

WEEKLY RAIL REVIEW

FOR THE 7 DAYS ENDING FRI, FEBRUARY 8, 2008

BY DAVE MEARS

THE WEEK'S TOP RAIL AND TRANSIT NEWS (in chronological order):

(SAT) Amtrak's eastbound "California Zephyr" train was halted on California's Donner Pass for nearly a day. The train stopped after a Union Pacific snowplow became disabled on the tracks ahead of it. Passengers were given the option of leaving the train on chartered buses or staying aboard the train until it could resume its run. Having halted at about midday Friday, the train continued eastward on Saturday, following UP reopening the line. (ffd: NARP, Trains, wire services)

(SUN) Norfolk Southern suffered an on-duty employee fatality. Nathan Orr, Age 28, suffered fatal injuries when he was struck by an NS train alongside the train he was working on. The incident occurred on Chicago, IL's South Side. Mr. Orr was hospitalized immediately following the accident and succumbed to his injuries two days later. (ffd: CBS2 Chicago TV)

(MON) The Bush Administration unveiled its proposed federal budget for Fiscal Year 2009, totaling \$3.1 trillion for all federal spending. As in previous years, it proposes only \$900 million for Amtrak, 40 percent less than this year's funding of \$1.325 billion. Amtrak called the proposed amount "inadequate" and is expected to release its own legislative funding request within two weeks. For transit, the budget proposes \$202.1 million less than this year's funding and also the transfer of an estimated \$3.2 billion dedicated for public transportation to highway projects. The American Public Transportation Association issued a statement declaring its "outrage" at the proposed transit funding, saying that "the tens of millions of Americans who depend on public transportation should not be treated as second class citizens compared to people who choose to drive cars." (ffd: APTA, NARP, wire services)

(MON) The U.S. Postal Service announced its acceptance of five developers' plans to redevelop the post office building and facilities next to Boston, MA's South Station. Redevelopment plans will allow the station, which is at track capacity, to build six more tracks on the post office site to accommodate the ever-increasing number of commuter and intercity passenger trains serving Boston. USPS will leave the site next to South Station for a site in South Boston in about three to four years. (ffd: Boston Globe)

(MON) Two passenger car makers received large orders. Siemens Corporation received what it said was its largest order ever, to build 55 light rail vehicles for Denver, CO's Regional Transportation District. Siemens valued the contract at \$184 million. Also this date, Rotem USA Corporation announced that it had received an order from the Massachusetts Bay Transportation Authority to build 75 bi-level commuter rail cars. Rotem valued the contract at \$190.2 million and said that it would deliver the first of the ordered cars by 2010 and the last of them by 2012. The 75 bi-levels will increase the number of such cars in MBTA's fleet to 215. (ffd: Progressive Railroading)

(MON) The Governments of Canada and Quebec announced the signing of an agreement to fund repairs and improvements on two shortline railroads operating in Quebec. A government said that the St. Lawrence & Atlantic Railroad will receive more than \$5 million toward completing projects worth about \$7.5 million and that the Montreal, Maine & Atlantic Railroad will receive more than \$10 million toward completing projects worth about \$15 million. The funding is part of the "Canada-Quebec Agreement for the Restoration of Shortline Infrastructures in Quebec." (ffd: RT&S)

(TUE) A federal district court further extended a temporary restraining order blocking the merger of the United Transportation Union with the Sheet Metal Workers International Association. The court said that it would hold a hearing April 25 to hear a motion filed by former UTU International President Paul Thompson and others to intervene as party defendants. The merger is opposed by the UTU's new International President, Mike Futhey, who claims that union members were never fully informed of its details and consequences. The merger was ratified by the UTU membership last summer. (ffd: Progressive Railroading, wire services)

(WED) Florida's Chief Financial Officer Alex Sink said that she would not approve the agreement under which the state would buy approximately 61 miles of CSX line in and near Orlando, FL for \$491 million. Ms. Sink, whose approval is required for the transaction, said that she objects to that part of the agreement that shelters CSX from liability in case of accident. A CSX spokesman noted that the provision is standard in every state where CSX operates on tracks also used by passenger trains. The line purchase by Florida allows for improvements including plans for commuter trains serving the Greater Orlando area. (ffd: Tampa Tribune)

(WED) The trucking company Schneider National announced that it would utilize BNSF and CSX as its "primary rail providers." A Schneider spokesman said that, although it would primarily use BNSF and CSX, it would "maintain secondary relationships with the other Class 1 railroads to reach markets not served by BNSF and CSX." (ffd: Schneider National Corporation, Railway Age)

(THU) A MARC commuter train was struck by an Amtrak switching locomotive in Washington, DC's Union Station. The commuter train had just arrived in the station and was discharging passengers when it was struck by the switching locomotive proceeding into the track. A MARC spokesman said that about 5 passengers were hospitalized with minor injuries. (ffd: wire services)

