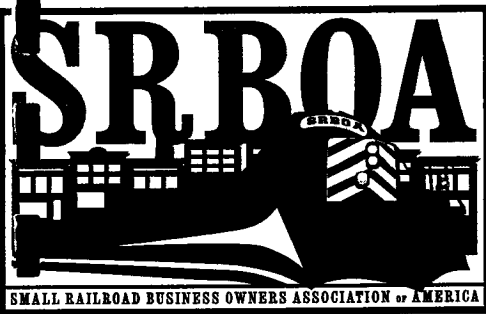




10585

BRIEFING AND PRESS KIT

BEFORE THE US SURFACE TRANSPORTATION

BOARD, MUNDELEIN, ILLINOIS

**In conjunction with and providing background
For our presentation before the Board this date.**

AUGUST 26TH, 2008

For further information, please contact

John W. Gohmann, 847-910-5857

For more copies, contact Lory Zimmerman,
847-549-0483

Presenter

John W. Gohmann, President, Small Railroad Business Owners of America,
President, Minnesota Commercial Transportation Co.,
Operating 48 state trucking, regional railroad and
Warehousing – transloading, in the Metro Twin Cities

43 Years in transportation, beginning 1965 as brakeman in Iowa on the Milwaukee Road, Then Chief yard Clerk, Chicago and Northwestern, then Cost Analyst – Industrial Engineer, Car Service Supervisor, Supervisor, Labor Relations, EJ&E, Chicago, Gary And Joliet, Carrier Member and Chairman, National Railroad Adjustment Board, Chicago, 1976 to 1980, founded Gohmann and Associates, 1980 – consulted in Eastern Rail bankruptcy restructuring to transit agencies (Septa, NJ Transit, Metro North and others) and US Government (United States Railway Association), assisted in formation of many regional and small railroads arising from bankruptcies of Milwaukee and Rock Island Railroads, founder, company that is now Chicago Rail Link, providing switching and transfer services to many railroads and former Rock Island customers, and founder, Iowa Northern railway/ Assisted many other corporations, such as Boise Cascade, Georgia Pacific, Southwest Forest Industries, and International Paper on rail line acquisitions and structuring, and, assisted carriers such as Burlington Northern, Soo Line, Southern Pacific, Ann Arbor, Bangor and Aroostook, Delaware and Hudson, and, many others in similar endeavors, and, many shortlines around the USA

Residence – Libertyville Illinois

Education

BA, Business Administration, Coe College, Cedar Rapids
MBA, Governors State University, University Park, Ill.

Pass Out A Bankruptcies, Mergers and Downsizing which Affected
Rail Capacity and Traffic Flows in Metro- Chicago

Anatomy of Rail Restructuring, mergers and traffic rerouting - East - 1970 -present

Penn Central formed by merger of Pennsylvania, New York central and including in
bankruptcy of the New Haven in 1968.. declared bankruptcy June, 1970

Causes - rate regulation, massive switch of freight and passenger traffic to highways due to completion of the Interstate system and advancing airline industry, and, regulation of service by ICC, making quick abandonments or sales to other carriers a long and drawn out - taking over a year and sometimes denied, addled with regulated and money losing commuter service, and, high labor costs.

Within months or just a year after this bankruptcy, several other eastern lines declared bankruptcy - Lehigh and Hudson River, Lehigh Valley, Central RR of New Jersey among them.. causes basically the same.

(Note - Amtrak is formed May 1, 1971, primarily due to high passenger train losses of the Penn Central, over half a billion dollars in 1970, incurring over half of all passenger train losses in the USA of all railroads still operating private passenger service (CNW< ATSF, BN, UP, Milwaukee, GTW, Southern, Seaboard Coast Line, Southern pacific, Rio Grande, Rock Island, Louisville and Nashville and Illinois Central, B&O-C&O, Missouri Pacific and a few others).

1974

Major competitor of the Penn Central, the Erie Lackawanna, between Chicago and New York, suffers financial losses and marginal profits but remains solvent.. It is hit by Hurricane Agnes, suffers millions of dollars of damage, and declares bankruptcy..

1976 - Congress Passes the Northeast Rail Restructuring Act, and, includes all the above bankrupt railroads into a new company, Consolidated Rail Corporation (Conrail) and begins massive subsidies to keep these lines operating, creating the United States railway Association, and, giving Conrail and the USRA a mandate to develop a plan for solvency.

1981 - USRA issues final system plan.. The entire east west line of the Erie Lackawanna Between Chicago and western New York will be torn up for scrap (New York State purchased the line in New York to service local customers), the former Pennsylvania Railroad between Chicago and Harrisburg will be downgraded, other parallel lines of the PRR and NYC will be rationalized and one kept in place, the other line, abandoned (for example, St. Louis lines to eastern connections with mainlines in Ohio and PA), and, the former NYC mainline, the shortest and flattest railroad between New York and Chicago, is chosen to be the main freight route between the cities..

1982- Congress implements the final system plan, ending over 7 billion US taxpayer dollars to continue subsidizing these redundant lines.

By 1986 –1987, the diversions of traffic over former component lines to the survivor line is completed. Most dramatically impacted is the former NYC Chicago – New York line, which saw an increase of dozens of trains a day along the entire route, including coal trains, merchandise trains, and intermodal trains.. This mainline received several billion dollars of public funding to upgrade it. It runs through rich and poor neighborhoods, alike for well over a thousand miles in the east.... Conrail was sold by the US Government in an auction for over 1 billion dollars in 1987 –1988 and became publically traded.

The attached maps from the Official Railway Guide of 1965 show in orange routes of these major carriers which were downgraded and from which traffic was rerouted, and, Green, the former NYC “Water Level Route” which was the best engineered and flattest and shortest route chosen to receive all the rerouted traffic..

Parenthetically, in 2000, Norfolk Southern and CSX devised a plan to purchase and dvide up Conrail to again provide competition in the east over thousand of miles of territory where Conrail had gained a monopoly. The traffic on the former NYC mainline remains very strong, as its has become the NS’ primary high speed freight route between the east and Chicago..

Note – the Conrail reorganization caused the closing of many rail consolidation yards in the Chicago area, including yards of the Erie Lackawanna, and some yards of the NYC and PRR railroads. There was adequate capacity at the time and rerouted traffic had to be handled in the yards which reached the newly constituted mainroutes.. Excess property was sold for real estate..

Pass Out B

Anatomy of Rail Bankruptcies – Midwest – 1970 to 1980

1976- two major carriers, one operating from Chicago to the Gulf of Mexico (Rock Island) and another, from Chicago to Seattle (Milwaukee Road), declare bankruptcy

Congress decides it will not subsidize these operations, and, allows them to reorganize and curtail or shutdown operations. The Rock Island is shut down totally on March 31, 1980, with some of its routes to be acquired by states and others by private entities over the next five to seven years.. The Milwaukee road abandons thousands of miles, including its Omaha mainline and its transcontinental mainline the same day in 1980. Portions of these lines are acquired by states or private entities over the next five to ten years. Thousands of railroad employees lose their jobs, as was also the case with Conrail, getting little severance pay..

Again, some yard capacity in Chicago is lost. Most of the Rock Island Blue Island and South Chicago Yards are torn up, and some satellite yards of the Milwaukee are removed.

More interchanges with other roads are closed as traffic between east and west carriers went to other railroads which remained in business.

