannot be estimated until the results of the remedial investigation phase are known. We believe that additional future remedial actions for known environmental matters will not have a material adverse effect on our results of operations or financial condition and that our environmental reserves are adequate to fund remedial actions to comply with present laws and regulations.

Postretirement Employee Benefits

Accounting for pension and other postretirement benefits requires us to make several estimates and assumptions. These include estimates and assumptions regarding the discount rates used to measure the future obligations and interest expense component of pension and other postretirement benefit expense, long-term rate of return on plan assets, health care cost trend rates, mortality rates, and other assumptions.

We engage an independent external actuary to compute the amounts of liabilities and expenses relating to these plans subject to the assumptions that we select. We review the discount rate, long-term rate of return on plan assets, health care cost trend rates, and mortality rates on an annual basis and make modifications to the assumptions based on current rates and trends as appropriate. We have a qualified, non-contributory defined benefit retirement plan (the Retirement Income Plan) whose assets are held in trust covering certain nonunion employees and certain employees who at one time held nonunion positions. Effective June 30, 2015, the Retirement Income Plan was closed to new entrants and frozen for future benefit accruals. See Note 13 to the Consolidated Financial Statements included elsewhere in this report for additional information on our postretirement employee benefit obligations.

Discount Rates

Discount rates affect the amount of liability recorded and the interest expense component of pension and other postretirement benefit expense. Discount rates reflect the rates at which pension and other post-retirement benefits could be effectively settled, or in other words, how much it would cost us to buy enough high-quality bonds to generate sufficient cash flow equal to our expected future benefit payments. We determine the discount rate based on the market yield as of each fiscal year end for high quality corporate bonds whose maturities match the plans' expected benefit payments. Each year, these discount rates are reevaluated and adjusted to reflect the best estimate of the currently effective settlement rates. If interest rates generally decline or rise, the assumed discount rates will change.

Long-term Rate of Return on Plan Assets

The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested, or to be invested, to provide for benefits included in the projected benefit obligation. 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.

Health Care Cost Trend Rates

Health care cost trend rates are based on recent plan experience and industry trends. We use guidance from employee benefits and actuarial consultants, Amtrak-specific claims trends, and health care cost studies to substantiate the inflation assumption for health care costs.

Other Assumptions

The calculations made by the actuaries also include assumptions relating to mortality rates, turnover, and retirement age. These include assumptions related to future mortality improvement, anticipated future retirement experience for our agreement and non-agreement populations, and expected employee turnover.

Property and Property Rights Acquired Through Eminent Domain

When we acquire property or property rights through eminent domain, we estimate the value of just compensation for the assets acquired. If the parties are unable to agree on the valuation, a court will determine it.

LEGAL PROCEEDINGS

We are involved in various litigation and arbitration proceedings in the normal course of business, including but not limited to tort, contract, eminent domain, and civil rights claims. When we conclude it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, we accrue it 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 our opinion, recorded liabilities, where applicable, are adequate to cover the future payment of such liabilities 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 material to our 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 probable and reasonably estimable. See Note 11 to the Consolidated Financial Statements included elsewhere in this report for additional information on our legal matters.

CONSOLIDATED FINANCIAL STATEMENTS

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Years Ended September 30, 2024 and 2023

With Report of Independent Auditors

AMTRAK®

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

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Report of Independent Auditors

The Board of Directors and Stockholders
National Railroad Passenger Corporation

Opinion

We have audited the consolidated financial statements of National Railroad Passenger Corporation and subsidiaries (the Company), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of operations, comprehensive loss, changes in capitalization and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Federal Government Funding

As explained in Notes 1 and 2 to the financial statements, the Company has a history of operating losses and is dependent upon substantial Federal Government subsidies to sustain its operations and maintain its underlying infrastructure. As further explained in Note 2 to the financial statements, the Company is receiving Federal Government funding under the Continuing Appropriations and Extensions Act and the Infrastructure Investment and Jobs Act. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

December 12, 2024

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Consolidated Balance Sheets

(In Millions of Dollars, Except Share Data)

	September 30, 2024	September 30, 2023
Assets:		
Current Assets:		
Cash and cash equivalents, including restricted cash	**$ 290**	$ 254
Short-term investments	**83**	222
Available-for-sale securities	**2,594**	3,188
Accounts receivable, net	**250**	219
Materials and supplies, net	**387**	347
Prepaid expenses	**123**	115
Other current assets	**221**	92
Total current assets	**3,948**	4,437
Property and equipment:		
Locomotives	**2,239**	2,081
Passenger cars and other rolling stock	**3,748**	3,619
Right-of-way and other properties	**20,428**	18,761
Construction-in-progress	**6,190**	4,651
Leasehold improvements	**1,543**	1,409
Property and equipment, gross	**34,148**	30,521
Less: Accumulated depreciation and amortization	**(12,222)**	(11,498)
Total property and equipment, net	**21,926**	19,023
Other assets:		
Restricted investments	**139**	125
Operating lease right-of-use assets	**141**	118
Deferred charges, deposits, and other	**529**	637
Total other assets	**809**	880
Total assets	**$ 26,683**	$ 24,340

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Consolidated Balance Sheets (continued)

(In Millions of Dollars, Except Share Data)

	September 30, 2024	September 30, 2023
Liabilities and capitalization:		
Current liabilities:		
Accounts payable	**$ 1,270**	$ 968
Accrued expenses and other current liabilities	**1,164**	1,003
Deferred ticket revenue	**223**	201
Current maturities of long-term debt and finance lease obligations	**106**	58
Total current liabilities	**2,763**	2,230
Other liabilities:		
Long-term debt and finance lease obligations	**1,370**	1,157
Operating lease liabilities	**97**	97
Deferred state government capital assistance	**2,948**	2,831
Amtrak guest rewards program liability	**98**	91
Casualty reserves	**220**	254
Postretirement employee benefits obligation	**373**	349
Environmental reserve	**129**	132
Other liabilities	**386**	330
Total other liabilities	**5,621**	5,241
Total liabilities	**8,384**	7,471
Commitments and contingencies *(Note 11)*		
Capitalization:		
Preferred stock - $100 par, 109,396,994 shares authorized, issued and outstanding	**10,940**	10,940
Common stock - $10 par, 10,000,000 shares authorized, 9,385,694 issued and outstanding	**94**	94
Other paid-in capital	**52,836**	49,597
Accumulated deficit	**(45,527)**	(43,718)
Accumulated other comprehensive loss	**(44)**	(44)
Total capitalization	**18,299**	16,869
Total liabilities and capitalization	**$ 26,683**	$ 24,340

See accompanying notes.

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Consolidated Statements of Operations

(In Millions of Dollars)

	Year Ended September 30, 2024	Year Ended September 30, 2023
Revenues:		
Revenue from contracts with customers	**$ 3,250**	$ 2,988
Other	**586**	585
Total revenues	**3,836**	3,573
Expenses:		
Salaries, wages, and benefits	**2,914**	2,689
Train operations	**432**	342
Fuel, power, and utilities	**336**	335
Materials	**240**	222
Facility, communication, and office related	**249**	242
Advertising and sales	**106**	104
Casualty and other claims	**57**	64
Depreciation and amortization	**966**	898
Other	**763**	733
Indirect cost capitalized to property and equipment	**(293)**	(216)
Total operating expenses	**5,770**	5,413
Loss from operations	**(1,934)**	(1,840)
Non-operating income (expense):		
Interest income	**159**	124
Interest expense	**(11)**	(12)
Other expense, net	**(23)**	(23)
Total non-operating income, net	**125**	89
Net loss	**$ (1,809)**	$ (1,751)

See accompanying notes.

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Consolidated Statements of Comprehensive Loss

(In Millions of Dollars)

	Year Ended September 30,	
	2024	**2023**
Net loss	**$ (1,809)**	$ (1,751)
Other comprehensive (loss) income:		
Pension and other postretirement benefit plans:		
Actuarial (loss) gain arising during the period, net	**(26)**	57
Amortization of net actuarial (gain) loss reclassified into earnings	**(1)**	2
Total change from pension and other postretirement benefit plans	**(27)**	59
Changes in unrealized losses on available-for-sale securities, net of reclassifications into earnings due to sales and maturities	**27**	26
Total other comprehensive income	**—**	85
Total comprehensive loss	**$ (1,809)**	$ (1,666)

See accompanying notes.

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Consolidated Statements of Changes in Capitalization

(In Millions of Dollars)

	Preferred Stock	Common Stock	Other Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of September 30, 2022	$ 10,940	$ 94	$ 46,372	$ (41,967)	$ (129)	$ 15,310
Federal paid-in capital	—	—	3,225	—	—	3,225
Net loss	—	—	—	(1,751)	—	(1,751)
Other comprehensive income	—	—	—	—	85	85
Balance as of September 30, 2023	10,940	94	49,597	(43,718)	(44)	16,869
Federal paid-in capital	**—**	**—**	**3,239**	**—**	**—**	**3,239**
Net loss	**—**	**—**	**—**	**(1,809)**	**—**	**(1,809)**
Other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**
Balance as of September 30, 2024	**$ 10,940**	**$ 94**	**$ 52,836**	**$ (45,527)**	**$ (44)**	**$ 18,299**

See accompanying notes.

National Railroad Passenger Corporation and Subsidiaries (Amtrak)

Consolidated Statements of Cash Flows

(In Millions of Dollars)

	Year Ended September 30, 2024	Year Ended September 30, 2023
Cash flows from operating activities:		
Net loss	**$ (1,809)**	$ (1,751)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of deferred state government capital assistance	**(153)**	(146)
Depreciation and amortization	**966**	898
Loss on sale of property and equipment	**26**	21
Non-cash investment income	**(72)**	(47)
Other	**71**	48
Changes in assets and liabilities:		
Accounts receivable	**(37)**	(34)
Materials and supplies, prepaid expenses, and other current assets	**(191)**	(45)
Other assets	**(108)**	8
Accounts payable, deferred ticket revenue, and accrued expenses and other current liabilities	**427**	111
Other liabilities	**(1)**	85
Net cash used in operating activities	**(881)**	(852)
Cash flows from investing activities:		
Purchases of short-term investments	**(6,809)**	(7,472)
Proceeds from sales and maturities of short-term investments	**6,945**	7,376
Purchases of available-for-sale securities	**(4,879)**	(4,846)
Proceeds from sales and maturities of available-for-sale securities	**5,560**	4,611
Purchases and refurbishments of property and equipment	**(3,544)**	(2,644)
Other	**4**	4
Net cash used in investing activities	**(2,723)**	(2,971)
Cash flows from financing activities:		
Proceeds from federal paid-in capital	**3,239**	3,225
Proceeds from state government capital assistance	**270**	235
Repayments of debt and financing lease obligations	**(65)**	(61)
Proceeds from issuance of debt, net of credit risk premium	**196**	379
Net cash provided by financing activities	**3,640**	3,778
Net change in cash and cash equivalents, including restricted cash	**36**	(45)
Beginning balance of cash and cash equivalents, including restricted cash	**254**	299
Ending balance of cash and cash equivalents, including restricted cash	**$ 290**	$ 254
Supplemental disclosure of cash payments:		
Interest paid, net of amount capitalized	**$ 10**	$ 13
Supplemental disclosure of non-cash investing and financing activities:		
Other non-cash changes in property, including accruals of amounts due for purchases	**$ 14**	$ 100

See accompanying notes.