(THU) The British-based hedge fund Children's Investment Fund continued its criticism of CSX, of which it currently holds approximately 11.8 percent of the company's stock. A fund spokesman called "disingenuous" a recent change by CSX in the company's bylaws, which it said appeared to facilitate shareholder rights, but that it said actually keeps shareholders from being able to nominate directors at a special shareholder meeting. The fund reiterated its plans to nominate a minority slate of five candidates for the CSX board at its upcoming annual meeting. (ffd: wire services)

(THU) Michigan Technological University announced a new rail transportation educational program to be taught at its Michigan Tech Transportation Institute. A spokesman for Michigan Tech said that it has made a three-year commitment to fund the program, which includes three courses in rail and transit engineering. The spokesman added that CSX has offered \$33,000 in underwriting for the program for 2008 and hoped to continue its support in succeeding years. (ffd: Railway Age)

(FRI) The New York City Transit Authority announced that its 2007 subway ridership totaled 1.56 billion passengers, the highest annual total since 1951. NYCTA said that weekday subway ridership now averaged more than 5 million, adding that its subway and bus ridership together totaled 2.3 billion, the most since 1969. Also this date, the Long Island Rail Road announced a "modern-day ridership record" of 86.1 million passengers in 2007, up 4.9 percent from its 2006 total and the highest annual ridership since 1949. (ffd: NYMTA, Railway Age) [NOTE: Please forgive the following comment from this editor, who remembers the subway's mid-1980s low ridership mark of 2.7 million mainly displeased passengers annually: "If you build it (or fix it), they will come."]

(FRI) CSX debuted an online "Carbon Calculator" feature on its website. A CSX spokesman said that the new feature quickly calculates, in a user-friendly manner, the carbon dioxide emission savings of specific rail shipments, providing comparative data among transportation choices. A CSX spokesman noted rail "as the most environmentally friendly and energy efficient land transportation option." (ffd: CSX Corp.)

STATS – TRAFFIC:

(THU) For the week ending February 2, 2008, U.S. rail volume grand totaled 33.2 billion ton-miles, up 2.2 percent from the comparable week last year. U.S. carload rail traffic was up 0.9 percent, down 0.1 percent in the East, but up 1.6 percent in the West. Also for the week, U.S. intermodal rail traffic was down 0.3 percent, Canadian carload rail traffic was down 10.7 percent, Canadian intermodal rail traffic was up 3.6 percent.

For the month of January, 2008, U.S. rail volume grand totaled 161.7 billion ton-miles, up 1.9 percent from January, 2007. U.S. carload rail traffic was up 0.9 percent. Notable traffic increases included grain up 14.6 percent, chemicals up 5.1 percent, and

coal up 1.9 percent; notable traffic decreases included coke down 33.8 percent, lumber and wood products down 23.5 percent, and crushed stone, sand and gravel down 4.6 percent. Also for January this year versus January last year, U.S. intermodal rail traffic was down 3.4 percent, Canadian carload rail traffic was down 3.1 percent, Canadian intermodal rail traffic was up 9.4 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was down 0.3 percent, and KCSM's intermodal rail traffic was up 11.1 percent. (ffd: AAR)

MORE STATS – OPERATING PERFORMANCE:

(NOTE: Effective October 1, 2005, railroads that had been furnishing operating performance statistics to the Association of American Railroads began applying a new standardized definitional framework, aimed at eliminating differences in calculation methodology. Concurrent with but unrelated to these changes, Canadian National elected to no longer furnish these statistics.)

(WED) For the week ending February 1, 2008 versus the comparable week last year, average total cars on line was as follows: BNSF, 229,322 cars versus 228,069 cars; Canadian Pacific, 81,618 cars versus 80,311 cars; CSX, 223,034 cars versus 223,735 cars; Kansas City Southern, 28,087 cars versus 28,866 cars; Norfolk Southern, 199,847 cars versus 202,324 cars; and Union Pacific, 306,453 cars versus 312,666 cars.

Also for the week ending February 1, 2008 versus the comparable week last year, average train speed was as follows: BNSF, 23.6 mph versus 23.4 mph; Canadian Pacific Railway, 23.4 mph versus 23.9 mph; CSX, 21.0 mph versus 20.3 mph; Kansas City Southern, 25.0 mph versus 23.8 mph; Norfolk Southern, 21.6 mph versus 21.8 mph; and Union Pacific, 22.0 mph versus 21.3 mph.

Finally for the week ending February 1, 2008 versus the comparable week last year, average terminal dwell time was as follows: BNSF, 27.6 hrs versus 24.4 hrs; Canadian Pacific Railway, 25.6 hrs versus 22.5 hrs; CSX, 22.4 hrs versus 23.7 hrs; Kansas City Southern, 22.2 hrs versus 24.4 hrs; Norfolk Southern, 21.3 hrs versus 20.8 hrs; and Union Pacific, 24.9 hrs versus 25.2 hrs. (ffd: AAR)

STILL MORE STATS – 4TH QTR., 2007 AND FULL YEAR 2007 RESULTS:

(TUE) For the Fourth Quarter, 2007 versus the Fourth Quarter, 2006, Kansas City Southern Railway reported net income of \$54.7 million, compared with \$40.6 million earlier. Revenues were \$460.3 million, versus \$442.4 million earlier. KCSR's operating ratio was 76.4 percent, compared with 80.1 percent earlier.

