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**Rail Growth Capitalization IntelliConference**

North American freight railroads require significant capital investments and strategic alignment among multiple stakeholders. One core cause of diminished growth capital is that freight railroads operate over private networks vs. other modes operating over public networks. This has created an imbalance of risks and rewards for investors. Intelligent collaboration among the private sector investment community, rail management, and government will foster a rail growth strategy that strengthens a multimodal network, incentivizes public and private investment, and optimally serves supply chains. The key to facilitating this long-term growth strategy is to broaden investors’ valuation horizons, integrate public policies, and empower rail management.

**Core Question:**

**What performance measures, financial incentives, and public policy adjustments can investors, rail management, and government reconceive to expand capitalization of the modernization and growth of North American freight railroads and enhance their strategic value to supply chain efficiency?**

***Round 1***

**Current Freight Rail**

**Capitalization**

1. What level of annual capital investment, as a percentage of operating income, does the railroad industry reinvest in:
   * State of good repair?
   * Capacity expansion?
   * Modernization?
2. What investment factors do investors, policymakers, and senior rail management base the rewards and penalties within the current Class I business model?
   * What are the expected Return-on-Investment (ROI) levels and timelines?
   * What are the expected operating income levels and timelines?
   * How are sustainability results factored into rewards?
3. How are these stakeholder groups currently relating to the growth of rail’s role in supply chain optimization?
4. What substantive, realistic rail service growth plans have rail management, investors, and policymakers adopted?
5. When rail growth projections are communicated by these stakeholder groups, what drives those goals?
6. How do the ROI levels and timelines for privately-owned rail infrastructure projects compare with publicly owned infrastructure projects in other modes?

***Round 2***

**Freight Rail Capitalization**

**to Support Growth**

1. Why should rail management, investors, and policymakers collaborate to empower rail service modernization and growth?
2. What barriers to collaboration among rail management, investors, and policymakers need to be addressed?
3. How can these barriers to collaboration be addressed?
4. What goals do these stakeholder groups want to align on for a bold growth initiative?
5. Within this rail service growth strategy, how should the levels of annual capital investment change for:

* State of good repair?
* Capacity expansion?
  + Modernization?

1. What opportunities and risks are created by modifying the investment time horizons?
   * How can these risks be mitigated?
2. What other risks need to be addressed to stimulate growth investment?
   * How can these risks be mitigated?
3. How should compensation programs and performance incentives for rail management be adjusted to facilitate long-term rail service growth?
4. What are the public sector policies and funding programs that might be modified to seed or incentivize private sector capitalization?
5. What needs to be addressed differently so that Class II and III railroads, smaller rail shippers, and other transportation providers gain greater access to expansion and modernization capital?