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PULLMAN PALACE CAR COMPANY LIMITED

'YOU'VE HEARD IT ALL BEFORE... BUT HAVE YOU?'

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I am gratified to have been invited to present Pullman Palace Car at the RailPAC-National Association of Rail Passengers Annual Conference 2011. This is the first time Pullman's plans have been presented to a public forum and I can think of no better venue or audience to share Pullman's proposals than this one. New information Pullman is releasing today is the proposed Las Vegas Pullman Terminal location, project description, and status of finance and rail rights.

The title of my speech is:

'YOU'VE HEARD IT ALL BEFORE... BUT HAVE YOU?'

In the interest of full disclosure, in preparation for my talk with you today I researched how many other interested parties have plans to operate a passenger train between Southern California and Las Vegas. At last count, there are seven, each one of which, including Pullman Palace Car, are positive their project represents THE answer. Such is the recent passion for bringing passenger rail to a city without such service for over a decade. Nothing like a little competition to help raise the bar.

The fact is... not one of the seven has definitive rights to operate a train; or, as far as I can determine, full financing in place to develop their chosen solution. Pullman's business plan is in the hands of the appropriate entities and we continue encouraging discussions with them. Assuming, for the sake of argument, none of the seven have lost their senses; I share with you today Pullman's proposal to make the most of this exciting opportunity. Doubtless, given this audience's affection for passenger trains, you will decide for yourself whether Pullman (and pardon my metaphor) is on the right track.

All that Pullman of the 21st century strives for is encapsulated in its chosen name, Pullman Palace Car Company. Reinventing the rail passenger experience was George W. Pullman's vision to provide quality, reliability and a safe passenger rail travel experience. Telescoped forward 112 years, those core beliefs parallel Pullman's current-day mission.

Half my career has been involved in inventing and commercializing state-of-the-art technologies, the other half developing entertainment attractions internationally. Pullman calls upon both of these disciplines. I see myself as a forward thinker who appreciates the wonders technology can achieve. When living in Europe, I loved the convenience and anticipation of riding the high-speed TGV. Riding trains was woven into daily life at all socioeconomic levels. One can go to the next village on market day to buy fresh baked bread and farm-made cheese; or travel from country to country on a single Eurorail Pass.

Will a comprehensive passenger train system such as this one day populate the USA?

It is too early to tell. However if and when that day comes, you can find me as close to the head of the line as I can get to board the train when it leaves the station. With any luck, one or more of those trains will carry the Pullman logo.

No matter the industry, it is generally agreed successful companies are created by leveraging a well-thought-thorough, timely, and well-executed idea with sufficient capital for realization. With Pullman, it is essential we have a team of seasoned passenger railroad professionals who appreciate the complexities of the task at hand and knows how to resolve unforeseen and unexpected events. This is no place for on-the-job training.

Ergo, Pullman has assembled a team of professional railroad executives that has guided Pullman on its course thus far and more talent will be coming onboard as we continue progress. In the entertainment industry, you are judged by who your friends are and who takes your calls. I am proud to say that Gil Carmichael and Jim Coston not only take my calls but also return them. Gil Carmichael, whom you recall, is a former administrator of the FRA, former Chairman of the Amtrak Reform Council, Founder of Interstate II and Founding Chairman of University of Denver School of Intermodal Transportation Institute. Jim Coston is another 'friend' of the project. Jim is Chairman of Corridor Capital, former Vice Chairman of the Amtrak Reform Council and presently plays a key role in the creation of the Chicago -St. Louis high speed rail. Both have devoted their impressive careers in advancing the future of passenger trains and Pullman looks to them almost daily for guidance. They are a hard team to beat.

Jack Pearson recently retired from Amtrak as head of operations for Chicago Union Station where he maintained critical operational relationships with Union Pacific Railroad, BNSF Railway, Norfolk Southern Railroad, and other Chicago area rail carriers. At Beech Grove he was responsible for major overhauls of Amtrak's locomotive fleets. He served as the Chief Mechanical Officer for the Intercity Business Unit, General Manager of Chicago Terminal Services, Facility Manager in New Orleans, and Mechanical Foreman in Houston. Jack will oversee Pullman's rolling stock refurbishment.

Victor Francis worked as an Amtrak Crew Base Operations Supervisor from 2004 until his retirement in July of 2009 with 35 years of service. As a Crew Base Supervisor Victor was responsible for the staffing, safety, and performance of onboard services crews and crew base staff, as well as providing assistance to the Crew Base Manager in daily operations. Victor's final position with Amtrak was as a supervisor responsible for completion of maintenance of trainsets and making sure all equipment and passenger cars were in good working and operating order for terminal departure. Over his career he has launched thousands of trains.