1986

Soo Line, then a US company but controlled by Canadian Pacific, acquired the remainder of the Milwaukee Road system between Chicago and Mpls, Chicago and Kansas City, and several branch lines. This begins a continually growing trend, along with more Metra traffic, to increase train traffic on the North line, including villages of Bryn Mawr, Glenview, Morton Grove, Northbrook, Deerfield and Lake Forest..

Comparative Daily Train Traffic 1980 to Present

Milwaukee road traffic,
1980-1986
52-55
Including Amtrak
And commuter

1987 to present (CP acquires balance of Soo Line
and mergers system, creating direct Canada to
Chicago mainline
train traffic increases to 80 to 90 per day,
including increased Amtrak and Metra traffic.

Note Soo Line “rationalized” its duplicate Chicago to Minneapolis route by selling it to a new carrier, the Wisconsin Central, in the fall of 1987. CN then acquired the WC in fall, 2002.

Anatomy of Rail Mergers West

Note- these were all private mergers approved by the ICC, predecessor to the STB, and found in the public interest to better serve rail shippers with more direct, more efficient routes..

Current Burlington Northern Santa Fe

Burlington Route becomes Burlington Northern
By merger of the CB&Q, Great Northern, Northern Pacific and Spokane Portland and Seattle Railroad 1970, acquires Frisco in 1980

1997 – Burlington Northern becomes BNSF

Daily Number of freight and passenger and commuter train on
Chicago to Aurora Mainline
(including towns of Cicero, Berwyn, Lagrange, Hinsdale, Clarendon Hills,
Westmont, Downers Grove, Naperville and others.)
(averages taken from records, and discussions.)

Burlington RR Operation, 1960 –1970 45–65	BN Operations, 1970-1997 60 to 90	BNSF Operations, to 2008 1997 – 90 Present – 135 plus
--	---	---

Grade crossing blockage (defined as gate down time) as percentage of total hours of day
33–35% (24 hours)

Current Union Pacific

UP acquires Missouri Pacific, Western Pacific then Katy in 1980's, in 1985, it acquires Chicago and Northwestern, and, in 1998, Denver Rio Grande and Western and Southern Pacific to form the nation's largest railroad (BNSF is second largest)..

UP has four major routes leading out from Chicago. Three of them carry Metra traffic, and, its business is the former CNW mainline from Chicago to Omaha, running through suburbs of Proviso, Elmhurst, Lombard, Glen Ellyn, Wheaton, Geneva, Oak Park and West Chicago (gate down time here is approximated to be 25%)

	Comparative daily Train Traffic from 1980 to Present, including freight and Metra traffic	
1980 to 1995 (UP Merger) 45 to 55	1996 to 1998 65 to 85	1998 to Present with inclusion of SP- Rio Grande 110 plus

Several items of importance

Traffic increases on all three of these major routes, all running through dozens of Chicago suburbs from extreme levels of wealth to almost poverty, is the result of increased Metra demands for more service, (which the freight railroads provide at very reasonable rates – except for the Milwaukee North Line, which was sold to Metra and freight trackage rights retained by the Milwaukee Road in reorganization), plus the use of federally mandated low sulphur coal from the Powder River Basin going all over the US and to Illinois and midwestern plants as well, the increase in foreign trade, handled in container trains, and, general increases in demand for rail traffic due to record high fuel prices..

Under federal law, the rail industry has the DUTY to operate a privately funded, profitable and efficient rail system.. For over 100 years, that has meant mergers, consolidations and routing of traffic the most direct, efficient routes. Today, in many cases, SHIPPERS control the routing based on lowest cost, lowest route choices, and, theoretically, pass that on to consumers...In the case of Conrail, antiquated federal rate and service regulatory barriers shared the cause of this failure, and, similarly, the inability of Midwestern roads Milwaukee and Rock Island to set rates that covered their costs, due to rate regulation, and the inability to shed some money losing branches, played a large part in their demise.. In 1964, Union Pacific announced its intentions to acquire the Rock Island.. A long, elongated political regulatory process took over six years for the ICC to approve the acquisition, and, by that time, both traffic and the physical plant of the Rock Island had deteriorated so much UP declined to rescue the line.. The Milwaukee Road and the CNW proposed a merger in 1968, and, the ICC took over three years and declined that merger due to alleged anti competitive factors. The plan was to allow the two railroads to consolidate routes and operations along hundreds of miles of track and at many yards and terminals..

Not ten years later, the CNW acquired some of the Milwaukee lines after Milwaukee abandoned them in bankruptcy, but, service to thousands of miles of shippers and much rail capacity was lost, just as was the case with the failure of the Conrail component lines just ten years earlier.

This caused the US Congress, lead, ironically, by a democrat, Congressman Harley Staggers of West Virginia, to pass the Rail Deregulation Act of 1979, called the Staggers Act, allowing railroad pricing freedom, just like its truck competitors who then and now still move a good 85 of all intercity freight. The Act set up strict time limits for ICC (now STB) approval, realizing that financial commitments and wearwithall are not long lasting, (even more so in this terrible economy with growing bank failures and credit crunches looming due to bank failures,causingt he availability of capital to markedly decline and the cost, markedly increase..).

It also made it easier for railroads to sell marginal or unprofitable lines on as little as a 30 to 90 day notice, and, exempt from regulatory barriers..

This allowed the industry a time to consolidate, reduce costs, and improve service, and, in fact, lower costs to rail shippers/ consumers..

See pass out D

As traffic grew along all three of these major routes to up to 35% of "gate down" time, There were periods of adjustment, but cooperation between the Ill DOT, Federal Highway Administration, Federal Railroad Administration and the involved routes found solutions. In some instances, new signaling was the answer, in some, under or overpasses was the solution, and more recently, quiet zones and new technology crossing gating was the answer. In each case, established Federal State standards, based on vehicular as well as train traffic and speed of both modes, determined the solution.. In other instances, reducing delays of times of Metra trains sitting in suburban stations by specialized gate triggering circuitry relieved gate down time. (Metra station time, and the slowing down before and acceleration after a station stop) can oftentimes take over 4 minutes per train, particularly at rush hour,, longer than any freight train). It remains today an ongoing, evolutionary process that changes as vehicular traffic and train traffic flows change – for example, the opening of I355 south to Joliet recently will relieve some of the secondary roads in the service area of the "J: of some traffic, as would an extension of this road North from its current terminus at Lake Cook Road, creating improved secondary roads (feeder roads) where overpasses can be built – such as the overpass of Lake Cook over the CN mainline, and another over the former Milwaukee Road mainline just north of the new Glenview North station (serving the former US Naval Base, now developed into its own little community.). These are just examples..

The maximum gate down time estimated by the state and federal authorities for the area of the EJ&E that will receive the greatest increase in traffic is a maximum of 10%., piling in comparison to the growth and current traffic levels

The checks, balances and systems are in place and they will work. There is no reason why this vital CN acquisition of the EJ&E should be turned away. Its vital to the future of the national transportation network!

Note

Along the routes of the CP, UP, and BNSF, one will see many fire stations, hospitals and schools located near the tracks.. These have all coexisted and been able to provide excellent response and community services even with the increased train traffic.