1. Nature of Operations

The National Railroad Passenger Corporation (Amtrak or the Company) 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 United States government (the Federal Government) through the Secretary of the United States Department of Transportation (the DOT) owns all issued and outstanding preferred stock. Amtrak's principal business is to provide rail passenger transportation service in the major intercity travel markets of the United States. The Company also manages major construction projects in support of its rail operations, operates commuter rail operations on behalf of certain states and transit agencies, provides equipment and right-of-way maintenance services, and has leasing operations.

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. Appropriated funds for Amtrak are generally provided to the DOT, which through its agency the Federal Railroad Administration (the FRA) provides those funds to Amtrak pursuant to annual grant agreements. In addition, as further described in Note 2, the Infrastructure Investment and Jobs Act (IIJA) provides the Company with multi-year funding that is not subject to annual appropriations and that will allow the Company to modernize its fleet and improve its infrastructure. Amtrak's ability to continue operating in its current form is dependent upon the continued receipt of subsidies from the Federal Government. The DOT, through its National Surface Transportation and Innovative Finance Bureau (also referred to as the Build America Bureau), also provides financing to Amtrak through the Railroad Rehabilitation and Infrastructure Financing (RRIF) Program.

The Company evaluated if its ongoing operating losses raise substantial doubt about Amtrak's ability to continue as a going concern in the foreseeable future, considered to be through the end of December 2025, and concluded that the Company's forecasted cash flows, including anticipated Federal and state funding and credit arrangements, are sufficient to cover Amtrak's operations for the next year. Without Federal Government funding, 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.

See Notes 2, 4, 5, and 7 for additional information about Amtrak and its relationship with the Federal Government.

2. Annual Funding

On November 15, 2021, the IIJA was signed into law (Public Law 117-58). The IIJA contains two rail-funding-related components. The first component includes $22.0 billion in advance supplemental appropriations for Amtrak for capital investment from FY2022 through FY2026. These funds are generally not available to fund operating costs. In addition, the first component of the IIJA includes $44.0 billion in advance appropriations for discretionary rail programs. Amtrak is eligible to apply for or will otherwise benefit from the majority of this funding. All $66.0 billion is approved, meaning that Congress does not have to take any additional action in order for the funds to be available. In FY2024 and FY2023 the Company received IIJA advance supplemental funding of $746 million and $745 million, respectively.

2. Annual Funding (continued)

The second rail-funding-related component of the IIJA is a reauthorization of rail annual appropriation funding for FY2022 through FY2026, which replaces prior authorizations enacted by the Fixing America's Surface Transportation Act (the FAST Act). The IIJA reauthorization component has a non-binding target funding level for Amtrak of $19.2 billion from FY2022 through FY2026, or $3.8 billion annually on average. Of this, the Company received $2.4 billion in each of FY2024 and FY2023. It also contains a similar target for FRA grants programs of $15.3 billion, or $3.1 billion annually. These FRA grant programs will only be available if Congress approves funding through the annual appropriations process.

On September 26, 2024, President Biden signed into law the "Continuing Appropriations and Extensions Act, 2025" (Public Law 118-83), which appropriates funding for Amtrak at FY2024 levels through December 20, 2024. Congress has not specifically appropriated any FY2025 operating funds for the Company for the period subsequent to December 20, 2024.

The table below provides information on appropriated annual funding for the Company's FY2025, FY2024, and FY2023 as provided by various continuing resolutions (CRs), and the Consolidated Appropriations Act (Full Year Funding) related to those years (in millions of dollars):

2. Annual Funding (continued)

	FY2025	FY2024	FY2023
Enactment dates for CRs	September 26, 2024	**September 30, 2023 November 16, 2023 January 19, 2024 March 1, 2024**	September 30, 2022 December 16, 2022 December 23, 2022
Public Law (PL) numbers for CRs	PL 118-83	**PL 118-15 PL 118-22 PL 118-35 PL 188-40**	PL 117-180 PL 117-229 PL 117-264
Enactment date for Full Year Funding	N/A [1]	**March 9, 2024**	December 29, 2022
PL number for Full Year Funding	N/A [1]	**PL 118-42**	PL 117-328
Appropriated for the National Network	$ 286	**$ 1,286**	$ 1,193
Appropriated for the Northeast Corridor	253	**1,141**	1,260
Total funds appropriated	539	**2,427**	2,453
FRA authorized withholdings	(3)	**(20)**	(20)
Total appropriated funds designated for Amtrak	$ 536	**$ 2,407**	$ 2,433
Funds received by Amtrak:			
In FY2023			$ 2,433
In FY2024		**$ 2,407**	—
In FY2025, as of December 12, 2024	$ 536	**—**	—
Total funds received, as of December 12, 2024	$ 536	**$ 2,407**	$ 2,433

[1] FY2025 full year funding is not yet enacted.

See Note 4 for information on additional grants received by the Company.

3. Basis of Presentation and Summary of Significant Accounting Policies

Method of Accounting

The accompanying Consolidated Financial Statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The Consolidated Financial Statements reflect the consolidated operations of Amtrak and its wholly owned subsidiaries, NERI PCC, Inc. (NERI), Passenger Railroad Insurance, Limited (PRIL), and Washington Terminal Company (WTC). All intercompany balances and transactions have been eliminated.

NERI was incorporated on March 28, 2022 under the laws of District of Columbia. NERI is a protected cell captive insurance company structured to take self-insured construction liability and other risks for certain Amtrak infrastructure projects.

PRIL was incorporated on December 18, 1996 under the laws of Bermuda to provide excess liability and property insurance coverage to Amtrak. In addition, PRIL provides insurance and reinsurance coverage to third parties performing work on Amtrak property. The Company also uses PRIL's participation in a treaty reinsurance agreement as part of its risk management program. The treaty includes other third-party participants. The reinsurance agreement is one year in duration, and new agreements are entered into by each participant at their discretion at the commencement of the next calendar year. The participant agreements and practices of the reinsurance program limit a participating member's individual risk. In the event PRIL leaves the reinsurance program, PRIL retains its primary obligation to the policyholders for prior activity. PRIL receives direct premiums from the treaty by providing reinsurance for its share of the treaty risk, and the Company reports the reinsurance premiums and related expenses net within the "Other" expense line in its Consolidated Statements of Operations.

WTC was formed on December 6, 1901 and its assets are comprised of buildings and rail yard adjacent to Washington Union Station. This entity has no operations.

Cash and Cash Equivalents

Short-term highly liquid investments that have a maturity at the date of acquisition of three months or less and are readily convertible to known amounts of cash without incurring penalties are generally considered cash equivalents. Cash and cash equivalents are maintained at various financial institutions and, at times, the balance may exceed federally insured limits.

The Company considers funds that are set aside and restricted for specific purposes as restricted cash and cash equivalents. As of September 30, 2024 and 2023, the Company's cash and cash equivalents include restricted cash of $13 million and $14 million, respectively. The Company's restricted cash and cash equivalents consist of funds held in trust restricted from withdrawals based upon certain collateral requirements and funds restricted for certain operations of the Amtrak Police Department.

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments are investments in money market funds that seek to preserve the investment by maintaining stable market net asset value (NAV) of $1. Money market funds are accounted for as equity securities and are carried at market NAV. Because of their stable NAV of $1, there are no realized gains or losses on sale or unrealized gains or losses on market value adjustments on these investments. Return on investment in the form of dividends is recorded within "Interest income" in the Consolidated Statements of Operations.

Available-for-Sale Securities

Available-for-sale securities are comprised of investments in marketable debt securities that when acquired are classified and accounted for as available-for-sale securities. Available-for-sale securities are measured at fair value in the Consolidated Balance Sheets and unrealized gains and losses are included in the Consolidated Statements of Comprehensive Loss. Realized gains and losses are recognized when the securities are sold based on the specific identification method and realized gains and losses, interest, and dividends are recorded within "Interest income" in the Consolidated Statements of Operations.

Fuel Purchase Agreements

The Company periodically enters into agreements to purchase fuel in the future to manage a portion of its exposure to fluctuating energy prices. These agreements, which inherently contain market risk, are generally effective in reducing fluctuations in cash flows caused by price fluctuations. The Company does not enter into fuel purchase agreements for trading or speculative purposes and does not designate these agreements as hedging instruments.

During FY2024 and FY2023, the Company recorded $0.1 million in unrealized losses and $2 million in realized gains on its fuel purchase agreements, respectively.

The Company held agreements on September 30, 2024 for exposure to fuel prices in FY2025. As of September 30, 2024, the Company recorded $6 million for prepaid fuel purchase agreements within "Other current assets" in the Consolidated Balance Sheets. It had no outstanding fuel future purchase agreements as of September 30, 2023.

Accounts Receivable

Accounts receivable includes billed and unbilled accounts receivable. Billed accounts receivable represents amounts for which invoices have been sent to customers. These accounts receivable are recorded at the invoiced amount. Unbilled accounts receivable represents amounts recognized as revenue for which invoices have not yet been sent to customers but for which services and work have been performed. The Company recorded $49 million and $43 million of unbilled accounts receivable as of September 30, 2024 and 2023, respectively. The Company does not extend credit and payment is always due at the point of sale for passenger tickets, food and beverage, and related services sold to customers. With regard to non-passenger-related sales, the Company generally provides payment terms that typically range from 30 to 60 days. The Company does not require collateral from customers. Customer accounts outstanding longer than the payment terms are considered past due.

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

Materials and Supplies

Materials and supplies, which are stated primarily at weighted-average cost, net of allowance for shrinkage and obsolescence, mainly consist of items for repairs and maintenance of property and equipment. The allowance for shrinkage and obsolescence, $61 million and $59 million as of September 30, 2024 and 2023, respectively, is recorded based on specific identification and expected usage rates.

Cloud Computing Arrangements

The Company enters into various cloud computing arrangements that are governed by service contracts (hosting arrangements) to support operations. Application development stage implementation costs (implementation costs) of a hosting arrangement are deferred and recorded to "Prepaid expenses" and "Deferred charges, deposits, and other" in the Consolidated Balance Sheets. Implementation costs are expensed on a straight-line basis and recorded in "Other" expenses in the Consolidated Statements of Operations over the term of the hosting arrangement, including reasonably certain renewals.

Property, Equipment, and Depreciation

Except as described below, property and equipment owned by the Company are carried at cost and depreciated using the group method of depreciation (group method) in which a single composite 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. This excludes computer equipment and software, which are stated at cost and are individually depreciated on a straight-line basis over their estimated useful lives, which are generally five to ten years. Properties held under finance leases and leasehold improvements are depreciated over the shorter of their estimated useful lives or their respective lease terms, and the related depreciation expense is reported within “Depreciation and amortization” in the Consolidated Statements of Operations. Land is carried at cost.

For assets depreciated under the group method, upon normal sale or retirement, the cost less the net salvage value is applied to “Accumulated depreciation and amortization” in the Consolidated Balance Sheets and no gain or loss is recognized. Gains or losses on the disposal of land and accelerated depreciation related to significant premature retirements of assets under the group method are recorded in the Consolidated Statements of Operations at the time of occurrence. There were no significant premature retirements of depreciable property or disposals of land for which gains or losses were recorded in FY2024 or FY2023.

Amtrak periodically engages an outside civil engineering firm with expertise in railroad property usage to conduct a study to evaluate depreciation rates for assets subject to the group method. In addition to the adjustment to group depreciation rates because of periodic depreciation studies, certain other events might occur that could affect Amtrak’s estimates and assumptions related to depreciation. Unforeseen changes in operations or technology could substantially alter assumptions regarding Amtrak’s ability to realize the return on its investment in operating assets and, therefore, affect the amounts of current and future depreciation expense. Because group method depreciation expense is a function of analytical studies made of property and equipment, subsequent studies could result in different estimates of useful lives and net

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

salvage values. If future group method depreciation studies yield results indicating that assets have shorter lives because of obsolescence, physical condition, changes in technology, or changes in net salvage values, the depreciation expense for assets under the group method could increase. Likewise, if future studies indicate that assets have longer lives, the depreciation expense for assets under the group method could decrease.

