

WEEKLY RAIL RECAP

For the week ending SAT, July 27, 2002

By Dave Mears

(NOTE: The expression "ffd" at the end of a news item means "for further details" and usually represents what I believe to be the most helpful news resource if a reader wants more information on a particular item.)

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

(MON) The Brotherhood of Locomotive Engineers announced the ratification the previous Friday of their new contract with Canadian National/Illinois Central. Among its new provisions, the contract replaces mileage-based compensation with an hourly rate, includes a lifetime job security benefit and halves employee-paid health insurance contributions. The new contract also eliminates the two-tier setup for selected locomotive engineer compensations, stemming from the 1985 BofLE national agreement model, with the result that all CN/IC engineers will now receive the same pay rate structure.

(TUE) The U.S. National Transportation Safety Board issued its report on the grade crossing crash involving an Amtrak train on CSX tracks in Intercession City, FL. on November 17, 2000. The NTSB said that the crash was the fault of the owner of the vehicle, which was oversized, to provide for its safe passage over the crossing. The NTSB report urged all states to rewrite their uniform vehicle codes and related traffic laws to require advance notification to railroads of any low-clearance or slow-moving vehicles to be moved over crossings. (ffd: NTSB)

(TUE) Countering earlier industry estimates, the American Railway Car Institute reported that new rail car orders increased to 6,973 in 2nd Qtr., 2002, the highest quarterly new car order total since 1st Qtr., 2001. ARCI also reported that new car deliveries in the second quarter totaled 4,155, with order backlog totaling 9,281. An ARCI spokesman said that orders were driven by demand for tank, intermodal flat and aluminum coal cars. (ffd: ARCI)

(TUE) Shareholders of defunct British rail infrastructure owner/operator Railtrack approved the British government's plan to sell Railtrack's assets to a new quasi-public corporation, Network Rail. The sale price totaled approximately \$780 million, with Railtrack shareholders receiving approximately \$3.90 per share. Shareholders also voted to sell Railtrack's stake in the new high-speed line now being built between London and Folkstone to connect with the Channel Tunnel for an additional \$585 million. (ffd: wire services)

(WED) The U.S. Senate Appropriations Committee voted to provide FY2003 funding for Amtrak totaling \$1.2 billion. The appropriation is included as part of a FY2003 federal transportation spending bill totaling \$64.6 billion, which is expected to be debated by the full Senate in September. Although the voted \$1.2 billion mirrors Amtrak's FY2003 funding request, it is opposed by the Bush Administration, which has proposed appropriations greater than last year's \$521 million only when coupled with what it calls "long-term reforms" to Amtrak. (ffd: NARP, wire services)

(WED) The CSX, Transportacion Ferroviaria Mexicana and Union Pacific railroads announced a new program providing improved coordinated services for traffic between the U.S. and Mexico. Included in the program are single quotes for selected movements and the option for a single freight bill in U.S. dollars. In a joint statement, the 3 railroads said that the program would initially apply to only to shipments of coil and sheet steel, but that the program would likely be applied to a full range of commodities by 2003. (ffd: CSX Corp.)

(WED) 2 men attempted to hijack a passenger train traveling between Dublin, Ireland and Belfast, Northern Ireland. The 2 men, who were believed to be linked to a faction of the Irish Republican Army, stood with guns in front of the train as it approached a secluded rural area, causing the engineer to slow the train to a near stop, and then shot out the windows of the locomotive in an attempt to gain access. However, the engineer accelerated the train and the 2 men became unable to board it. The train then continued to Belfast, with no injuries reported either to crew or passengers. (ffd: wire services)

(THU) A new study suggested that moving at least 25 percent of the freight traveling through major U.S. metropolitan areas from truck to rail would significantly decrease traffic congestion in those areas. The study, entitled "Gridlock Relief: Freight Rail's Role in Reducing Gridlock," was prepared by Transportation Consultant Wendell Cox, in connection with the Texas Transportation Institute and the Association of American Railroads. The study also reported polling results stating that 63 percent of Americans favored moving more freight from truck to rail. (ffd: AAR)

(FRI) The U.S. Surface Transportation Board issued its annual determination, for 2001, of railroad revenue adequacy. The STB said that it considers a railroad revenue adequate if its return on net investment (ROI) equals or exceeds the railroad industry's cost of capital, which it said was 10.2 percent in 2001. The STB said that under this criteria no Class I railroad

was revenue adequate in 2001. (ffd: STB)

(FRI) New York's Metropolitan Transportation Authority said that its No. 1/9 subway line, service on which has been suspended since the September 11 World Trade Center collapse, would reopen in September. An MTA spokesman said the rebuilding of the line through the WTC complex was now nearly complete. In a related story, a New York City Transit Authority spokesman said that subway system ridership had increased over the last several years such that it now numbers nearly 5 million riders daily. (ffd: New York Post)

STATS:

(THU) For the week ending July 20, U.S. carload rail traffic was up 0.2 percent from the comparable week last year, down 1.0 percent in the East and up 1.2 percent in the West. This week this year versus this week last year, notable traffic increases included metallic ores up 35.8 percent, non-grain farm products up 27.3 percent and nonmetallic minerals up 24.9 percent; notable traffic decreases included primary forest products down 9.3 percent, coke down 7.2 percent and coal down 6.4 percent. Also for the week ending July 20, U.S. intermodal rail traffic was up 10.6 percent, Canadian carload rail traffic was down 3.3 percent, Canadian intermodal rail traffic was up 15.0 percent, Mexico's Transportacion Ferroviaria Mexicana's carload rail traffic was up 2.4 percent and TFM's intermodal rail traffic was up 15.7 percent, all when ranked with the comparable week last year.