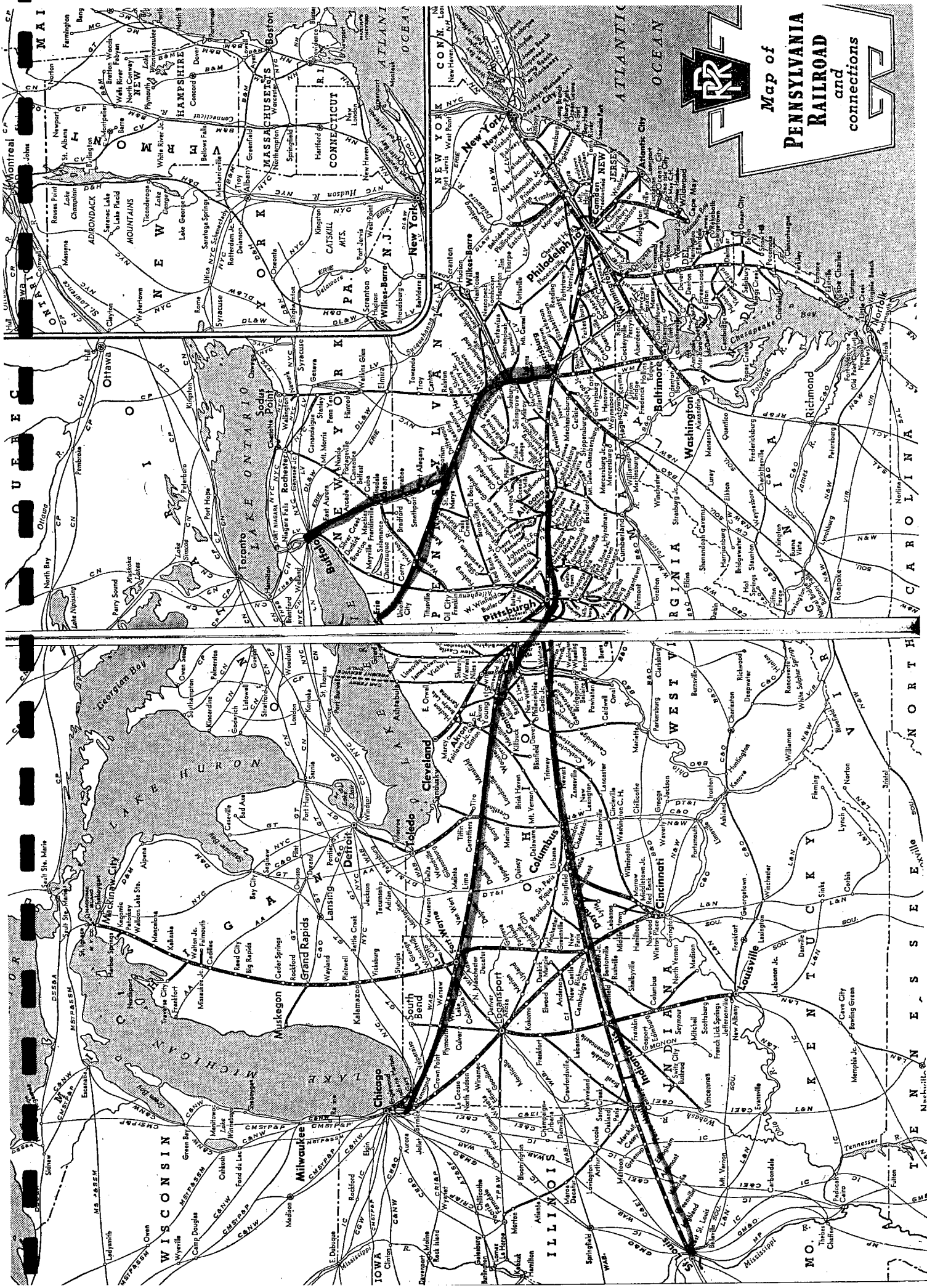
Procedures have been put in place, as CN proposes and the EIS study proposes, which will make this work.. For example, Lake Forest Middle School is parallel to the CP mainline just south of Route 60, a new firestation was constructed by Libertyville a few years ago on Atkinson road just east of the CP mainline, a fire station exists along Route 43 In Lake Forest about a block from the CP mainline, and, there is a fire station within a few blocks of the CP mainline (METRA) in Glenview..

Grade Crossing Impact

Mundelein to Munger	Munger - West Chicago- Joliet	Joliet East to Gary
20 trains	24 to 32 trains	34 to 40 trains
	Max volumn south or Aurora, BN Connection	
one train every 80 minutes	Munger West Chicago One train every hour	One train every about 40 minutes
	West Chicago to South Eola Jct (Aurora south) One train every 55 minutes	
	Eola Jct . Joliet	
	One train every 50 minutes	

These are estimates based on projections only, but, indicate that while traffic will increase, its far from the volumn (not even 40%) of what exists on the UP and BNSF mainlines, where dozens of towns and communities and millions live, where there are from between six and eight or nine trains per hour.. Again, all these communities have survived and prospered... This traffic on these two lines is at least sixty freight trains a day, and, more close to 80-90 per day on the BNSF..

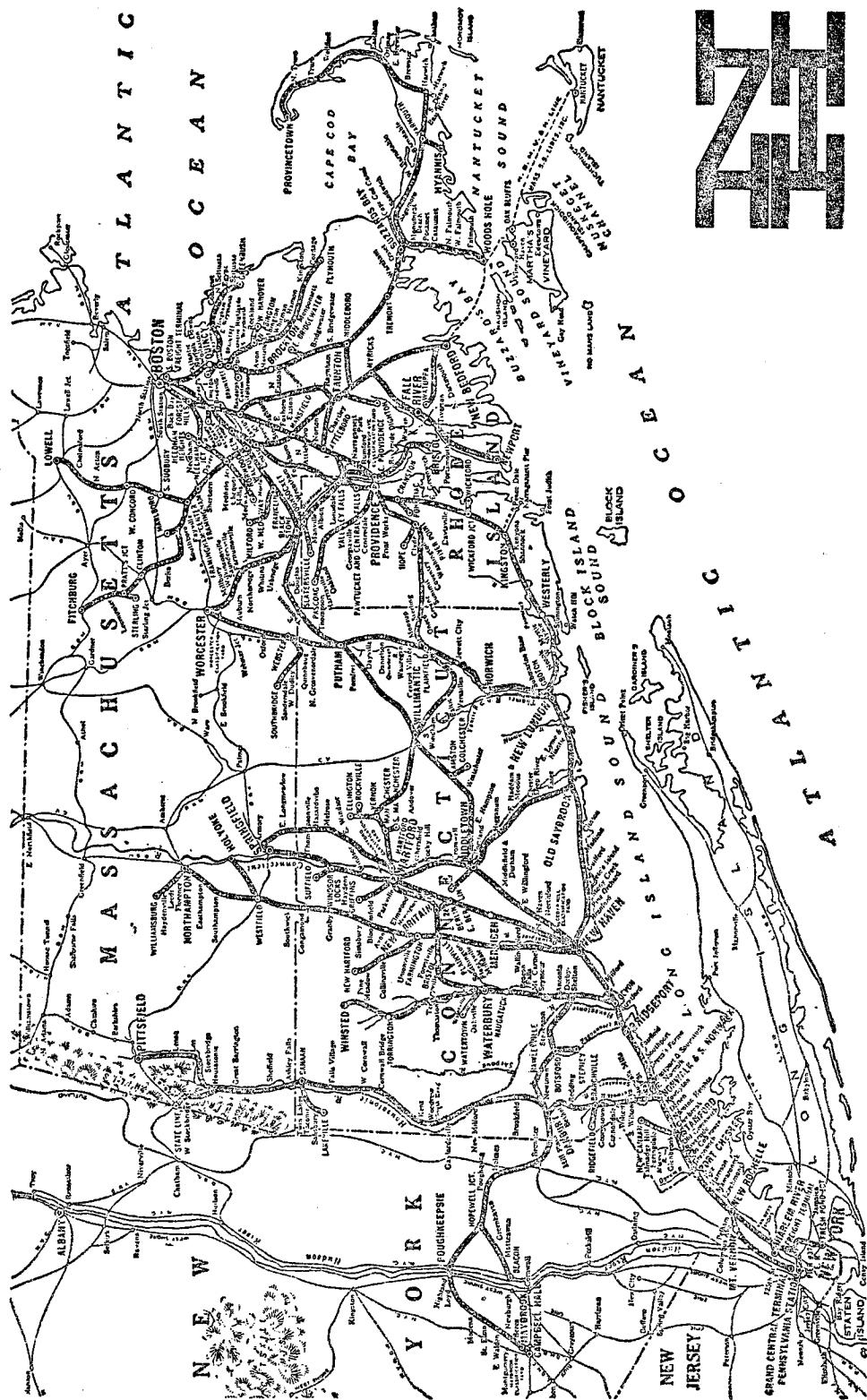
(Traffic varies by days of the week and by hours and times, and there is less Metra traffic on Saturdays and even less on Sundays on all these lines).. On the Metra North Line of the CN, there is NO WEEKEND COMPUTER SERVICE.