Construction-in-progress is stated at cost and includes direct costs of construction, capitalized overhead costs and interest capitalized during the period of construction of major facilities, locomotives, and passenger cars. Construction-in-progress is transferred to property and equipment when substantially all the activities necessary to prepare such assets for their intended use are completed, at which time depreciation commences. When constructed assets are funded through debt, capitalized interest is recorded as part of the asset to which it relates and is depreciated over the asset's useful life. Constructed assets funded through government grants are not qualifying expenditures subject to interest capitalization. Total interest incurred by the Company was $34 million and $27 million for FY2024 and FY2023, respectively, of which $23 million and $15 million was capitalized for FY2024 and FY2023, respectively.

The useful lives of locomotives, passenger cars, and other rolling stock assets for depreciation purposes range up to 40 years. Depreciable right-of-way and other properties are depreciated using useful lives ranging up to 100 years. Within other properties is computers, office equipment, and machinery, which are depreciated using useful lives ranging from five to 40 years. Expenditures that significantly increase asset values or extend useful lives are capitalized, including major overhauls. Repair and maintenance expenditures, including preventive maintenance, are charged to operating expense when the work is performed. The cost of internally developed software is capitalized and amortized over its estimated useful life, which is generally five to ten years.

Indirect Cost Capitalized to Property and Equipment

Capitalized overhead cost represents the indirect support expenses related to specific geographic regions and departments that are involved in particular capital projects. These indirect costs, which include fringe benefits allocable to direct labor, are capitalized along with the direct costs of labor, material, and other direct costs. Amtrak's overhead rates are updated at the end of each fiscal year based upon the actual activity and costs incurred during the fiscal year.

Impairment of Long-Lived Assets

Properties and other long-lived assets are reviewed for impairment whenever events or business conditions indicate that their carrying amounts may not be recoverable. Initial assessments of recoverability are based on an estimate of undiscounted future net cash flows. If impairment indicators are present, the assets are evaluated for sale or other disposition, and their carrying amounts are reduced to fair value based on discounted cash flows or other estimates of fair value.

In performing its impairment analysis, the Company considered its FY2024 annual funding and the IIJA funding authorization and appropriations, all of which are described in Note 2. At this level of funding the Company determined that no indicators of impairment existed as of both September 30, 2024 and 2023. If

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

future Federal Government funding drops below historical levels, impairment may occur as discussed in Note 1.

Restricted Investments

Restricted investments consist of (1) investments acquired using the funds received under a settlement agreement with one of the Company's state partners that requires the Company to utilize the funds only for certain agreed-upon capital projects and (2) deposits into a debt service reserve account to meet requirements established by the RRIF Loan (see Note 7). These investments have been classified as restricted and non-current. Once the RRIF Loan debt service reserve account is fully funded, any excess funds in that account can be withdrawn by the Company for general use, provided that Amtrak is not in default under the RRIF Loan and that withdrawal requests can only be made once per year. These investments are accounted for as available-for-sale securities, except for $3 million and $1 million in money market funds that are accounted for as equity securities, as of September 30, 2024 and 2023, respectively.

Casualty Losses and Claims

Provision is made for Amtrak’s estimated liability for unsettled casualty claims. Unsettled casualty claims of $0.3 million or less are covered under PRIL's participation in a reinsurance treaty entered into in October 2021, for which premiums are recorded in "Other" expenses in the Consolidated Statements of Operations. An insurance recovery receivable is recorded per incident for the estimated liability for passenger and/or employee claims in excess of the Company's self-insured retention amount. The insurance recovery expected to be collected within one year is recorded in “Other current assets” and amounts expected to be collected beyond one year are recorded in “Deferred charges, deposits, and other” in the Consolidated Balance Sheets. These receivables represent the Company's best estimate of insurance proceeds it believes are probable of recovery.

Personal injury liability and ultimate loss projections are undiscounted and estimated using standard actuarial methodologies. The actuarial estimates include an estimate for unasserted claims. As of September 30, 2024 and 2023, the reserve for casualty losses and claims was $379 million and $351 million, respectively. Of the total amount reserved as of September 30, 2024 and 2023, the estimated current claims liability included in “Accrued expenses and other current liabilities” in the Consolidated Balance Sheets was $159 million and $97 million, respectively. The remaining reserve as of both September 30, 2024 and 2023 is included in “Casualty reserves” in the Consolidated Balance Sheets.

Revenue Recognition

“Revenue from contracts with customers” in the Consolidated Statements of Operations includes (i) all passenger related revenue (i.e. ticket and food and beverage sales); (ii) commuter and freight access fee and other revenue from the use of Amtrak-owned tracks by commuter agencies and freight railroad companies, and other revenue related to the use of Amtrak's infrastructure; (iii) revenue from reimbursable contracts, which represents amounts earned under contracts with customers pursuant to which the Company provides repair, maintenance, design, engineering, or construction services; (iv) revenue earned under contractual arrangements to operate various commuter rail services for a cost-based fee; (v)

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

commercial development revenue from communication, parking, advertising, and pipe and wire contracts; and (vi) miscellaneous revenue from co-branding commissions and other sources.

The components of Revenue from contracts with customers are as follows (in millions):

	Year Ended September 30,	
	2024	**2023**
Ticket	**$ 2,452**	$ 2,244
Food and beverage	**63**	56
Total passenger related revenue	**2,515**	2,300
Commuter and freight access	**280**	261
Reimbursable operating	**183**	192
Commuter operations	**164**	137
Commercial development (non-lease)	**57**	55
Miscellaneous	**51**	43
Total revenue from contracts with customers	**$ 3,250**	$ 2,988

Revenue from contracts with customers is recognized as operating revenues when the related performance obligations are performed. For passenger related revenue, amounts received for tickets that have been sold but not used are reflected initially as "Deferred ticket revenue" in the Consolidated Balance Sheets then recognized in revenue when travel occurs. Commuter and freight access revenues are recognized when the access service has been provided for the period. Reimbursable revenues are recognized when related costs are incurred. Commuter operations revenues are recognized as commuter operating services are provided to the customers. Commercial development (non-lease) revenues are recognized when the related services are provided to customers.

Non-refundable tickets expire and are recognized in revenue on the date of the scheduled travel. Refundable tickets expire and are recognized in revenue on the scheduled travel dates if the customers do not request a refund or exchange prior to travel in accordance with the Company's refund and exchange policy. The Company issues vouchers good for future travel within one year upon request for exchange and records revenue on issued vouchers that are estimated to expire unused (breakage). The Company uses its historical experience to estimate voucher breakage.

"Other" revenue in the Consolidated Statements of Operations includes income from sources other than contracts with customers and includes (i) revenue from state partners for their State Supported route subsidy; (ii) revenue from state government capital assistance; and (iii) rental income from lease contracts.

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

The components of Other revenue are as follows (in millions):

	Year Ended September 30, 2024	Year Ended September 30, 2023
State Supported route subsidy	**$ 314**	$ 348
Amortization of deferred state government capital assistance	**153**	146
State government capital assistance revenue	**86**	59
Lease revenue	**33**	32
Total other revenue	**$ 586**	$ 585

State Supported route subsidy revenues are operating subsidies Amtrak receives from its state partners for the operations of State Supported routes and are recognized in revenue when the related expenses are incurred. State government capital assistance revenues are state assistance for acquisition or improvements of Amtrak assets. State government assistance used for capitalizable work is recorded as “Deferred state government capital assistance” in the Consolidated Balance Sheets when received and amortized into revenue to offset the related asset's depreciation expense over the estimated life of the related asset. State government capital assistance used for non-capitalizable work is recognized in revenue when the related expenses are incurred. At times, state government capital assistance is non-monetary, in which case the Company records the fair value of the contributed asset as “Deferred state government capital assistance” in the Consolidated Balance Sheets when received and then amortizes it into revenue to offset the asset's depreciation expense over the estimated asset life.

Once received, there are no significant terms or conditions attached to the State Supported route subsidy or State government capital assistance for a specific project as Amtrak generally receives such government assistance when the related expenditures have been incurred. For state government capital assistance related to Section 212 of the Passenger Rail Investment and Improvement Act of 2008, the Company normally receives such government assistance in advance of the expenditures and is required to spend the government assistance on specific work and within a timeframe in accordance with the Northeast Corridor (NEC) Commission Cost Allocation Policy.

For revenue transactions that involve more than one performance obligation, the Company defers the revenue associated with any unsatisfied performance obligation until the obligation is satisfied, which is considered to occur when control of a product is transferred to the customer or a service is completed.

Amtrak Guest Rewards Program

The Amtrak Guest Rewards (AGR) program generates customer loyalty by rewarding customers with incentives to travel on Amtrak. This program allows AGR members to earn AGR points by traveling on Amtrak or from transactions with other participating AGR partner companies such as credit card companies. Points can be redeemed for Amtrak travel or for non-travel with the Company's retail and specialty partners. Amtrak also sells AGR points to members.

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

To reflect the AGR points earned, the loyalty program includes two types of transactions that are considered revenue arrangements with multiple performance obligations: (1) AGR points earned with travel and (2) AGR points sold to members/partners.

AGR points earned with travel

When customers enrolled in the AGR program purchase tickets, these customers (1) earn AGR points and (2) receive transportation provided by Amtrak. Amtrak values AGR points earned first and the remaining sales proceeds are allocated to Amtrak transportation. To value the AGR points earned, the Company uses the market approach to estimate the value per point and also factors in an estimated breakage for AGR points that are not likely to be redeemed. The Company uses statistical models to estimate breakage based on both historical and forecasted future redemption patterns. A change in assumptions as to the actual redemption activity for AGR points or the estimated price per point expected to be redeemed could have a material impact on the Company's revenue in the year in which the change occurs and in future years.

For each passenger ticket sold to a customer who is an AGR member, the Company records the portion of the ticket price allocable to AGR points earned but not yet redeemed, net of estimated breakage, as “Amtrak guest rewards program liability” on the Consolidated Balance Sheets and the remaining portion of the passenger ticket sale for currently booked travel as “Deferred ticket revenue” on the Consolidated Balance Sheets. The “Deferred ticket revenue” is then recorded to “Revenue from contracts with customers” on the Consolidated Statements of Operations when Amtrak provides transportation or if the ticket goes unused and is forfeited.

The AGR liability is recognized in revenue based on the redemption types: (1) Amtrak travel redemption and (2) partner gift cards/certificates/points redemption. Upon redemption by a customer of AGR points for future Amtrak travel, Amtrak reclassifies the AGR liability to “Deferred ticket revenue” and then recognizes it within “Revenue from contracts with customers” when Amtrak provides transportation or if the ticket goes unused and is forfeited. When customers redeem AGR points for partner gift cards/ certificates/points, Amtrak considers itself to be an agent of the transaction and recognizes revenue on a net basis at points redemption.

AGR points sold to members/partners

Customers may earn AGR points based on their spending with participating companies such as credit card companies, and with retail and specialty partners with which the Company has marketing agreements to sell AGR points. Amtrak sells AGR points to those partner companies at agreed-upon rates. Payments are typically due monthly based on the volume of points sold during the period. AGR members may also purchase AGR points from the Company. Amtrak recognizes in “Amtrak guest rewards program liability” in the Consolidated Balance Sheets the payments collected from partners and members. The AGR liability is recognized in revenue based on the redemption types as described above.