For the period January 1 through July 20, U.S. carload rail traffic was down 1.8 percent, U.S. intermodal rail traffic was up 4.5 percent, Canadian carload rail traffic was down 3.3 percent, Canadian intermodal rail traffic was up 7.8 percent, TFM's carload rail traffic was down 1.8 percent and TFM's intermodal rail traffic was up 6.7 percent, all when ranked with the comparable week last year. (ffd: AAR)

STATS CONT. - 2nd QTR., 2002 RESULTS - PART 2:

(MON) Canadian National reported second quarter net income of \$280 million, an increase from \$217 million in the second quarter last year. Revenues were \$1.55 billion, an increase from \$1.39 billion in the second quarter last year. CN also reported a 68.4 percent operating ratio, an increase from 68.1 percent in the second quarter last year. (ffd: CN Corp.)

(TUE) Burlington Northern Santa Fe reported second quarter net income of \$194 million, a decrease from \$195 million in the second quarter last year. Revenues were \$2.21 billion, a decrease from \$2.27 billion in the second quarter last year. BNSF also reported an 81.4 percent operating ratio, an increase from 80.9 percent in the second quarter last year. (ffd: BNSF Corp.)

(WED) Canadian Pacific Railway reported second quarter net income of \$169 million, an increase from \$126 million in the second quarter last year. Revenues were \$923 million, a decrease from \$932 million in the second quarter last year. CPR also reported a 78.0 percent operating ratio, a decrease from 80.7 percent in the second quarter last year. (ffd: CPR Corp.)

(WED) Norfolk Southern reported second quarter net income of \$119 million, an increase from \$107 million in the second quarter last year. Revenues were \$1.593 billion, an increase from \$1.592 billion in the second quarter last year. NS also reported an 81.9 percent operating ratio, a decrease from 84.5 percent in the second quarter last year. (ffd: NS Corp.)

(THU) CSX reported second quarter net income of \$135 million, an increase from \$108 million in the second quarter last year. Revenues were \$2.07 billion, an increase from \$2.06 billion in the second quarter last year. (ffd: CSX Corp.)

(THU) Kansas City Southern Railway reported second quarter net income of \$14.5 million, an increase from \$4.7 million in the second quarter last year. Revenues were \$137.9 million, compared \$143.2 million in the second quarter last year. KCS also reported an 86.5 percent operating ratio, a decrease from 88.1 percent in the second quarter last year. (ffd: KCS Corp.)

ACQUISITIONS, ABANDONMENTS AND ALIKE:

(TUE) The Ohio & Pennsylvania Railroad filed to acquire, from CSX, and operate approximately 1 mile of line in Lowellville, OH. (ffd: STB)

(WED) The South Kansas & Oklahoma Railroad filed to lease, from Burlington Northern Santa Fe, and operate approximately 6 miles of line between Pittsburg, KS. and Cherokee, KS. (ffd: STB)

(THU) In furtherance of an earlier announced trackage rights agreement, Canadian Pacific/Delaware and Hudson filed to grant trackage rights to Norfolk Southern between Sunbury, PA. and Mechanicville, PA., totaling approximately 285 miles. (ffd: STB)

(THU) In furtherance of an earlier announced trackage rights agreement, the Reading, Blue Mountain & Northern filed to grant trackage rights to Norfolk Southern between Lehigh, PA. and Dupont, PA., totaling approximately 57 miles. (ffd: STB)

(FRI) The Chicago, Central & Pacific Railroad filed to abandon approximately 4 miles of its Marion-Louisa Industrial Lead Track, located in Linn County, IA. (ffd: STB)

CHANGING PEOPLE AND PLACES:

(MON) CSX appointed Robert Bernard VP-Labor Relations. CSX also appointed Bob Downing VP-Safety. Replacing Mr. Downing as VP-Northeast Region will be Gil Kovar. Replacing Mr. Kovar as GM-Baltimore Division will be Cindy Sanborn, previously GM-Detroit Division; Ms. Sanborn is the daughter of the late Richard Sanborn, a CSX president in the 1980's. Replacing Ms. Sanborn as GM-Detroit Division will be Peter Burrus, most recently with CSX's Florence Division.

(TUE) The rail services supplier Railworks, presently in bankruptcy reorganization, appointed Ab Rees Chairman and CEO; Mr. Rees was most recently SVP of Kansas City Southern Railway. Railworks also appointed Jim Kimsey President and COO. (ffd: Railworks Corp.)

(FRI) Union Pacific appointed James Dolan Vice-Chairman; Mr. Dolan was most recently UP's VP-Law. Replacing Mr. Dolan as VP-Law will be J. Michael Hemmer, a partner at the Washington, D.C. law firm of Covington & Burling. (ffd: UP Corp.)

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Thanks to Jim Cartin, Joe "Tuch" Santucci and Bill Vigrass for relaying on news items this week.

Weekly Rail Recap is edited from public news sources and published weekly, usually on Sunday or Monday, to the rail and transit industries and those interested in them. Send an e-mail to djmservices@aol.com to receive it, with my compliments.

HAVE A SAFE AND PROSPEROUS WEEK,
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