Harold Schroeder has devoted his half century career to preserving America's private passenger rail experience developing and operating most of the important private and tourist trains. Today Harold enjoys close working relationships with Union Pacific, CSX, Norfolk Southern, Canadian National Railroad and AMTRAK. Harold will see Pullman cars are in top mechanical condition and safe when Victor drops the flag.

Bruce Richardson heads Pullman Special Projects. Bruce's father worked for the original Pullman early in his railroad career. Bruce worked with Amtrak for five years as a consultant, creating marketing and passenger services programs for the Sunset Limited and City of New Orleans and projects both in Canada and the United States studying privatizing VIA Rail Canada and Amtrak. Many of you are also familiar with his writing and publishing for United Rail Passenger Alliance on the This Week at Amtrak column.

Bill Lindley, Pullman's technical advisor and webmaster, happens to be RailPAC's webmaster. Bill will be blending emerging technologies into the system. Today, Bill is Pullman's videographer. Thank you Bill.

Today's program lists my official title as Chief executive Officer of Pullman Palace Car Company, Limited. That should say 'interim' as my 'passenger train' qualifications do not go beyond operating my Marx Figure Eight when I was eleven years old. Pullman will be operated by individuals who know how to run a *real* passenger railroad, and that is a promise.

Pullman is a modest affair in relative terms, costing a fraction in time, and money to build infrastructure, than the various fast train ventures require. Pullman represents a 'here and now' opportunity to leverage what is currently on hand to create a renewed vision for passenger rail. When one steps back and assesses Pullman's aspirations, it is actually more of a handmaiden to the evolving high-speed rail systems than a competitor. Yesterday's technology and today's are not mutually exclusive.

At the end of the day, it is all about the train. What is it that we feel makes Pullman's City of Lights - City of Angels route truly special?

Anchored by two of the world's entertainment capitals, City of Lights artfully combines an entertainment experience with point A to point B passenger rail travel. Therefore, and befittingly the Pullman consist is wrapped in 24 karat gold, and will be the only all-gold train in the world. After gaming, gold mining is Nevada's second largest industry, producing \$5.2 billion in bullion and after all, California IS the Golden State.

The proposed consist is comprised of a combination of ATSF hi-levels, dome liner cars and single levels to fit each on board use. No doubt it will adjust a number of times before being finally fixed. At final build out, we estimate the maximum capacity will be 1,288 potential fare paying customers per trip.

Leveraging existing infrastructure Pullman produces a marginal number of temporary construction jobs. In fact its core job generating numbers are deceptively modest. For perspective, City of Lights theoretical maximum potential of 1,288 passengers staying 2.9 nights, would translate into 1.2 million bed nights annually, filling a 1,600 room hotel at double occupancy. A 1600-room mega resort would cost just under one billion dollars to construct today.

Each occupied room creates or retains two permanent jobs or 3,200 total hotel jobs annually. Each hotel job creates 3,200 indirect jobs annually. Counting Pullman's staffing, nearly 7,000 permanent jobs are created by City of Lights operations.

The Southern California visitor spends \$1,165 per visit generates \$1.5 billion per annum, with indirect circulation producing another billion dollars. It is well worth noting the majority of Pullman's target market will be new visitors to Las Vegas from Los Angeles and vice versa. Everybody wins!

There are five proposed classes of service; Coach, Club, Business, and first whose interiors are much superior to similar classes. Orca Class is Pullman's 'private train within a train' and takes the Private Varnish concept to a new level. It is designed especially for the casinos' best customers. We call it 'Orca Class' because in the current economy the whales may be smaller, but remain extremely valuable to up market casino operators.

A number of 'themed' specialty cars are being considered, ranging from an Asian to Hollywood themes. For each of Pullman's theme cars we have obtained initial interest and are in discussions with partner corporations who will contribute their knowledge, patronage and sponsorship.

Gaming is *not* under consideration. Casino operators would not take kindly to anyone interfering with how they make their money.

City of Lights has five price points for dining. A recent study ranked Las Vegas #1 as having the most expensive restaurants in the United States. Inasmuch as Pullman's passengers are in our care for five hours, we have been very careful to insure Pullman represents a variety in well-prepared, well-priced cuisine.

We talk a great deal about the 'train experience'. Pullman Repertory Players are mandated to make sure time flies by, during the journey. A 'Mob Hit on the Train' as a happening should not surprise anyone being that Pullman's destination is Las Vegas. Also planned is a fashion show by one of the nation's most popular boutiques. Madame Zelena provides psychic readings and suggests possible winning numbers. All she has to do is predict just one multimillion dollar Keno winner and she is a star forever. Up close and personal legerdemain, famous author book signings and art showings are represent great ways to pass time. Female passengers may want to stop by the Beauty Bar for a quick facial, massage or manicure. Appropriately costumed wait staff will serve expertly prepared bento box meals throughout the train.

