



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

May 25, 2005

Mr. David L. Gunn  
President and Chief Executive Officer  
National Railroad Passenger Corporation  
60 Massachusetts Avenue, N.E.  
Washington, D.C. 20002

~~DAVID:~~  
Dear Mr. Gunn:

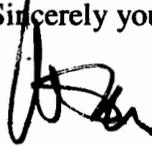
In view of Amtrak's declining cash position as we approach the last quarter of FY 2005, I am writing to strongly recommend that you immediately begin to implement cost-cutting measures with the purpose of reducing expenses and conserving cash in a manner that does not jeopardize safety.

I noted with concern your May 12 testimony before the Senate Appropriations Subcommittee on Transportation, Treasury, the Judiciary, Housing and Urban Development, and Related Agencies regarding FY 2006 Appropriations. When responding to a question about whether Amtrak will end FY 2005 with a positive cash balance, you said, "... we'll have like \$20 million left in the bank, something in that neighborhood." I am concerned that your projection assumes the release of \$60 million set aside by law to pay for directed service in the event Amtrak ceases operations. My review of your cash projections indicates you are counting on that money even though the law clearly requires the Department to hold those funds in reserve until we are certain they will not be needed to maintain commuter operations at year's end. Given your recent Senate testimony, it is irresponsible to project a positive cash balance based on an assumption about reserve funds, when without those dollars, Amtrak's cash position before September 30<sup>th</sup> could be as much as \$40 million in the red.

You cannot continue to spend at current levels when, according to your own estimates, the recent interruption of Acela Express Service due to cracks in the brake systems, is itself costing the company roughly \$1.25 million per week. Management of Amtrak's FY 2005 budget must be based on existing revenue streams and not on hopes for yet another taxpayer bailout. It is imperative that you take meaningful steps to reduce costs as soon as possible. As the President of the corporation, you have a responsibility to identify and implement all available operating expense reduction options necessary to ensure that Amtrak's cash position does not deteriorate to the dangerously low level you predicted before the Senate Subcommittee.

I have directed my designee to the Amtrak Board, Jeffrey A. Rosen, to raise this issue at tomorrow's Board meeting and I look forward to hearing from you about your specific plans to reduce operating expenses in order to protect Amtrak's cash position and viability through the end of this fiscal year.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'Norman Y. Mineta', written over a horizontal line.

Norman Y. Mineta

cc: David M. Laney, Chairman, Amtrak Board of Directors