Map of
**PENNSYLVANIA
RAILROAD**
and
connections

THE NEW HAVEN RAILROAD

Total Mileage, 1,838.89.



MAP OF NEW HAVEN RAILROAD SYSTEM AND PRINCIPAL CONNECTIONS

THE NEW
54 Meadow Street
Tel. 10

GEORGE ALPERT, I

A. G. KUHNBACH, M
J. E. BERG, Assh
R. H. BREITEN
H. H. COYLE, C
J. H. GARDNER
J. W. GRADY, G
W. F. WHITCOM
F. J. ORNER, Vice-P
J. J. GAHERIN,
C. E. RAGLAND,
R. H. DAVIS, M
C. A. GOODWIN,
H. W. JENKINS
A. W. ROHDE, D
W. SCHEIBLER

J. F. LARKIN, Secre

OPERATING
W. SCHEIBLER, General Sur
F. E. MORAN, Jr., Superir

J. A. GREGG, Superintend
F. E. MORAN, Sr., Superinten

B. J. LAWLOR, Supt. Freight
W. K. KING, Superintendent
H. M. SILVERSTEIN, Manag

N. A. WALSH, Assistant

P. P. PELL, Director of Truck
Coordin
J. M. FINCH, Director of Rest

J. J.
J. J. DUFFY, Director, Labor

J. E. DOYLE, General Purcha

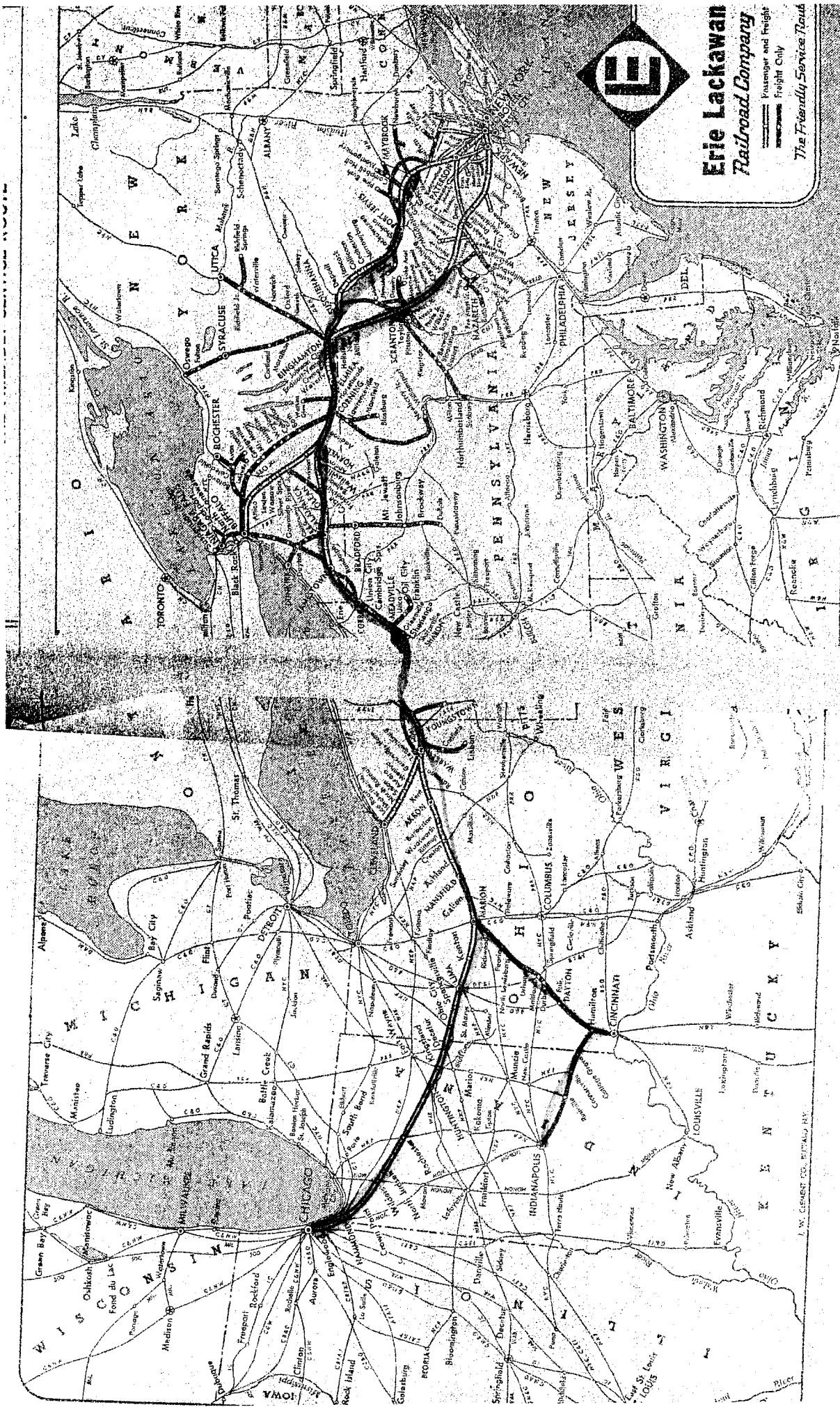
W. P. KENNEDY, Assistant
T. J. AHEEN, Auditor of Fre
E. F. JONES, Auditor of Pass
G. J. CROSBY, Auditor of Dis
E. F. SHEEHAN, Auditor of I