As of September 30, 2024 and 2023, the Company’s AGR program liability was $148 million and $137 million, respectively. The current portion of the liability was $50 million and $46 million as of September 30, 2024 and 2023, respectively, and is reported in “Accrued expenses and other current liabilities” in the Consolidated Balance Sheets.

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

Advertising Expenses

The Company records advertising expenses as incurred and reports these amounts in "Advertising and sales" in the Consolidated Statements of Operations. Advertising expenses were $39 million and $43 million for FY2024 and FY2023, respectively.

Income Taxes

The Company accounts for its income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, which requires recognition of deferred tax assets and liabilities for 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.

Management evaluates its potential exposures from tax positions taken that have been or could be challenged by taxing authorities. These potential exposures result because taxing authorities may take positions that differ from those taken by management in the interpretation and application of statutes, regulations, and rules. Management considers the possibility of alternative outcomes based upon historical experience, previous actions by taxing authorities (e.g., actions taken in other jurisdictions), and advice from tax experts. The Company has evaluated income tax positions taken in prior years and believes that all positions are more likely than not to be sustained in an audit.

Pursuant to the provisions of Title 49 of the United States Code, Section 24301, Amtrak is exempt from all state and local taxes, including income and franchise taxes that are directly levied against the Company. Accordingly, there is no provision for state and local income or franchise taxes recorded in the Consolidated Financial Statements for FY2024 and FY2023. The provisions of the IIJA described in Note 2 did not materially impact the Company's accounting for income taxes.

See Note 10 for additional information.

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, disclose contingent assets and liabilities at the date of the financial statements, and report amounts of revenues and expenses during the reporting period. The Company bases these estimates on historical experience, the current economic environment, and various other assumptions that are believed to be reasonable under the circumstances. However, uncertainties associated with these estimates exist and actual results may differ from these estimates. The Company's significant estimates include: estimated useful lives of property and equipment, estimates of casualty reserves, estimates of insurance liabilities, estimate of AGR program liability, pension and other postretirement employee benefits cost and obligations (including expected return on plan assets, discount rates, and health care cost trend rates), estimated valuation of assets acquired by eminent domain, and environmental reserves.

3. Basis of Presentation and Summary of Significant Accounting Policies (continued)

Comprehensive Loss

Amtrak reports a comprehensive loss in the Consolidated Statements of Comprehensive Loss. Comprehensive loss is defined as changes in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. As of September 30, 2024 and 2023, "Accumulated other comprehensive loss" consists of adjustments for pension and other postretirement liabilities and unrealized gains and losses on available-for-sale securities.

4. Accounting and Reporting for Federal Payments

Certain funds are provided to Amtrak during the year through federal payments. These federal payments, which are recorded when received in "Other paid-in capital" in the Consolidated Balance Sheets and Consolidated Statements of Changes in Capitalization, totaled $3.2 billion in each of FY2024 and FY2023.

Note 2 provides information on the Company's annual funding as well as funding received under the IIJA supplemental appropriations. Additional federal funding received by the Company, all of which was recorded within "Other paid-in capital" when received, is described below.

The Department of Homeland Security awarded Amtrak a total of $9 million and $10 million in FY2024 and FY2023, respectively, in grants from the Intercity Passenger Rail Grants Program and other security programs. Funding is provided on a reimbursable basis. Amtrak received $19 million and $8 million in FY2024 and FY2023, respectively.

Appropriations are made to directly fund operations of Amtrak's Office of Inspector General (OIG). Amtrak and the OIG entered into a service agreement on January 8, 2010, whereby Amtrak would continue to provide accounting and financial management services for the OIG. Amtrak is reimbursed for expenses incurred upon the submission of invoices to the OIG. The Amtrak OIG was appropriated $29 million and $28 million for FY2024 and FY2023, respectively, and Amtrak received $28 million and $27 million in FY2024 and FY2023, respectively.

In FY2024, the Company received $38 million in funding from discretionary grants issued by the federal government through the DOT under the FAST Act and IIJA for a variety of capital and operating projects. Most discretionary federal grants have matching contribution requirements where the projects are funded also from contributions from states or local agencies.

"Other paid-in capital", included in the Consolidated Balance Sheets and Consolidated Statements of Changes in Capitalization, also includes the effects of certain funding received from the Federal Government for the acquisition of and improvements to property and equipment. In exchange for this funding, Amtrak issued two promissory notes to the United States of America. The first note has a balance of $4.0 billion as of September 30, 2024 and 2023, was issued in 1976 and matures on December 31, 2975, and is secured by the real and personal property of Amtrak, WTC, and PRIL. The second note has a balance of $1.1 billion as of September 30, 2024 and 2023, was issued in 1983 and matures on November 1, 2082, with successive 99-year automatic renewal terms, if the note has not been paid at maturity or accelerated in accordance with its terms, and is secured by all rolling stock owned by Amtrak. Neither of the notes bears interest, unless prepaid, which Amtrak does not intend to do, or unless the note

4. Accounting and Reporting for Federal Payments (continued)

is accelerated in accordance with its terms. The amount due to the Federal Government on the first note may be accelerated by enactment of federal law or upon the occurrence of various actions concerning an Amtrak bankruptcy, reorganization, or assignment for the benefit of creditors. The Federal Government is entitled to repayment and interest under the second note in the event Amtrak ceases operations, is acquired by another entity, or seeks relief under bankruptcy or insolvency laws.

5. Capitalization

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 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. As of September 30, 2024 and 2023, 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 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. The Act abolished the voting rights and the liquidation preference of the preferred stockholder and abolished the requirement that 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 ten shares of common stock at the option of the preferred stockholder.

As of September 30, 2024 and 2023, 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 and for certain other extraordinary events.

Accumulated Other Comprehensive Loss

The Company's accumulated other comprehensive loss consists of balances related to pension and other postretirement benefit plans and net unrealized gains or losses associated with available-for-sale securities. The balance related to pension and other postretirement benefit plans primarily consists of a net actuarial loss. The reclassifications from accumulated other comprehensive loss include amortization of actuarial loss (net) based on life expectancy and amortization of unrealized gains and losses on available-for-sale securities reclassified into earnings based on the specific identification method upon sales, maturities, and redemptions.

5. Capitalization (continued)

The table below presents the changes in the accumulated other comprehensive income (loss) balances, by components, and the amounts reclassified into earnings (in millions):

	Pension and Other Postretirement Benefit Plans	Available-for-Sale Securities	Total
Balance as of September 30, 2022	$ (84)	$ (45)	$ (129)
Other comprehensive income before reclassifications	57	26	83
Amounts reclassified from accumulated other comprehensive loss into earnings	2	—	2
Net change	59	26	85
Balance as of September 30, 2023	(25)	(19)	(44)
Other comprehensive (loss) income before reclassifications	**(26)**	**28**	**2**
Amounts reclassified from accumulated other comprehensive loss into earnings	**(1)**	**(1)**	**(2)**
Net change	**(27)**	**27**	**—**
Balance as of September 30, 2024	**$ (52)**	**$ 8**	**$ (44)**

6. Available-for-Sale Securities

The Company's investments in debt securities are accounted for as available-for-sale securities and are recorded as “Available-for-sale securities” and “Restricted investments” in the Consolidated Balance Sheets. These investments are recorded at fair value with unrealized gains and losses recorded as a component of comprehensive loss in the Consolidated Statements of Comprehensive Loss.

6. Available-for-Sale Securities (continued)

The amortized cost, gross unrealized gains and losses, and fair value by major security type of available-for-sale securities are as follows (in millions):

	September 30, 2024			
	Total Amortized Cost	Gross Unrealized Losses	Gross Unrealized Gains	Total Fair Value
U.S. Treasury securities	$ 1,049	$ —	$ 5	$ 1,054
Corporate bonds	843	—	2	845
Commercial paper	501	—	—	501
Certificates of deposit	95	—	—	95
Other	233	—	1	234
Total available-for-sale securities	$ 2,721	$ —	$ 8	$ 2,729

	September 30, 2023			
	Total Amortized Cost	Gross Unrealized Losses	Gross Unrealized Gains	Total Fair Value
U.S. Treasury securities	$ 1,049	$ (7)	$ —	$ 1,042
Commercial paper	860	—	—	860
Corporate bonds	757	(6)	—	751
Certificates of deposit	258	—	—	258
Other	408	(6)	—	402
Total available-for-sale securities	$ 3,332	$ (19)	$ —	$ 3,313

The gross realized gains, gross realized losses, and sales proceeds, excluding proceeds received on maturities of available-for-sale securities, are as follows (in millions):

	Year Ended September 30,	
	2024	2023
Gross realized gains	$ 1	$ —
Gross realized losses	(1)	(1)
Total proceeds	1,163	820

6. Available-for-Sale Securities (continued)

The amortized cost and fair value of the available-for-sale securities by remaining contractual maturity are as follows (in millions):

	September 30, 2024	
	Amortized Cost	Fair Value
Within one year	$ 1,836	$ 1,838
After one year through five years	885	891
Total available-for-sale securities	$ 2,721	$ 2,729

The fair value and gross unrealized losses for available-for-sale securities aggregated by major security type and the length of time the individual securities have been in a continuous unrealized loss position are as follows (in millions):

	September 30, 2024					
	Less Than Twelve Months		Twelve Months or Longer		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ —	$ 20	$ —	$ 65	$ —	$ 85
Corporate bonds	—	178	—	7	—	185
Commercial paper	—	9	—	—	—	9
Other	—	45	—	28	—	73
Total	$ —	$ 252	$ —	$ 100	$ —	$ 352

	September 30, 2023					
	Less Than Twelve Months		Twelve Months or Longer		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ (5)	$ 586	$ (2)	$ 150	$ (7)	$ 736
Commercial paper	—	498	—	—	—	498
Corporate bonds	(1)	345	(5)	288	(6)	633
Other	(1)	233	(5)	192	(6)	425
Total	$ (7)	$ 1,662	$ (12)	$ 630	$ (19)	$ 2,292

The Company does not believe that any individual unrealized loss in available-for-sale securities as of September 30, 2024 represents a credit loss. The Company does not intend to sell the debt securities in an unrealized loss position as of the balance sheet date. Additionally, it is not more likely than not that the Company will be required to sell the debt securities before the anticipated recovery of its remaining amortized cost of the debt securities in an unrealized loss position at September 30, 2024. There were no impairment losses recognized in earnings on available-for-sale securities in FY2024 or FY2023.

7. Long-term Debt

Total long-term debt is recorded at amortized cost in the Consolidated Balance Sheets and consists of the following (in millions):

	September 30, 2024		September 30, 2023	
	Current	**Long-Term**	**Current**	**Long-Term**
RRIF loan	**$ 43**	**$ 1,022**	$ 35	$ 902
Senior notes:				
Secured senior notes	**18**	**220**	17	238
Unsecured senior notes	**10**	**50**	10	60
Subtotal	**28**	**270**	27	298
Revolving credit facility	**40**	**—**	—	—
Principal amount of long-term debt	**111**	**1,292**	62	1,200
Less: unamortized discount/premium/ issuance cost	**(5)**	**(49)**	(4)	(45)
Total long-term debt	**$ 106**	**$ 1,243**	$ 58	$ 1,155

Letters of Credit

The Company has unsecured commercial letters of credit of $29 million that support the issuance of liability insurance in support of certain of the Company's major construction projects, $25 million that support its obligations related to a station, and $3 million that support the issuance of auto fleet insurance. As of September 30, 2024 and 2023, there were no draws against these letters of credit.