For the Full Year, 2007 versus the Full Year, 2006, KCSR reported net income of \$153.8 million, compared with \$108.9 million earlier. Revenues were \$1.7428 billion, compared with \$1.6597 billion earlier. KCSR's operating ratio was 79.2 percent, compared with 81.7 percent earlier. (ffd: KCS Corp.)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(SAT) BNSF opened its remodeled North Yard at the Seattle, WA International Gateway port facility. A BNSF spokesman said that the yard "has been redesigned with six new tracks totaling 7,800 feet and is served by new wide-span electric rail-mounted cranes," which the spokesman added was a first on BNSF. (ffd: BNSF Corp.)

(MON) New York Air Brake announced that it had acquired Klasing Hand Brake Company of Joliet, IL. A NYAB spokesman noted that Klasing has been a manufacturer of hand brakes, both lever-type and wheel-type, to the railroad industry since 1913. (ffd: Railway Age)

(TUE) In filings with the U.S. Securities & Exchange Commission, billionaire financier Carl Icahn and his affiliates said that they may explore the possibility of a merger between Greenbrier Companies and American Railcar. Icahn and affiliates own 83.7 percent of American Railcar stock and have recently purchased 9.5 percent of Greenbrier stock. The filing said that that Icahn and affiliates had as yet made no offer to Greenbrier. (ffd: Progressive Railroading, wire services)

(FRI) Steel manufacturer Nucor Corporation announced their intention to acquire the stock of SHV North America Corporation, which owns 100 percent of the D.J. Joseph Company. Founded in 1885, D.J. Joseph is a longtime scraper of rail cars and equipment, and has been the broker of ferrous scrap to Nucor and its predecessor companies since 1969. (ffd: Railway Age)

(FRI) The accounting and consulting firm PricewaterhouseCoopers reported that mergers and acquisitions among transportation and logistics firms totaled 1,291 in 2007, a 20-year high. However, the firm said that total deal value dropped to \$83 billion, only about half the 20-year value high of \$164 billion reached in 2006, a year in which several very large deals were consummated. (ffd: Progressive Railroading)

(FRI) Iowa, Chicago & Eastern Railroad granted modified overhead trackage rights to Union Pacific over approximately 44 miles of ICE line between Emmetsburg, IA and Hartley, IA. The purpose of the trackage rights is allow UP "to set out and pick up traffic at the VeraSun Hartley facility at Hartley, IA, for as long as this facility is operated by VeraSun." (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Canadian National announced the appointment of Russell Hiscock as president of CN Investment Division, which manages the Canadian pension fund assets of CN. Mr. Hiscock succeeds Tullio Cedraschi, who is retiring. In announcing the change, a CN spokesman reflected on Mr. Cedraschi as "one of the most successful pension fund managers in Canada." (ffd: CN Corp.)

(MON) Kansas City Southern appointed John Derry its VP-Human Resources. Mr. Derry was most recently VP-Human Resources for YRCW-Yellow Transportation. (ffd: KCS Corp.)

(TUE) Norfolk Southern appointed Harold Mobley its VP-Labor Relations. Mr. Mobley succeeds Mark MacMahon, who has announced his retirement from NS effective March 1, following 32 years' service with NS and predecessor companies. (ffd: NS Corp.)

(THU) BNSF appointed John Miller its AVP-Agricultural Products, effective March 3. Mr. Miller was most recently with the Scoular Company. (ffd: BNSF Corp.)

(FRI) The passing of John Ingram was announced. Mr. Ingram died January 27 in Palm Harbor, FL. Mr. Ingram was a chief administrator of the Federal Railroad Administration during the Nixon and Ford Administrations, and was later CEO of the Rock Island Railroad prior to its dissolution in the early 1980s. (ffd: Trains)

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(NOTE: From time to time, I receive email queries from persons who had earlier asked to receive WRR and had not lately received it, although they are aware of others who had. Often, it has turned out that their junk mail or "spam" filters have blocked emails sent to them as a blind copy; I send WRR as a blind copy to try to protect the privacy of a person's email address. Several

individuals who have encountered the blocking problem have told me to try sending WRR to them as a directly addressed email, and doing this seems to have allowed them to again receive it. So if you do not receive WRR and are aware of friends who have, and suspect that this may be the result of a filter, let me know if you would like me to send WRR to you as a "from//to" email. Dave M.)

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Weekly Rail Review (WRR) is edited from public news sources and published weekly to those working in, or interested in, rail and transit. Send an e-mail to weeklyrailreview@aol.com to weeklyrailreview@aol.com receive it, with my compliments.

BE SAFE AND PROSPER,

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