R. H. BREITENSTEIN, Treas
WALTER PEER, Cashier,
W. S. HILDEBRAND, Cashier

H. H. CORBIN, General Solicit
W. E. BOYLE, Counsel,
W. P. JONES, Counsel,

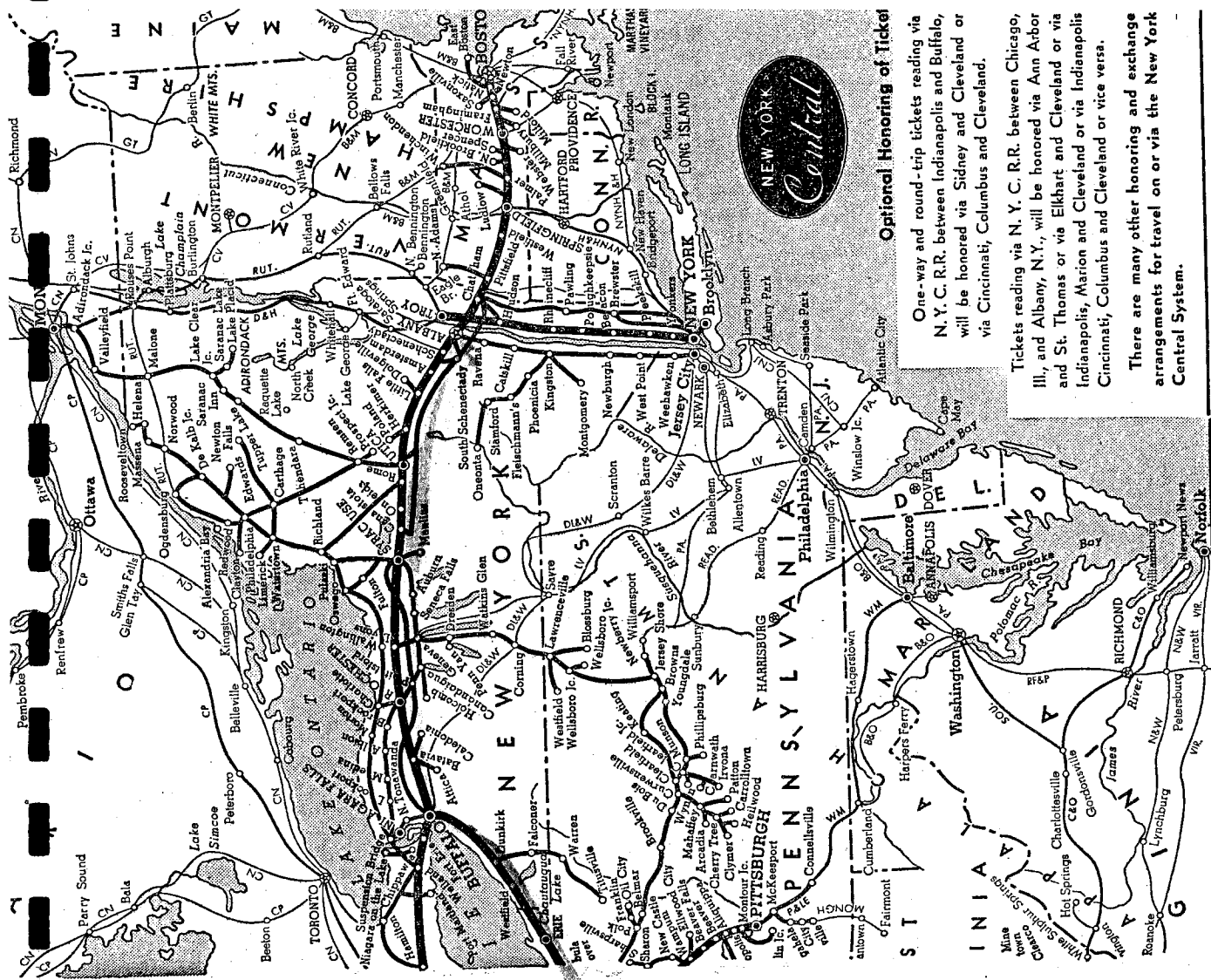
G. A. HELLWIG, Assistant t
F. W. DILLMAN, District Re

O. R. SMITH, Assistant Secre



Serving the Heart of Industrial America with
The New Erie Lackawanna Operates 3031 Miles of

Dependable Passenger and Freight Service
Railroad in Six States between New York and Chicago



Optional Honoring of Ticket

One-way and round-trip tickets reading via N.Y.C.R.R. between Indianapolis and Buffalo, will be honored via Sidney and Cleveland or via Cincinnati, Columbus and Cleveland.

Tickets reading via N.Y.C.R.R. between Chicago, Ill., and Albany, N.Y., will be honored via Ann Arbor and St. Thomas or via Elkhart and Cleveland or via Indianapolis, Marion and Cleveland or via Indianapolis Cincinnati, Columbus and Cleveland or vice versa.

There are many other honoring and exchange arrangements for travel on or via the New York Central System.



Pass Out C

The CN is among the smaller of the large class I Railroads

In terms of revenue, CN is not quite half the size of Union Pacific or Burlington Northern and smaller than the two major eastern railroads, NS and CSX.

North American Freight Railroad Statistics

ASSOCIATION OF AMERICAN RAILROADS – POLICY & ECONOMICS DEPARTMENT

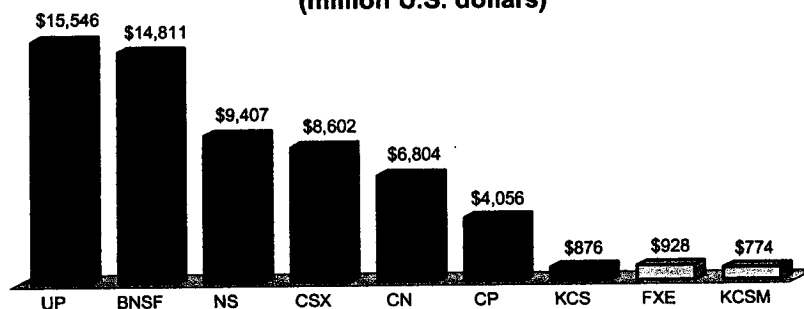
North American Railroads

With the exception of freight cars, statistics include all U.S. railroads, the two largest Canadian railroads, and the two largest Mexican railroads. Freight car figures include all railroads and all owners. The tons and carloads originated may contain some double-counting on freight that was re-billed as it crossed the U.S.-Mexican border.

	2005	2006
Resources		
Miles of Road Operated Less Trackage Rights	168,711	169,324
Miles of Road Operated	201,854	202,763
Freight Cars in Service, Railroad Owned	781,241	776,750
Freight Cars in Service, All Owners	1,534,717	1,563,750
Employment		
Number of Employees	221,167	225,878
Traffic		
Carloads Originated (million)	41.38	37.87
Tons Originated (billion)	2.55	n.a.
Ton-miles (trillion)	2.04	n.a.
Financial		
Freight Revenue (billion)	\$56.4	\$63.8

n.a. - not yet available

Major North American Railroads By 2006 Operating Revenue
(million U.S. dollars)



Pass Out D

To understand the rail congestion in Chicago, a study of industry trends of the past 28 years is meaningful.

Following the Staggers Rail Act, and, the massive eastern downsizing, rerouting of traffic, and, and restructuring (the two key events critical to the resurrection of the industry), the large railroads spun off some 80,000 mile of secondary and branchlines and other marginal operations.. The first chart shows that overall, on an inflation adjusted basis, the efficiencies allowed the industry to pass on savings to the American consumer – as both freight revenue on a current and on a 1994 constant basis declined.. the next, a color chart, depicts this and other key industry statistics since the passage of Staggers.

The next two pages of charts depict that from 1980 through 1995, rail traffic in originated tons for the rail industry was relatively constant – it varied between 1.4 and 1.6. billion originated ton miles.

Remember that as a result the Rock Island and Milwaukee bankruptcies, plus the massive reorganizations,, rerouting and downsizing in the east, substantial yard and classification space was lost in the greater Chicago Rail terminal area. However, the freedoms of Staggers allowed the industry to make huge infrastructure investments in heavier rail for heavier loads and larger cars to handle them. Weight capacities went from 230,000lbs to 286,000 lbs and in some cases, 315,000 lbs per railcar..(equal to 4 or close to 5 semi truck loads)..