Revolving Credit Facility

On October 7, 2020, the Company entered into a $250 million unsecured revolving credit facility with four lenders for working capital and to enhance the Company's liquidity. On July 31, 2023, the Company amended the credit agreement and increased the unsecured revolving credit facility to $300 million. The facility expires on July 31, 2026. Borrowings under the facility will have an interest rate based on the interest rate option selected by Amtrak from the following options: (a) the Base Rate Option, which is a variable rate equal to the highest of (i) the Prime Rate, (ii) the Federal Funds Rate plus 0.5%, and (iii) the Term Secured Overnight Financing Rate (SOFR) for one-month tenor, plus 1.0%; or (b) the Term SOFR Option, equal to the SOFR rate for the applicable period set on the date of determination plus an applicable margin. The margin is based on the Company’s Standard & Poor’s and Moody’s ratings (Credit Ratings) subject to adjustments, both up and down, based on environmental and social metrics. The Company must pay a commitment fee on any undrawn portion of the revolving credit facility of 15 basis points, subject to increase based on Amtrak’s Credit Ratings. Under the facility, the Company is subject to restrictive covenants and financial covenants that require the Company and its subsidiaries to maintain certain financial ratios on a consolidated basis. During FY2024, the Company borrowed $40 million and had no repayments under the revolving credit facility. The Company elected the Term SOFR Option on the FY2024 borrowings, which have a weighted average interest rate of 6.51%. Total interest incurred and

7. Long-Term Debt (continued)

capitalized in "Construction-in-progress" in the Consolidated Balance Sheets in FY2024 was $2 million. The Company had no borrowings or repayments in FY2023.

RRIF Loan

On August 16, 2016, the Company entered into a $2.45 billion financing agreement with the Federal Government under the RRIF Loan program to finance the acquisition of 28 Next Generation High-Speed Trainsets (the Trainsets), related spare parts, and improvements to existing facilities and properties (the RRIF Loan). Amtrak's obligations under the RRIF Loan are collateralized by a pledge of the Trainsets, spare parts, and the debt service reserve account required under the financing agreement. See Note 11 for a description of the contracts issued to a vendor for the construction and delivery of the Trainsets and related services.

The Company is required to fund and maintain a restricted debt service reserve account equal to one year of debt service payments. The Company deposited $10 million and $14 million to the debt service reserve account in FY2024 and FY2023, respectively. As of September 30, 2024, the debt service reserve account had a balance of $67 million.

All borrowings under the RRIF Loan bear interest at a rate of 2.23% per annum. The Company also pays a credit risk premium (CRP) of 5.80% for all amounts borrowed under the RRIF Loan. The amortization of the CRP is recognized as interest expense. The Company is capitalizing all interest expense incurred during the construction period allocated to the Trainsets as part of "Construction-in-progress" in the Consolidated Balance Sheets.

The Company borrowed $165 million and $402 million under the RRIF Loan in FY2024 and FY2023, respectively. During FY2024 and FY2023, the Company repaid $38 million and $26 million, respectively. Total interest incurred in FY2024 was $25 million, of which $23 million was capitalized within "Construction-in-progress" in the Consolidated Balance Sheets. In FY2023, total interest incurred was $16 million, of which $15 million was capitalized within "Construction-in progress" in the Consolidated Balance Sheets.

Senior Notes

On December 6, 2016, the Company issued 3.60% senior secured notes for $365 million due November 15, 2033 and 3.81% senior unsecured notes for $135 million due November 15, 2031 (the Notes). The proceeds from the Notes were used to pay off an outstanding capital lease obligation and other related project costs. The secured notes are secured by locomotives acquired by the original capital lease obligation. The Company is repaying the Notes in semi-annual installments beginning in May 2017 and continuing each May 15 and November 15 thereafter to and including November 15, 2033 for the senior secured notes and November 15, 2031 for the senior unsecured notes.

Note Purchase Agreement

On October 1, 2024 the Company issued $500 million of 4.51% unsecured senior notes due October 1, 2027. Principal and interest on these senior notes are due semi-annually on April 1 and October 1 of each

7. Long-Term Debt (continued)

year beginning on April 1, 2025. The financing provides liquidity for the Company's major capital projects which are covered under discretionary grants until the federal funding is received.

Scheduled Long-Term Debt Maturities

On September 30, 2024, scheduled maturities of long-term debt are as follows (in millions):

Year Ending September 30,		
2025	$	**111**
2026		**72**
2027		**72**
2028		**73**
2029		**74**
Thereafter		**1,001**
Principal amount of long-term debt		**1,403**
Less: unamortized discount/premium/issuance cost		**(54)**
Total long-term debt	$	**1,349**

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 with other debt and may have a material adverse effect on the Company. As of September 30, 2024, the Company had satisfied all of its debt covenant obligations.

8. Leasing Arrangements

The Company has operating leases for office space, vehicles, rail cars, and other equipment under non-cancellable leases with initial terms typically ranging from two to 40 years. The Company has one significant finance lease at September 30, 2024.

At contract inception, the Company reviews the terms, facts, and circumstances of the arrangement to determine whether the contracts are leases or contain embedded leases. The Company evaluates whether the contract has an identified asset, if the Company has the right to obtain substantially all economic benefits from the asset, and if the Company has the right to direct the use of the underlying asset. When determining if a contract has an identified asset, the Company considers both explicit and implicit assets, and whether the supplier has the right to substitute the asset. When determining if the Company has the right to obtain substantially all economic benefits from the asset, the Company considers the primary outputs of the identified asset throughout the period of use and determines if it receives greater than 90% of those benefits. When determining if the Company has the right to direct the use of an underlying asset, it considers if it has the right to direct how and for what purpose the asset is used throughout the period of use and if it controls the decision-making rights over the asset.

The Company's lease terms may include options to extend or terminate the lease. The Company exercises judgment to determine the term of those leases when extension or termination options are present and

8. Leasing Arrangements (continued)

includes such options in the calculation of the lease term when it is reasonably certain that it will exercise those options.

The Company has elected to include both lease and non-lease components in the determination of lease payments. Payments made to a lessor for items such as taxes, insurance, common area maintenance, or other costs commonly referred to as executory costs, are also included in lease payments if they are fixed. The fixed portion of these payments are included in the calculation of the lease liability, while any variable portion is recognized as variable lease expense when incurred. Variable payments made to third parties for these, or similar, costs, such as utilities, are not included in the calculation of lease payments.

At commencement, lease-related assets and liabilities are measured at the present value of future lease payments over the lease term. The Company has elected to use the risk-free incremental borrowing rate based on yields for U.S. Treasuries available when the lease commences to determine the present value of future payments.

Operating lease expense is recognized on a straight-line basis over the lease term. Short-term leases with an initial term of 12 months or less are not presented on the balance sheet and associated expenses are recognized as incurred. Finance lease expense includes depreciation, which is recognized on a straight-line basis over the expected life of the leased asset, and interest expense, which is recognized following an effective interest rate method.

The following table presents operating lease assets and liabilities as reported on the Consolidated Balance Sheets (in millions):

		September 30,	
	Classification	**2024**	**2023**
Operating leases:			
Right-of-use assets	Other assets	**$ 141**	$ 118
Operating lease current liabilities	Accrued expenses and other current liabilities	**51**	31
Operating lease noncurrent liabilities	Other liabilities	**97**	97

The following table presents the components of operating lease expense as reported on the Consolidated Statements of Operations for the years ended September 30, 2024 and September 30, 2023 (in millions):

8. Leasing Arrangements (continued)

	For the Year Ended September 30, 2024			
	Facility, Communication and Office Related	Train Operations	Other Expenses	Total
Operating leases:				
Fixed lease cost	$ 16	$ 33	$ 9	$ 58
Variable lease cost	11	—	—	11
Short term lease cost	18	2	3	23
Total operating leases	$ 45	$ 35	$ 12	$ 92

	For the Year Ended September 30, 2023			
	Facility, Communication and Office Related	Train Operations	Other Expenses	Total
Operating leases:				
Fixed lease cost	$ 22	$ 9	$ 8	$ 39
Variable lease cost	11	—	—	11
Short term lease cost	20	1	2	23
Total operating leases	$ 53	$ 10	$ 10	$ 73

The following table presents the weighted average lease term and discount rates for the Company's leases:

	September 30,	
	2024	2023
Operating leases:		
Weighted average remaining lease term (years)	5.19	5.11
Weighted average discount rate	3.92 %	3.74 %

8. Leasing Arrangements (continued)

Operating leases future minimum rental payments

As of September 30, 2024, Amtrak is obligated for the following minimum rental payments under operating lease agreements (in millions):

Year ending September 30,	
2025	$ **55**
2026	**32**
2027	**24**
2028	**20**
2029	**8**
Thereafter	**25**
Total undiscounted operating lease payments	$ **164**
Less: Imputed interest	**(16)**
Present value of operating lease liabilities	$ **148**

Rent expense for FY2024 and FY2023 was $92 million and $73 million, respectively.

Finance Leases

In July 2024, Amtrak took possession of the sublease interest at Washington Union Station (the Station) and became a sublessee of the Station. The remaining term of the sublease is 60 years, with a lease end date in October 2084. According to the sublease agreement and the amendments entered into thereafter, the fixed and variable lease payments consist of i) a fixed base rent through 2056, after which the base rent is subject to further negotiations, ii) a fixed participation rent for each year through 2084, iii) an annual index rent which is a calculation of the base rent multiplied by 40% of the percentage by which the current calendar year end consumer price index (CPI) exceeds a CPI of 380.5, and iv) a Capital Maintenance Reserve Fund payment adjusted annually by the previous two years' December CPIs.

There is no option to extend the lease, nor is there a residual value guarantee associated with the lease. The Company elected and uses a risk free rate of interest as its discount rate for the lease obligation calculation. The discount rate for this finance lease is 4.64%. See Note 11 for additional information related to the Company's interest in the sublease.

The following table presents the Company's finance lease assets and the related liabilities as reported on the Consolidated Balance Sheets as of September 30, 2024 and 2023 (in millions):

	Classification	2024	2023
Finance leases			
Right-of-use assets	Property, plant and equipment	**$ 379**	$ 1
Finance lease obligations - short term	Current maturities of long-term debt and finance lease obligations	**—**	—
Finance lease obligations - long term	Long-term debt and finance lease obligations	**127**	1

8. Leasing Arrangements (continued)

Finance lease future lease payments

As of September 30, 2024, Amtrak is obligated for the following lease payments under its finance leases (in millions):

Year ending September 30,		
2025	$	**3**
2026		**5**
2027		**5**
2028		**5**
2029		**5**
Thereafter		**457**
Total future lease payments	$	**480**
Less: Imputed interest		**(353)**
Present value of finance lease liabilities	$	**127**

Amtrak is subject to various covenants and restrictions under its leasing arrangements. Amtrak has given guarantees or entered into reimbursement agreements in connection with certain of these lease transactions. 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 (see Note 7).

The following table presents supplemental disclosures of cash flow information related to leases as of September 30, 2024 and September 30, 2023 (in millions):

	September 30,			
		2024		**2023**
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$	**62**	$	40
Supplemental non-cash information on lease liabilities arising from right-of-use assets:				
Right-of-use assets obtained in exchange for new finance lease liabilities		**376**		—
Right-of-use assets obtained in exchange for new operating lease liabilities		**98**		30

9. Fair Value Measurement

FASB ASC Topic 820, *Fair Value Measurement,* defines fair value for financial reporting, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. FASB ASC Topic 820 established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

The three levels are defined as follows:

- Level 1 - observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.).
- Level 3 - significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

The fair value measurement of an asset or liability is assigned a level based on the lowest level of any input that is significant to the fair value measurement.