The Absinthe Fairy dispenses a once illegal 140 proof concoction consumed by Parisian artists at the turn of the century to attain higher levels of creativity. A modified version of Absinthe (still 140 proof) was made legal in 2008 in America.

You may ask, and I hope you do, what will a 'passenger experience' on City of Lights cost?

Well, that depends on a host of interrelated considerations. Just like Amtrak pricing and Las Vegas hotels, Pullman's fare structure is based on supply/demand algorithms.

Can you ride our train for \$99 dollars round trip? Of course, you can...

The \$99 fare is promotional and offered in times of low demand. Reality is the average cost of a ticket, across the four public train classes, is $2/3^{\text{rds}}$ the average tourist class airline ticket from LAX to LAS. With the price of oil on the rise, only time will tell just how much the price differential will balance out to drive, fly, or ride City of Lights in the future.

We have an App for that... At the push of a button.

The 'action' is no longer found downtown at Fremont Street and this has not been the case for 20 years. Today, the action is five miles south along the Las Vegas Strip where \$30 billion has been invested in thirty mega-world-class resorts. Clark County attracts forty million visitors, eleven million of which originate from Southern California. The vast majority of SoCal visitors stays and plays on The Strip. Statistically, six percent of these tourists stay downtown, spending around 25% less per person than Strip tourists.

Identifying an acceptable location on Union Pacific's Mainline, providing a true sense of arrival along the 4.2-mile-long Strip, was virtually impossible. However, there was one site available which met Pullman's criteria. The wye junction located at the south end of The Strip at the Hoover Dam 26-mile branch line, seven miles south of downtown This Class 2 track presently serves two, 20-car chemical trains per day. Otherwise, the track is idle.

Just one-half mile east of the Main Line wye junction, on the Hoover Dam branch line, Pullman found the ideal site and has joined with the longtime, Las Vegas, Jake's Crane family to develop eleven acres as Pullman Central. The themed terminal building will be made of glass, in the same 24 karat gold color as the train.

In a second phase, Pullman Palace, an all-gold clad, 200-room, multiclass, boutique hotel is planned. Pullman's headquarters building, also in 24 karat gold, is also planned.

Ultimately a Private Varnish, themed event theatre, plus parking structure for 700 cars, will be added to the mix. The uniquely themed Pullman Central Terminal will become an attraction all by itself. Imagine students and tourists coming to experience the terminal and arrival of City of Lights passenger train and returning home wishing their town had a passenger train of its own. After all Las Vegas is the greatest showcase venue in America.

The Las Vegas Strip's 30 megaresorts are located between 3 to 8 minutes drive time from Pullman Central, with easy access to and from the underutilized, four-lane, Dean Martin Drive.

There are many ways to look at passenger trains. Contrary to what some may say passenger trains, no matter how fast or less fast, have not outlived their contribution to society. As I previously pointed out they are as much today economic engines as ever before. Had the San Pedro Los Angeles, Salt Lake City Railroad not built a train station in 1905 in order to auction off 110 acres of land there would be no Las Vegas where millions of visitors flock each year with dreams of instantly becoming rich.

In conclusion of my talk with you today, Pullman is diligently working toward agreements we trust will provide host rail access and support in the not too distant future.

Pullman project funding sources are exceedingly reputable and have tracked Pullman's progress for well over two years. In fact, we are in current discussion with one of the world's largest investment banks which has declared interest in providing project finance once preliminary arrangements are in place. We have been told RRIF TEA 21 loans are available. Pullman funding is being assembled independently as a commercial enterprise. However, if RRIF loans are appropriate, we will take a look at partaking of that source. We are in detailed dialogue at the senior executive level with one of the world's top five insurance companies in providing \$200 million in liability coverage.

Confidential strategic alliances are in current negotiation with multinational corporations, whose participation will add credibility, prestige and market reach.

Rather than relying solely on I-15 from which to draw Pullman customers, six discrete target markets are in development and are supported in conjunction with two media industry giants.

We have undertaken important original research and understand the challenges ahead. Pullman's documentation contains hundreds of pages of detail that holds up well under the inspection of due diligence.

We are confident Pullman's City of Lights train represents the 'golden opportunity' that will seamlessly link Los Angeles and Las Vegas by rail and provide an exceptionally enhanced 'passenger experience'... one we like to imagine George W. Pullman himself, were he here, would embrace.

That's the Pullman snapshot. If you have any questions or want to learn more, or if you have ideas you would like to share, you can find my partner and wife, Elaine, and I at the Pullman table where we look forward to meeting you individually and answering your questions. Thank you one and all.