It is also vital to note that not until 2006 did some of the Class I carriers begin to make sufficient earnings to reach their cost of capital! AND INCREASES IN RAIL GROSS REVENUES HAVE IN SUBSTANTIAL BEEN THE RESULT OF FUEL SURCHARGES THE INDUSTRY HAD TO ASSESS TO RECOVER THE ALMOST 300% INCREASE IN DIESEL FUEL THE PAST THREE OR FOUR YEARS

So with respect to the Chicago terminal, the reorganized and downsized rail capacity, including the downsized yard and classification capacity in the Chicago terminal, worked well, as it was designed.. But then, beginning in 1996, an upward trend began - nation wide ton miles began increasing and reached 1.8 billion in 2003, and by 2007 (see last page of this section – tons originated increased to 1.94 billion after hitting 1.96 billion in 2006!..

(all pages and data from the Association of American Railroads Yearbooks and websites).

About 1997, the rail industry began experiencing periodic gridlock in the Chicago terminal area- with trains starting to back up and being held as far as 100 to 200 miles out, sometimes for DAYS, before a slot could be found for them in the Chicago terminal.. **It was at this time the industry began the CREATE PROJECT, and identified several billion dollars of expenditures and restructuring and rerouting necessary to**

avoid this gridlock, and, it even getting worse.. In years past, for example, this writer has ridden Amtrak between Chicago and Minneapolis and witnessed one, two, three or four trains sitting between Portage, WI (200 miles from Chicago) and Rondout Illinois, on the CPR mainline, waiting for a slot to move into the terminal. Some of these trains sat for DAYS...Similar circumstances were found riding the Amtrak California Zephyr on the main BNSF east -west line - wit several trains sitting west of Aurora waiting for a slot.. And, lastly, 2004 and 2005 trips on the Capital Limited and Lake Shore Limited over the former NYC mainline saw freight trains sitting sometimes as far east as Portage, Indiana, waiting for a slot to enter the terminal.. Trains were also seen on the old B&O (now CSX) mainline (paralleling the old NYC mainline) as far east as Gary, Indiana. And, driving west on I88 towards Rock Island, Ill, paralleling the UP east west line, during this time, trains have been seen backed up as far as Rochelle, Ill, almost 100 miles west of Chicago.

The recession of 2007 and 2008 has given the industry a bit of a reprieve and this condition is not as bad as it was in the early 2000's peaking in 2006, but, as our economy hopefully starts turning next year and thereafter, this problem will reoccur.

BNSF Chairman Matt Rose, in a speech given in May, identified Chicago as potentially one of the worst rail future rail gridlock points.. The reason - capacity of the 1090's downsizing is FULL, and cannot take more. A Chicago Tribune article reporting on this project (August 12, 2008) noted that over 500 million tons of freight annually move on Illinois rails, and most of it through Chicago.. In essence, **this means that over 25% of all rail freight moving in the USA MUST PASS THROUGH CHICAGO**

TERMINAL AND CLASSIFICATION POINTS.

Sadly, while efforts of the City of Chicago, itself, to promote the CREATE project (and they were instrumental in getting federal legislation passed to at least partially fund the staffing and study of it), the recommendations made by the members, including the Class I carriers and professional staffing to redesign traffic flows and address capacity issues, was never funded despite numerous cries for many years to the Illinois Congressional delegation - for close to 10 years, NOTHING has been done and the gridlock got worse and worse.. It also should be noted that parts of the EJ&E route involved here were critical and determined vital by the professionals who performed this study..**Had funding been approved for CREATE, these same issues would still be active, and, will be active in the future in the unforeseen event the STB would turn down this application.. There is no economic basis, except at a prohibitive cost of BILLIONS OF DOLLARS and taking of much private property, to build another 100 mile rail line around Chicago to address these issues.. JUST AS CONGRESS ITSELF DECIDED TO USE THE OLD NEW YORK CENTRAL MAINLINE AND THE MAIN FREIGHT ROUTE BETWEEN CHICAGO AND NEW YORK AND REDIRECT DOZENS OF TRAINS OVER IT DAILY,, EVEN THE CREATE PROJECT FINDINGS AND RECOMMENDATIONS, OR ANY IN THE FUTURE, WOULD ALSO MANDATE THE INCREASED USE OF THIS LINE.**

Major player

Illinois has 7,200 miles of railroad track.

500 million

Amount in tons of freight moved on Illinois' system each year, the most in the nation. Chicago's rail hub is the largest in the U.S.

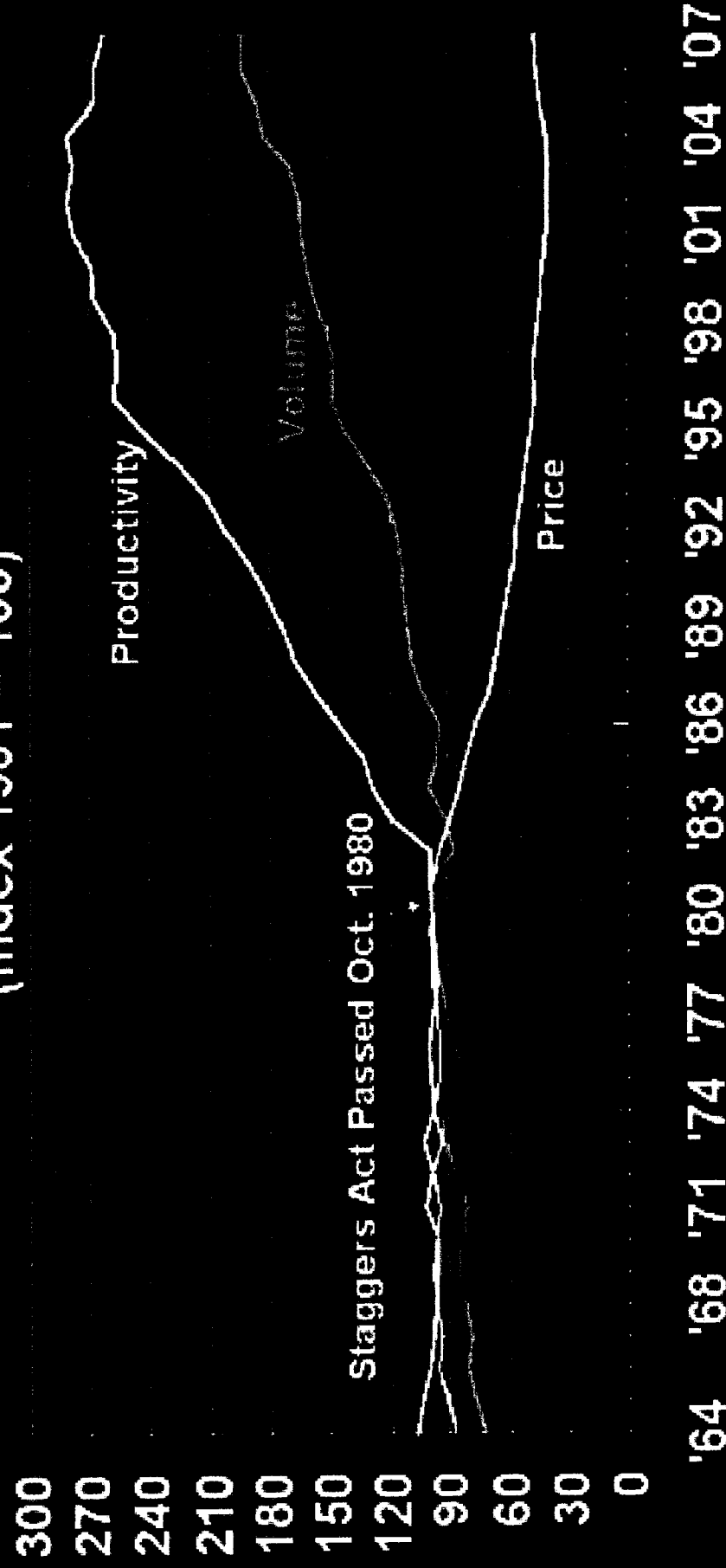
11,106

Number of public high-way-rail crossings in Illinois, second most in the nation.