Financial Instruments Measured at Fair Value

The Company's financial instruments measured at fair value on a recurring basis on the Consolidated Balance Sheets as of September 30, 2024 and 2023 are as follows (in millions):

	Fair Value Measurement as of September 30, 2024		
	Level 1	Level 2	Total
Available-for-sale securities:			
U.S. Treasury securities	$ —	$ 1,054	$ 1,054
Corporate bonds	—	845	845
Commercial paper	—	501	501
Certificates of deposit	—	95	95
Other	(13) [1]	247	234
Total available-for-sale securities	(13)	2,742	2,729
Money market funds	87	—	87
Total financial instruments, at fair value	$ 74	$ 2,742	$ 2,816

[1] Includes receivables and payables related to unsettled transactions.

9. Fair Value Measurements (continued)

	Fair Value Measurement as of September 30, 2023		
	Level 1	Level 2	Total
Available-for-sale securities:			
U.S. Treasury securities	$ —	$ 1,042	$ 1,042
Commercial paper	—	860	860
Corporate bonds	—	751	751
Certificates of deposit	—	258	258
Other	2 [1]	399	401
Total available-for-sale securities	2	3,310	3,312
Money market funds	223	—	223
Total financial instruments, at fair value	$ 225	$ 3,310	$ 3,535

[1] Includes receivables and payables related to unsettled transactions.

Valuation Techniques

The fair values of the Company's available-for-sale debt securities and money market funds are measured using prices received from pricing services, prices received from alternative pricing sources, and mathematically derived calculated prices using market observable inputs. Pricing methodologies used in determining the fair value incorporate terms and conditions of the security, current performance data, proprietary pricing models, real-time quotes from contributing dealers, trade prices, and other market data.

The following is a description of the valuation techniques and inputs used for the fair value measurement of the Company's financial instruments, including the general fair value hierarchy classification of each category:

Financial Instruments	Valuation Techniques and Inputs Used	Fair Value Hierarchy Level
U.S. Treasury securities	Market approach using prices from pricing services	Level 2
Corporate bonds	Market approach using prices from pricing services	Level 2
Commercial paper	Cost approach using calculated prices based on amortization schedule	Level 2
Certificates of deposit	Cost approach using calculated prices based on amortization schedule	Level 2
Other	Cash, receivables, and payables - carrying value Securities - market approach using prices from pricing services	Cash, receivables, and payables - Level 1 Securities - Level 2
Money market funds	Market approach using market observable fixed net asset value of $1	Level 1

See Note 13 for fair value measurements for assets held by the Company's Retirement Income Plan.

10. Income Taxes

The Company recorded no income tax expense in FY2024 and FY2023. A reconciliation of the actual effective income tax rate for FY2024 and FY2023 to the expected amount computed by applying the U.S. federal statutory income tax rate to Amtrak's pretax loss is as follows:

	Year Ended September 30,	
	2024	**2023**
U.S. federal statutory income tax rate	**21.0 %**	21.0 %
Impact of:		
Valuation allowance	**(21.8)**	(21.0)
Expiration of net operating loss (NOL)	**(0.6)**	(0.6)
Other	**0.3**	(0.6)
State government capital assistance	**1.1**	1.2
Effective income tax rate	**— %**	— %

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

	September 30,	
	2024	**2023**
Deferred tax assets:		
NOL carryforward	**$ 2,713**	$ 2,381
Deferred state government capital assistance	**327**	283
Postretirement employee benefits obligation	**97**	81
Claims reserves	**61**	60
Accrued vacation and other compensation accruals	**53**	58
Amtrak guest rewards program liability	**31**	29
Materials and supplies reserves	**13**	12
Other accruals	**7**	10
Other	**10**	7
Gross deferred tax assets	**3,312**	2,921
Less: valuation allowance	**(1,927)**	(1,520)
Net deferred tax assets	**1,385**	1,401
Deferred tax liabilities:		
Property and equipment	**(1,385)**	(1,401)
Gross deferred tax liabilities	**(1,385)**	(1,401)
Net deferred tax liability	**$ —**	$ —

Amtrak 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, which primarily relate to NOL carryforwards. In FY2024, the valuation allowance increased by $407 million.

10. Income Taxes (continued)

NOL carryforwards were $12.9 billion and $11.3 billion as of September 30, 2024 and 2023, respectively. An NOL carryforward of $54 million from FY2004 and $47 million from FY2003 expired unused during FY2024 and FY2023, respectively. The remaining NOL carryforwards generated from years through FY2017 of $4.7 billion will expire in various years from FY2025 through FY2037. The NOLs generated beginning in FY2018 of $8.2 billion may be carried forward indefinitely and will not expire; however, they can only be used to offset 80% of taxable income in any given future year.

The Company is subject to examination by the Internal Revenue Service and tax authorities in other jurisdictions in which it operates. Generally, the Company's tax years still subject to examination are FY2021 and forward.

11. Commitments and Contingencies

Financial Assistance

Amtrak receives significant financial assistance from the Federal Government in the form of grants and entitlements. The right to these resources, including the funding received under the IIJA described in Note 2, is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances because of these audits become a liability of the Company. The Company does not believe that the liabilities that may result from such audits for periods through September 30, 2024, would have a material effect on its financial position or the results of operations.

Commitments

Amtrak has various purchase commitments related to capital improvements pertaining to the ordinary conduct of business. In addition, 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. Such commitments are not in excess of expected requirements and are not reasonably likely to result in performance penalties or payments that would have a material adverse effect on the Company's liquidity.

Connecticut River Bridge Replacement

On June 5, 2024, Amtrak entered into a Construction Contract (the Contract) with a contractor for the replacement of the Connecticut River Bridge at milepost 106.8 (the Project). The base price for the contract is $1.0 billion. The Project entails constructing a two-track, electrified, and movable bridge equipped with new track, signal, catenary, power, communication, controls, and security features. This new bridge structure will replace the existing two-track Connecticut River Bridge. The Company has incurred $74 million under the Contract as of September 30, 2024, all of which was capitalized when incurred as part of "Construction-in-Progress" in the Consolidated Balance Sheets at September 30, 2024.

11. Commitments and Contingencies (continued)

East River Tunnel

On May 28, 2024, Amtrak entered into a Construction Agreement (the Agreement) with a contractor for the East River Tunnel Rehabilitation project. The base price of the contract is $988 million. The tunnel is comprised of four tubes – two of which require significant repairs and comprehensive reconstruction following damage caused by floodwaters that entered the tunnel during Superstorm Sandy. The East River Tunnel Rehabilitation project will demolish all existing tunnel systems down to the liner, before completely restoring both tubes that were damaged. The Company has incurred $57 million under the Agreement as of September 30, 2024, all of which was capitalized when incurred as part of "Construction-in-Progress" in the Consolidated Balance Sheets at September 30, 2024.

Philadelphia 30th Street Redevelopment

On January 22, 2021, the Company entered into a Ground Lease and Development Agreement with a master developer (the Developer) to redevelop the William H. Gray III 30th Street Station, Philadelphia, Pennsylvania (the Station Redevelopment). In addition to the Station Redevelopment, the Developer also is providing operating and maintenance service to the station. The base price of the Station Redevelopment with change orders is approximately $0.7 billion. Amtrak is financing the Station Redevelopment through the Developer by repaying the Station Redevelopment costs over a 50-year term pursuant to an approved payment schedule. The notice to proceed for the Station Redevelopment was issued on October 1, 2021 after completion of a series of post-due-diligence tasks. As the Station Redevelopment progresses, at each month end starting from September 2021, the Company recognizes "Construction-in-progress" and an associated liability to the Developer. The Company has incurred $247 million and $130 million at September 30, 2024 and 2023, respectively, in construction and other project-related costs. Of the costs incurred, $230 million and $114 million were capitalized when incurred as part of "Construction-in-Progress" in the Consolidated Balance Sheets at September 30, 2024 and 2023, respectively. The remaining costs were expensed in the year incurred and reported in the Consolidated Statements of Operations for those year.

Virginia Funding Agreement

On March 26, 2021, Amtrak entered into a funding agreement with the Commonwealth of Virginia under which Virginia is committed to undertake a program of investments and Amtrak will contribute $944 million towards the construction of certain key elements under the first two phases of the program. The objective of the program is to develop and expand passenger rail service in Virginia and beyond. The Company makes quarterly payments to Virginia to help fund design and construction. The Company has incurred $80 million and $71 million related to the program as of September 30, 2024 and 2023, respectively, substantially all of which was capitalized under "Construction-in-progress" or recorded within "Deferred charges, deposits, and other" in the Consolidated Balance Sheets.

ICT Equipment Purchase

On June 24, 2021, Amtrak entered into an agreement with a contractor to purchase certain intercity trainsets (ICT) equipment, including 73 base trainsets, 67 locomotives and 18 spare vehicles, with options to purchase additional trainsets. In FY2023, the Company exercised the option to purchase ten additional

11. Commitments and Contingencies (continued)

trainsets, ten additional locomotives and four additional spare units under the same agreement. As of September 30, 2024, the base price with change orders for the ICT equipment purchase contract is $3.1 billion. The Company makes payments to the contractor pursuant to an approved payment schedule upon the contractor's successful completion of certain tasks (milestones) during the contract. The Company has incurred $698 million and $559 million in construction and other project-related costs as of September 30, 2024 and 2023, respectively, all of which were capitalized under "Construction-in-progress" in the Consolidated Balance Sheets as no equipment has been placed into service.

Also on June 24, 2021, the Company entered into a technical support, spares, and supply agreement (TSSSA) with the same contractor to provide technical support, spares, and other related services commencing with the issuance of Notice to Proceed (NTP) and ending 20 years after the expiration of the three year warranty period of the first trainset. The base price for the TSSSA with change orders and escalation is estimated at $1.8 billion. As of September 30, 2024 and 2023, the Company has incurred $5 million in costs related to the TSSSA. These costs were recorded within "Deferred charge, deposits, and other" and will be amortized into expense over time upon equipment being placed into service.

Long Distance Diesel-electric Locomotives Purchase

On December 20, 2018, Amtrak entered into an agreement with a contractor to purchase 75 long distance diesel-electric passenger locomotives. On May 17, 2022, the Company executed options to purchase an additional 50 locomotives. As of September 30, 2024, the base price with change orders for the 125 locomotives is $899 million. The Company makes payments to the contractor pursuant to an approved payment schedule upon the contractor's successful completion of certain tasks (milestones) during the contract. As of September 30, 2024 and 2023, the Company has incurred $529 million and $454 million, respectively, in construction and other project-related costs, substantially all of which were capitalized when incurred under "Construction-in-progress" in the Consolidated Balance Sheets. Deliveries of the locomotives started in June 2021. As the locomotives are placed in service, the associated cost is moved from "Construction-in-progress" to "Locomotives" in the Consolidated Balance Sheet.

Also on December 20, 2018, the Company entered into a TSSSA with the same contractor to provide technical support, spares, and other related services for the 23 year period commencing upon the acceptance of the first locomotive. Acceptance of the locomotive follows the delivery and testing by Amtrak and the FRA. The combined (base and options) price without escalation for the TSSSA is approximately $420 million plus overhaul material costs within the contract period. As of September 30, 2024 and 2023, the Company has incurred $9 million and $3 million, respectively, in costs related to the TSSSA.

