

ORAL SUMMARY
of
Written Statement of
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before the
Committee on Transportation & Infrastructure
Subcommittee on Railroads, Pipelines, & Hazardous Materials
United States House of Representatives
High-Speed Rail in the United States: Opportunities and Challenges
October 14, 2009

Good afternoon Madam Chairman, members of this committee and staff.

My name is Mike Pracht. I am the President and CEO of US Railcar, a newly formed American-owned/Ohio-based company, with a business plan to resume manufacturing American-made passenger railcars in the United States.

It is a privilege to be here, thank you for this opportunity.

As an almost 30 year veteran of the rail transportation industry I have never seen the level excitement, support and commitment for passenger rail that exists today in both houses of Congress, on both sides of the aisle, and with such determination as put forth by the current Administration.

Prior to taking this position, I held several key positions at two of the world's leading rail transportation companies; Ansaldo from Italy and Siemens from Germany. I have seen the many benefits of integrated national transportation systems around the world that include road, air and rail; each supporting the other in an overall balanced transportation network.

Six months ago I became involved with a group of investors from Columbus, Ohio led by Barry Fromm, an entrepreneur with a passion for trains, a desire to make a difference and a vision for putting passengers back on America's tracks. Barry's company, Value Recovery Group, works at several levels of federal, state and local government in areas that include Distressed Asset Management, Brownfield & Economic Development, and Energy Management. Two of Barry's larger accounts include the US Departments of Energy and Education.

Earlier this year Barry acquired the assets of a distressed railcar company called Colorado Railcar. This company; entrepreneurial in its own right, developed a modern version of a bygone self-propelled trainset called a Diesel Multiple Unit, or DMU, that was originally developed by the Budd Company in 1947. Like many other American innovations, DMUs went on to become a core component in the fleet pools of just about every modern/industrialized nation around the world. Unfortunately; as with the Budd Company and other iconic manufacturers like Pullman and St. Louis Car; Colorado Railcar fell victim to a market with insufficient investment, lack of priority, and missed potential.

The original Colorado Railcar DMU was developed in 2003 and is currently the only FRA-compliant DMU in production today. Ten of these units operate in daily revenue service in Florida, Oregon and Alaska; each meeting and/or exceeding all customer expectations. US Railcar is ready to take on new orders as funding becomes available.

I have travelled extensively in these last few months, welcomed by transportation agencies across the country with renewed interest in purchasing the US Railcar DMU. This assumes, of course, we can attract sufficient investment to secure our business plan. In so doing we are not seeking public subsidy for a private venture. Rather, we are encouraging continued public investment in passenger rail and support for American manufacturing and American jobs.

We are willing to put our business plan to the competitive test with sufficient resolve and entrepreneurial spirit, however, are concerned about doing so on an uneven playing field with deep-pocketed foreign suppliers, some of whom receive home-government subsidies and others of whom practice predatory pricing.

It is important to note that there are currently no American-owned passenger railcar manufacturers in the United States. All existing railcars are produced by foreign suppliers from Europe and Asia. These companies assemble locally and typically import 40% of their content from abroad which almost always includes the more knowledge-based & sophisticated technology and the higher level engineering & design. These foreign suppliers also export most, if not all, their profits back to their home countries and keep precious intellectual property protected off shore.

My company's investors are committed to reestablishing an American-owned company that engineers, designs, develops and manufactures in America. We would like to see support for this objective included as part of a new national priority as you consider continued passenger rail investment moving forward.

We believe several elements will be prerequisite to the success of US Railcar and the country's renewed passenger rail initiative. We encourage strong federal leadership in the following five areas:

1. **Approval of the Ohio Rail Development Commission's TIGER Application.** US Railcar has joined the Ohio RDC in a public/private partnership to produce, and ultimately maintain, trains at a new railcar manufacturing & maintenance facility just outside Columbus, Ohio. The project is shovel-ready and will help establish new intra- and inter-state commerce with benefit across Ohio and throughout the Midwest.
2. **Support for the FRA's Proposed 2010 High-Speed Rail Research & Development Program.** This important initiative will help new-start and new-entry American companies develop and advance the state-of-American technology to better compete with foreign suppliers having large and sometimes government subsidized R&D budgets.
3. **Effective implementation of the PRIIA Next Generation Equipment Pool that must include DMUs made in America.** This program will assure product standardization, adequate sources of domestic supply, and reduce much of the wasteful cost associated with "one-off" vehicle procurements all too typical in the transit sector.

4. **Consistent administration of PRIIA Buy-America Standards.** Implementing these new Buy-America Standards will test our national commitment to establishing a new American railcar manufacturing industry. Falling short of this commitment will be detrimental to US Railcar, other startups, and many mature American companies considering entering and/or reentering this market.
5. **A Sustained Commitment and Funding for High Speed Intercity Passenger Rail.** Perhaps the most critical in the mix. Sufficient levels of capital cannot be attracted without confidence in a sustainable and reliable market. President Obama called the initial Eight-Billion Dollar Federal investment a “down payment”. Additional investments must be sustained.

US Railcar applauds the leadership of this Committee for including \$50 Billion in new funding for high-speed and intercity passenger rail in its surface transportation authorization and encourages the establishment of a dedicated funding source to assure continuity.

Thank you very much for this opportunity to testify, I am happy to answer any questions you may have.