SOURCE: Illinois Commerce Commission

U.S. Freight Railroad Performance Since Staggers

(Index 1981 = 100)

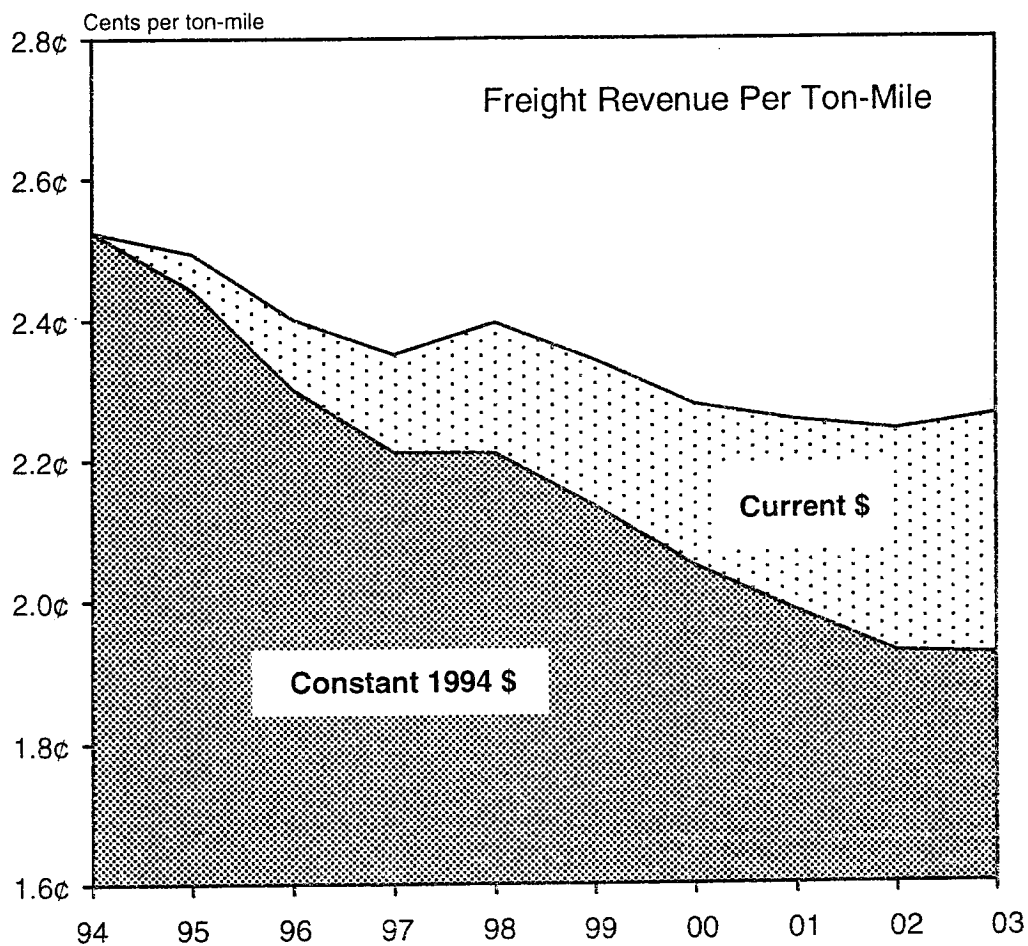


Source: AAR

FREIGHT REVENUE PER TON-MILE IN CURRENT AND CONSTANT 1994 DOLLARS

<u>Year</u>	<u>Current</u>	<u>Constant</u>
1994	2.493 ¢	2.493 ¢
1995	2.401	2.353
1996	2.352	2.262
1997	2.396	2.267
1998	2.342	2.191
1999	2.280	2.103
2000	2.257	2.037
2001	2.242	1.976
2002	2.263	1.963
2003	2.283	1.944

Note: Constant dollar figures are derived using the chain-type price indexes for GDP.



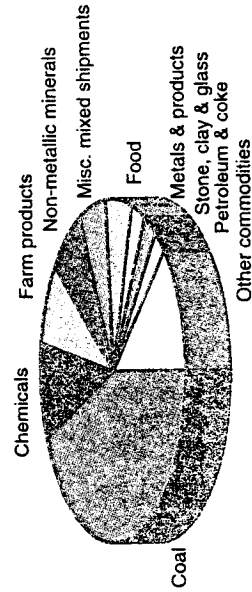
TONS ORIGINATED

TONS ORIGINATED AND REVENUE BY COMMODITY - 2003

(Amounts shown in thousands)

Year	United States	East	West
1929	1,339,091	872,186	466,905
1939	901,669	604,396	297,273
1944	1,491,491	963,561	527,930
1947	1,537,546	1,005,498	532,048
1955	1,396,339	877,935	518,404
1960	1,240,654	762,673	477,981
1965	1,387,423	875,765	511,658
1970	1,484,919	909,135	575,784
1975	1,395,055	816,279	578,776
1980	1,492,414	806,296	686,118
1985	1,319,794	723,250	596,544
1990	1,424,880	746,984	677,897
1991	1,382,711	708,108	674,603
1992	1,399,037	698,208	700,829
1993	1,396,752	693,889	702,864
1994	1,469,997	738,898	731,099
1995	1,549,634	737,791	811,843
1996	1,610,941	724,595	886,347
1997	1,585,244	722,540	862,704
1998	1,648,665	747,617	901,048
1999	1,716,859	768,069	948,790
2000	1,738,383	794,795	943,588
2001	1,741,967	771,694	970,272
2002	1,766,671	788,054	978,617
2003	1,799,066	789,538	1,009,528

Tons Originated - 2003



Tonnage increased 1.8 percent in 2003 to 1.8 billion tons, an all-time high. Notable increases were in petroleum & coke, non-metallic minerals, and miscellaneous mixed shipments. Motor vehicles and coal decreased.

Total gross freight revenue increased by 4.6 percent in 2003. Coal continued to be the largest commodity group in terms of revenue, followed by miscellaneous mixed shipments. Intermodal traffic – comprised of almost all of the miscellaneous mixed shipments plus portions of other commodity groupings – has passed coal to account for more revenue than any commodity category.

Commodity Group	Tons Originated		Revenue	
	(000)	% of Total	(millions)	% of Total
Coal	784,042	43.6 %	\$7,890	20.5 %
Chemicals & allied prod.	163,018	9.1	4,827	12.6
Farm products	141,324	7.9	2,870	7.5
Non-metallic minerals	132,552	7.4	1,041	2.7
Misc. mixed shipments*	103,875	5.8	5,413	14.1
Food & kindred products	102,114	5.7	2,760	7.2
Metals & products	55,166	3.1	1,396	3.6
Stone, clay & glass prod.	51,046	2.8	1,211	3.2
Petroleum & coke	47,968	2.7	1,074	2.8
Lumber & wood products	47,466	2.6	1,745	4.5
Waste & scrap materials	41,497	2.3	799	2.1
Pulp, paper & allied prod.	38,543	2.1	1,646	4.3
Motor vehicles & equip.	34,314	1.9	3,589	9.3
Metallic ores	32,693	1.8	289	0.8
All other commodities	23,448	1.3	1,884	4.9
Total	1,799,066	100.0 %	\$38,434	100.0 %

Note: The total revenue shown here does not match freight revenue shown elsewhere in this publication. The commodity-specific revenue identified above does not include adjustments for revenue absorption and corrections.