New Acela Trainsets Purchase

On August 8, 2016, the Company entered into a Purchase Agreement with a contractor for the acquisition of the Trainsets to replace the Company's current *Acela Express* equipment which runs on the NEC. The base price of the contract with change orders is $1.5 billion. Financing for the contract was obtained under the RRIF Loan (see Note 7). The Company makes payments to the contractor pursuant to an approved payment schedule upon the contractor's successful completion of certain tasks (milestones) during the contract. The Company has incurred $1.4 billion and $1.2 billion in construction and other project-related costs as of September 30, 2024 and 2023, respectively, substantially all of which were capitalized as part

11. Commitments and Contingencies (continued)

of "Construction-in-progress" in the Consolidated Balance Sheets as no equipment has been placed into service.

Also on August 8, 2016, the Company entered into a TSSSA with the same contractor to provide technical support, spares, and other related services for the 15 year period commencing upon acceptance of the first Trainset. Acceptance of each Trainset follows the delivery and testing by Amtrak and the FRA. The base price for the TSSSA with change orders is $637 million. The Company has incurred $46 million in cost related to the agreement as of September 30, 2024 and 2023, which was recorded in "Deferred charges, deposits and other" in the Consolidated Balance Sheets.

Host Railroad Agreements

Most of the rights-of-way over which Amtrak operates are owned by other railroads. Amtrak operates over such rights-of-way under agreements with these railroads. The terms of the agreements range up to 20 years, although they may remain in effect longer if neither party seeks to renegotiate. Payments to these railroads vary based on levels of usage and performance. The total amount incurred by Amtrak for operations over the right-of-way during FY2024 and FY2023 totaled $248 million and $180 million, respectively, and are included primarily in "Train operations" in the Consolidated Statements of Operations.

Risk of Liability and Insurance

The Act limited the amount railroad passengers may recover from a single accident to an aggregate of $200 million. The FAST Act required the Secretary to increase the limit on passenger liability claims based on the change in the consumer price index since December 2, 1997. On January 11, 2016, the Secretary issued its calculation setting the new limit at $294 million effective February 11, 2016. The FAST Act requires the limit to be adjusted every five years after the date of the FAST Act's enactment. On February 25, 2021, the limit was increased to $323 million. Amtrak purchases excess liability insurance for passenger liability claims subject to the statutory cap and for non-passenger liability not limited by the Act.

Amtrak operates a majority of its 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 generally 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 generally indemnify Amtrak for bodily injury and property damage claims made by freight railroad employees and third parties, and for damage to freight railroad equipment, lading, and property.

Amtrak maintains insurance for its liability to employees and other parties for injury or damage to their property and for damage to Amtrak property. Amtrak self-insures a portion of these liabilities.

Labor Agreements

Excluding employees within Amtrak's OIG, 81% of Amtrak's labor force is covered by labor agreements. Under the Railway Labor Act, labor contracts never expire but are instead opened at agreed-upon times for mandatory bargaining. Although there are no timeframes for negotiations to be completed, it is almost

11. Commitments and Contingencies (continued)

certain there will be retroactive wage increases in the settlements, consistent with prior agreements. As of December 12, 2024, Amtrak had reached settlement agreements with 18 bargaining units, representing over 99% of its unionized workforce. Negotiations continue with one bargaining unit and Amtrak has entered into mediation with one other bargaining unit.

The Company has accrued $54 million and $34 million as of September 30, 2024 and 2023, respectively, within "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets, which represents its best estimate for retroactive wage increases resulting from settlements of such agreements for services through that date.

Legal Proceedings

Amtrak is involved in various litigation and arbitration proceedings in the normal course of business, including but not limited to tort, contract, eminent domain, and civil rights claims. 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. While the ultimate amount of liability incurred in any of these lawsuits and claims is dependent on future developments, in management’s opinion, recorded liabilities, where applicable, are adequate to cover the future payment of such liabilities and claims. However, the 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 in a particular year. Any adjustments to the recorded liability will be reflected in the periods in which such adjustments are probable and reasonably estimable.

Americans with Disabilities Act Compliance

Under the Americans with Disabilities Act (ADA), stations in the intercity rail transportation system served by Amtrak were required to be readily accessible to and usable by individuals with disabilities no later than July 26, 2010. This requirement applies to such portions of a station that are used by the general public and related to such intercity passenger rail transportation, including passenger platforms, parking areas, designated waiting areas, ticketing areas, restrooms, and in some cases, concession areas. In 2010, the Company developed a plan to bring the station components for which it is legally responsible into ADA compliance. This plan has been regularly updated and adjusted based on new information and external factors, such as direction the Company receives from the FRA and other government agencies. On December 2, 2020, the Department of Justice and Amtrak entered into a joint settlement agreement pursuant to which the Company agreed, among other things, to bring into compliance stations and components for which it is legally responsible subject to an agreed-upon set of progress milestones. With IIJA funding and based on the Company's estimates using historical costs, Amtrak believes it has sufficient funding to achieve full ADA compliance of all station components for which it is responsible under the ADA. However, the total program cost cannot be determined at this time because external factors such as labor shortages, inflation, and labor cost increases through the life of the program are difficult to predict. Accordingly, the accompanying Consolidated Financial Statements do not reflect the costs of Amtrak becoming fully compliant with the ADA. As of September 30, 2024 and 2023, Amtrak has spent a total of $1.1 billion and $974 million, respectively, on ADA-related projects. Approximately

11. Commitments and Contingencies (continued)

$142 million and $126 million of the expenditures were incurred during FY2024 and FY2023, respectively.

Gateway Development Commission (GDC)

In January 2024, Amtrak and GDC entered into a Capital Funding Agreement for the Hudson Tunnel Project (HTP), which Amtrak expects to own after completion. GDC is a related party to Amtrak, see Note 14 for additional information. According to the Capital Funding Agreement, GDC will procure certain construction contracts for the HTP and Amtrak agreed to contribute $1.0 billion toward the HTP (excluding the Hudson Yard Concrete Casing 3 component which Amtrak is responsible for). Amtrak agreed to contribute $231 million and $75 million in FY2024 and FY2025, respectively, towards the HTP. Amtrak's contribution towards HTP includes payments to GDC, force account work, and other eligible expenditures paid to third parties, as provided for in the Capital Funding Agreement. During FY2024, Amtrak incurred $334 million in eligible expenditures for the HTP, which included $116 million paid to GDC. $231 million was capitalized as part of “Construction-in-progress” in the Consolidated Balance Sheets and $103 million, representing payments in excess of the $231 million required FY2024 contribution, was recorded within "Other current assets" in the Consolidated Balance Sheets as Amtrak expects it to be refunded from GDC in FY2025 in accordance with the terms of the Capital Funding Agreement.

In 2022 and 2024, Amtrak entered into separate operating funding agreements with GDC, pursuant to which Amtrak agreed to fund a third of GDC's operating costs. Amtrak paid $19 million and $15 million directly to GDC under these operating agreements in FY2024 and FY2023, respectively, all of which were capitalized as part of “Construction-in-progress” in the Consolidated Balance Sheets.

Washington Union Station Leasehold Eminent Domain Acquisition

In April 2022, Amtrak exercised its statutory authority to acquire by eminent domain the Union Station Investco LLC (USI) sublease interest at Washington Union Station (WUS). The Company deposited $250 million, which it estimated to be just compensation for the USI sublease interest, with the United States District Court for the District of Columbia (the Court) when Amtrak filed its eminent domain action. The Court ruled in favor of Amtrak’s condemnation and ordered USI to transfer the sublease interest to the Company on July 29, 2024. As a result, effective July 29, 2024, Amtrak stepped into USI’s position in WUS in the existing sublease agreement between USI and Union Station Redevelopment Corporation (USRC) and became USRC's sublessee at WUS which included USI’s retail lease/license agreements with all retail tenants/licensees and became the sublessor/licensor to all the retail tenants/licensees. The existing sublease agreement between Amtrak and USRC has a remaining lease term of 60 years, ending in 2084. The Court will determine the appropriate amount of just compensation that Amtrak must pay to the prior subleaseholder and may require more than or less than the Company's $250 million deposit. As of September 30, 2024, the $250 million deposit was recorded as initial direct costs to the sublease and included as part of the right-of-use asset cost basis within "Right-of-way and other properties" in the Consolidated Balance Sheets. As of September 30, 2023, the $250 million deposit was recorded within “Deferred charges, deposits, and other” in the Consolidated Balance Sheets.

12. Environmental Matters

The Company is subject to extensive and complex federal and state environmental laws and regulations regarding environmental issues. As a result of its operations and acquired properties, Amtrak is from time to time involved in administrative and judicial proceedings and regulatory inquiries related to environmental matters. Amtrak's policy is to accrue estimated liabilities and capitalize such remediation costs if they extend the life, increase the capacity, or improve the safety or efficiency of the property; mitigate or prevent environmental contamination that has not occurred but may result from future operations; are incurred in preparing the property for sale; or are incurred on property acquired with existing environmental conditions; and to expense other remediation costs. 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. Some of the Company's real estate properties may have the presence of environmentally regulated wastes or materials. If these properties undergo excavations or major renovations or are demolished, certain environmental regulations that are in place may specify the manner in which the wastes or materials must be assessed, handled, and disposed. The Company has identified a number of locations for which excavations and major renovations are planned and liabilities have been recorded. In the future, the Company may plan other excavations, demolitions, major renovations, or other construction activities that affect similar wastes or materials.

At some locations, although a potential liability exists for the removal or remediation of environmentally regulated materials, sufficient information is not available currently to estimate the liability, as the range of time over which the Company may settle these obligations is unknown or the cost of remediation cannot be reasonably estimated at this time. Although the Company believes it has appropriately recorded current and long-term reserves for known and estimable future environmental costs, it could incur significant costs that exceed reserves or require unanticipated cash expenditures.

As of September 30, 2024 and 2023, the environmental reserve was $133 million and $140 million, respectively. These reserves for estimated future environmental costs are undiscounted and include future costs for remediation and restoration of sites as well as any significant ongoing monitoring costs. The current portion of the reserve was $4 million and $8 million as of September 30, 2024 and 2023, respectively, and is reported in "Accrued expenses and other current liabilities" in the Consolidated Balance Sheets. The balance of the reserve as of both September 30, 2024 and 2023 is reported as "Environmental reserve" in the Consolidated Balance Sheets. Costs related to estimated future capital expenditures for environmental remediation were $110 million and $116 million as of September 30, 2024 and 2023, respectively, and are included in "Right-of-way and other properties" in the Consolidated Balance Sheets.

The amounts included in environmental reserves in the Consolidated Balance Sheets reflect only Amtrak's estimate of its portion of the gross liability. The ultimate liability for environmental 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 related to environmental matters. In addition, for certain known sites, the ultimate liability cannot be estimated until the results of the remedial investigation phase are known.

12. Environmental Matters (continued)

Amtrak's management and legal counsel believe that additional future remedial actions for known environmental matters will not have a material adverse effect on the Company's results of operations or financial condition and that its environmental reserves are adequate to fund remedial actions to comply with present laws and regulations.

13. Postretirement Employee Benefits

Amtrak has a qualified non-contributory defined benefit retirement plan (the Retirement Income Plan) whose assets are held in trust covering certain nonunion employees and certain union employees who at one time held nonunion positions. Effective June 30, 2015, the Retirement Income Plan was closed to new entrants and frozen for future benefit accruals. Amtrak provides medical benefits to its qualifying retirees and life insurance to some retirees in limited circumstances under its postretirement benefits program.

Obligations and Funded Status

The liability of the Company's pension benefits under its Retirement Income Plan as well as other postretirement benefits plans as of September 30, 2024 and 2023 is as follows (in millions):

13. Postretirement Employee Benefits (continued)

	Pension Benefits		Other Benefits	
	2024	**2023**	**2024**	**2023**
Reconciliation of projected benefit obligation:				
Obligation at October 1	**$ 365**	$ 389	**$ 353**	$ 409
Service cost	**—**	—	**6**	7
Interest cost	**20**	20	**20**	21
Actuarial loss (gain)	**29**	(15)	**42**	(48)
Employee contributions	**—**	—	**1**	2
Benefit payments	**(28)**	(29)	**(37)**	(38)
Obligation at September 30	**$ 386**	$ 365	**$ 385**	$ 353
Reconciliation of fair value of plan assets:				
Plan assets at October 1	**$ 335**	$ 338	**$ —**	$ —
Actual return on plan assets	**63**	13	**—**	—
Employer contributions	**—**	15	**36**	36
Participant contributions	**—**	—	**1**	2
Benefit payments, net	**(33)**	(31)	**(37)**	(38)
Plan assets at September 30	**$ 365**	$ 335	**$ —**	$ —
Funded status:				
Accumulated benefit obligation at September 30	**$ (386)**	$ (365)	**$ (385)**	$ (353)
Projected benefit obligation at September 30	**(386)**	(365)	**(385)**	(353)
Fair value of plan assets	**365**	335	**—**	—
Net unfunded status of the plans	**$ (21)**	$ (30)	**$ (385)**	$ (353)
Net liability recognized in Consolidated Balance Sheets	**$ (21)**	$ (30)	**$ (385)**	$ (353)

13. Postretirement Employee Benefits (continued)

Pension and other postretirement benefit amounts recorded in the Consolidated Balance Sheets as of September 30, 2024 and 2023 are as follows (in millions):

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Accrued expenses and other current liabilities	**$ —**	$ —	**$ 33**	$ 34
Postretirement employee benefits obligation	**21**	30	**352**	319
Net amount recognized	**$ 21**	$ 30	**$ 385**	$ 353

Pension and other postretirement benefit amounts recognized in accumulated other comprehensive loss in FY2024 and FY2023 are as follows (in millions):

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Net actuarial loss (gain)	**$ 128**	$ 149	**$ (76)**	$ (125)
Net amount recognized	**$ 128**	$ 149	**$ (76)**	$ (125)

Components of Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost for the plans for FY2024 and FY2023 (in millions):

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Service cost	**$ —**	$ —	**$ 6**	$ 7
Interest cost	**20**	20	**20**	21
Expected return on plan assets	**(19)**	(18)	**—**	—
Accumulated Other Comprehensive Loss reclassification adjustment:				
Amortization of actuarial loss (gain)	**6**	6	**(7)**	(4)
Other expenses	**5**	2	**—**	—
Net periodic benefit cost	**$ 12**	$ 10	**$ 19**	$ 24

Service cost is recorded in “Salaries, wages, and benefits” on the Consolidated Statements of Operations. All other components of net periodic benefit costs are recorded in “Other expense, net” on the Consolidated Statements of Operations.

During FY2024, the Retirement Income Plan incurred a net actuarial loss of $29 million, consisting primarily of a $30 million loss due to a decrease in the discount rate. During FY2023, the Retirement Income Plan incurred a net actuarial gain of $15 million, consisting primarily of an $11 million gain due to an increase in the discount rate and a $4 million experience gain.

13. Postretirement Employee Benefits (continued)

During FY2024, the other postretirement benefits plans incurred a combined net actuarial loss of $42 million, consisting primarily of a $29 million loss from a decrease in discount rates, a $13 million loss from change in trend rates, a $4 million loss from a change in the experience rates, and a $2 million loss from a change in retirement rates, partially offset by unfavorable changes in claims of $6 million. During FY2023, the other postretirement benefits plans incurred a combined net actuarial gain of $48 million, consisting primarily of a $14 million gain from termination rates, along with favorable changes in claims of $13 million, a $10 million gain from an increase in discount rates, a $9 million gain from a reduction in the expected number of retirees expected to cover their spouses in the benefit, and a $7 million gain from participation rates, partially offset by a $6 million loss from change in trend rates.

Plan Assets

The Company's pension plan asset allocation at September 30, 2024 and 2023, and initial target allocation for FY2025, are as follows:

		Plan Assets	
	2025	2024	2023
Fixed income debt securities	60 %	**60 %**	58 %
Mutual funds	30	**30**	9
Money market fund	8	**8**	9
Commingled funds	—	**—**	20
Cash	1	**1**	2
Other [1]	1	**1**	2
Total	100 %	**100 %**	100 %

[1] Other consisted of receivables and payables related to unsettled transactions.

The long-term objective for assets held by the Retirement Income Plan is to generate investment returns that, in combination with funding contributions from the Company, provide adequate assets to meet all current and future benefit obligations of the Retirement Income Plan. The Retirement Income Plan seeks to maintain or reduce investment risk levels unless the funded status decreases significantly, with the ultimate goal to be in a position to defease the pension liability. Over the long term, it is anticipated that asset-liability management strategy will be the key determinant of the returns generated by the pension assets and the associated volatility of returns and funded status. In particular, the allocation and structure of the "growth portfolio" and the structure of the long-term fixed income portfolio (longer duration fixed income securities and similar investments) are the key elements of the asset-liability strategy for the pension investment program. In the growth portfolio, the Plan invests in Commingled funds and Mutual funds, which include equity securities and similar investments. The Retirement Income Plan's asset allocation strategy is primarily based on the Retirement Income Plan's current funded status. The Retirement Income Plan's return requirements and risk tolerance will change over time. As a result of the

13. Postretirement Employee Benefits (continued)

Retirement Income Plan's asset allocation strategies, there are no significant concentrations of risk within the portfolio of investments.

Following is a description of the valuation techniques and inputs used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Level 1 Investments

Money Market Fund

Money market funds generally transact subscription and redemption activity at a $1.00 stable NAV. Investments in the money market funds can be redeemed on a daily basis. Amtrak's investment in money market funds consists of the JPMorgan 100% U.S. Treasury Securities Money Market Fund. The fund's NAV is published regularly and the fair value is deemed readily determinable.

Level 2 Investments

Fixed Income Debt Securities

This investment category consists of corporate bonds, government bonds, municipal bonds, and U.S. government securities. These investments are valued using prices provided by independent pricing services based on compilation of primarily observable market information or broker quotes in a non-active market.

Commingled Funds

This category consisted of global stocks and a diversified portfolio of assets. Investments in commingled funds were valued at the end of the period based upon the value of the underlying investments as determined by quoted market prices or by a pricing service.

Mutual Funds

This category consists of Goldman Sachs Multi-Manager Funds and Tactical Tilts. The Multi-Manager funds include investments in non-core fixed income, real assets and global equity asset classes that provide broad risk exposure to global equity markets. Tactical Tilts are implemented using a combination of different investment vehicles and instruments, including Goldman Sachs Asset Management funds, exchange-traded funds, options, futures, forwards, and swaps. These investments are valued at the end of the period based upon the value of the underlying investments as determined by quoted market prices or by a pricing service.

The following tables present the fair values of the Company's pension investments by level within the fair value hierarchy (as described in Note 9) as of September 30, 2024 and 2023 (in millions):

13. Postretirement Employee Benefits (continued)

	Total	Level 1	Level 2
September 30, 2024			
Fixed income debt securities:			
Corporate bonds	**$ 202**	**$ —**	**$ 202**
Government bonds	**11**	**—**	**11**
Municipal bonds	**6**	**—**	**6**
Total fixed income debt securities	**219**	**—**	**219**
Mutual funds	**109**	**—**	**109**
Money market funds	**29**	**29**	**—**
Total investments, at fair value	**$ 357**	**$ 29**	**$ 328**
Cash	**5**		
Other[1]	**4**		
Total plan assets	**$ 366**		

[1] Other primarily consisted of receivables and payables related to unsettled transactions.

	Total	Level 1	Level 2
September 30, 2023			
Fixed income debt securities:			
Corporate bonds	$ 179	$ —	$ 179
Government bonds	6	—	6
Municipal bonds	6	—	6
U.S. government securities	2	—	2
Total fixed income debt securities	193	—	193
Commingled funds	68	—	68
Mutual funds	31	—	31
Money market funds	31	31	—
Total investments, at fair value	$ 323	$ 31	$ 292
Cash	7		
Other[1]	5		
Total plan assets	$ 335		

[1] Other primarily consisted of receivables and payables related to unsettled transactions.

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.

In the short term, there may be fluctuations of positive and negative yields year over year, but over the long term, the return based on target asset allocation is expected to be approximately 6.0%.

13. Postretirement Employee Benefits (continued)

Estimated Future Benefit Payments

Based upon the assumptions used to measure the pension and other postretirement benefit obligations as of September 30, 2024, including 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 will be as follows (in millions):

	Pension Benefits	Other Benefits
Year ending September 30,		
2025	**$ 32**	**$ 33**
2026	**29**	**32**
2027	**30**	**32**
2028	**30**	**33**
2029	**29**	**33**
2030-2034	**141**	**155**

Contributions

In FY2025, Amtrak does not expect to contribute to the Retirement Income Plan and expects to contribute $33 million towards other postretirement benefits.

Assumptions

Weighted-average assumptions used to determine benefit obligations as of September 30, 2024 and 2023 are as follows:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Discount rate	**4.89 %**	5.80 %	**4.79-4.95 %**	5.73-5.83 %

Weighted-average assumptions used to determine net periodic benefit cost for the years ended September 30, 2024 and 2023 are as follows:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Discount rate	**5.80 %**	5.45 %	**5.73-5.83 %**	5.40-5.45 %
Expected long-term rate of return	**6.00 %**	5.50 %	**N/A**	N/A

Assumed health care cost trend rates are as follows:

13. Postretirement Employee Benefits (continued)

	September 30,	
	2024	**2023**
Health care cost trend rate assumed for next year	**9.15-10.19 %**	7.52-8.06 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**5.00 %**	5.00 %
Year that the rate reaches the ultimate trend rate	**2032**	2030

401(k) Savings Plans

Amtrak provides a 401(k) savings plan for nonunion employees. Under the plan, Amtrak matches a portion of employee contributions up to seven percent of the participant's salary, subject to applicable limitations. Amtrak's expenses under this plan were $36 million and $31 million for FY2024 and FY2023, respectively.

Additionally, Amtrak provides a 401(k) savings plan for union employees. Amtrak does not match any portion of the employee contributions under this plan.

14. Related Party Transactions

In July 2019, the state of New York (NY) and the state of New Jersey (NJ) created the GDC through the enactment of a bi-state legislation codified as the Gateway Development Commission Act. GDC is a public governmental entity whose mission is to effectuate the Gateway Program. The Gateway Program is a series of rail infrastructure projects that will improve reliability and capacity along a 10-mile stretch of the Northeast Corridor between Newark, New Jersey and Pennsylvania Station in New York City. GDC is a related party to Amtrak because the Company holds one of seven Commission seats, the Amtrak Commissioner serves as the Vice Chair of GDC, and the Company has veto power over GDC matters. During FY2024 and FY2023, NY, NJ, Amtrak and GDC entered into a series of agreements related to the HTP, a project under the Gateway Program. GDC is responsible for the oversight and delivery of the HTP. Each of Amtrak, NY and NJ will fund one-third of the annual GDC operating budget and will fund the HTP. Upon completion of the HTP, Amtrak will own all of the HTP improvements and the acquired right-of-way property interest as part of the HTP, and Amtrak will be responsible for the ongoing HTP operation and maintenance. In FY2024, Amtrak paid $135 million directly to GDC, as described in Note 11.

15. Subsequent Events

The Company has evaluated subsequent events through December 12, 2024, which is the date the financial statements are available to be issued, and concluded that there were no additional subsequent events requiring disclosure.

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