* Miscellaneous mixed shipments (STCC 46) is almost all intermodal traffic, and accounts for about two thirds of intermodal tonnage. Some intermodal traffic is also included in commodity-specific categories.

Class I Railroad Statistics (continued)

ASSOCIATION OF AMERICAN RAILROADS – POLICY & ECONOMICS DEPARTMENT

	2005	2006	2007
Traffic			
Carloads Originated (million)	31.14	32.11	31.46
Intermodal Units (million):			
Containers	8.71	9.40	9.43
Trailers	2.98	2.88	2.60
Total	11.69	12.28	12.03
Tons Originated (billion)	1.899	1.96	1.94
Ton-miles (trillion)	1.696	1.772	1.771
Operating Statistics			
Freight Revenue Per Ton-Mile	2.621¢	2.840¢	2.990¢
Average Tons Per Carload	61.0	60.9	61.7
Average Tons Per Train	3,115	3,163	3,274
Average Length of Haul (miles)	893.2	905.6	912.8
Financial			
Freight Revenue (billion)	\$44.5	\$50.3	\$52.9
Operating Revenue (billion)	\$46.1	\$52.2	\$54.6
Operating Expense (billion)	\$37.8	\$41.0	\$42.7
Net Income (billion)	\$4.9	\$6.5	\$6.8
Operating Ratio	82.1%	78.6%	78.3%
Return on Average Equity	9.12%	11.30%	11.49%

Notes

Miles of Road is the aggregate length of roadway, excluding yard tracks and sidings, and does not reflect the fact that a mile of road may include two, three, or more parallel tracks. Miles of road operated figures will be higher than mileage owned since more than one railroad can operate the same roadway by having trackage rights. Figures on page 1 include mileage owned in Canada. Excluding double-counting for trackage rights, Class I railroads operated in 2006 a total of 94,801 miles of the 140,490 mile network in the United States.

Freight Cars in Service for railroads includes railroad-owned cars plus cars with a railroad's mark, which usually have a longer-term lease. The railroads also use equipment controlled by shippers and leasing companies, including railroad-owned TTX – owner of over 149,000 cars. New freight cars cost between \$40,000 and \$100,000 depending on the type and features. The Class I railroad average for 2006 was \$84,242.

Carloads, as reported here and in *Freight Commodity Statistics*, include intermodal traffic and will differ from the AAR's *Weekly Railroad Traffic* which segregates intermodal traffic from carloads and does not include Canadian-owned railroads in the U.S. totals. These figures also will not match carloads from the Carload Waybill Sample, which is an estimate (based on a sample) for all railroads.

Intermodal on this page includes one regional railroad and excludes two Canadian-owned Class I railroads.

Pass Out E.

The Star Line

It is important to note that as far as we have been able to determine, the Federal Transit Agency, who approves federal funding for such large projects, has NOT YET DETERMINED THAT RIDERSHIP ESTIMATES ON THE PART OF THE STAR LINE PROJECT THAT WOULD USE THE EJ&E RIGHT OF WAY IS HIGH ENOUGH TO JUSTIFY THE EXPENDITURE!

But, can the Star Line and increased freight coexist.. The EIS report has concluded it can. We agree with that..

We also note a few other items...

- + The freight railroads have provided the underlying investment and continue the Maintenance and upkeep, and pay property and other taxes each year, which Make this property even available for consideration for use, just as is the case With all other freight railroads in the USA who gave given commuter agencies Access to their rights of way for commuter service..

- +The commuter agencies only pay additional incremental costs and capital Necessary for their added operations and speed.. It is not a large profit center For freight railroads and the opportunity for usage would not exist BUT FOR The investment and expenditures of freight railroads for freight

- + Proposed Star Line routing and trains will carry less than 3% of the entire Metra ridership, if that, IF approved.. Metra's website suggests 6 to 10 trains Daily and either no or limited weekend service.. These trains will not be Like the conventional six to 10 car Metra commuter trains, they will be two Car, rail diesel car units with a capacity of unde 200 passengers,. While they do, we understand, meet Federal Railroad Administration crash worthiness tests at grade crossings, such trains traversing grade crossings at high speeds present a much greater safety threat to passengers than commuter trains which have a 200 ton locomotive in the front – there is little space and hardly any tomage between the passengers and the impact. Long term, the very safety of this operation would in our judgement suggest for safety, that grade separations (over or under) would be a wise investment in public safety..

In closing, even if coestiance was not possible, should a proposed, lightly used commuter operation with perhaps 1000 to 2000 riders per day jeopardize the movement of 25% of our nation's rail freight that affects millions of jobs, the cost of American goods and services throught the 48 states, and impacts consumer costs everywhere? If that were the case, a local regional interests of people living along a 50 mile corridor - Maybe 1000 to 2000 a day, would without a doubt have to giveway to an overwhelming public interest for all Americans.

But, parenthetically, the existence of up to sixty Metra trains daily on the busy BNSF mainline (plus eight Amtrak trains) with the close to 100 BNSF freight movements daily prove that it can, as does the coexistence and smooth operation of commuter service on the busy UP east west mainline, where about 50 Metra trains coexist and remain on time with 50 to 60 freight trains..

Improvements to facilitate this coexistence have included double or triple tracking main routes, better signaling, staging of trains (slotting, as they refer to in the airline business), And more.. A second mainline (under ownership previous to CN) was agreed to by Metra on the CN mainline – over 20 miles of it), to allow Metra trains to begin using this route in the late 1990's – it had previously been all freight.. Triple tracking the UP mainline from West Chicago to LaFox has allowed the expansion of Metra service to that western point just last year to coexist with heavy freight traffic. – about 60 trains a day, far more than we are speaking of here..

Adding a few miles of double tracking – if the STAR ROUTE IS EVER approved, where necessary, could eliminate any congestion issues.. And, denying this application because of this distant possibility would be contrary to the public interest and authority of the Board – it would have been tantamount to denying the Union Pacific the right to merge with the CNW and run more of their trains over the UP track because of 25 miles of a METRA route.. While commuter operations are important and the rail industry has worked with them well in Chicago, the practice and governing principles have always been that they are secondary to the primary charge of freight railroads in the USA – to continue to move freight of the nation efficiently, without cost to the government, and, to provide capacity for increasing public demand for moving the nation's freight!

NWMC

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Metra STAR Line

Policy Initiatives

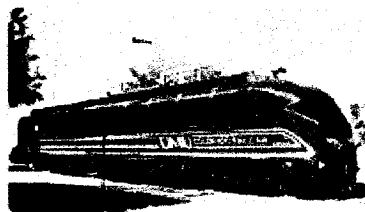
→ Legislative

→ Transportation and Environment

→ Best Practices

Metra STAR Line

Metra STAR Line



Metra's STAR Line would utilize diesel multiple units (DMUs), a new fuel efficient technology that allows flexible operations similar to light rail systems.

Outer Circumferential Service (EJ&E) Study - Background
Northwest Transit Corridor Study - Background
Land Use Planning - Northwest Corridor
Steering Committee Agendas and Minutes

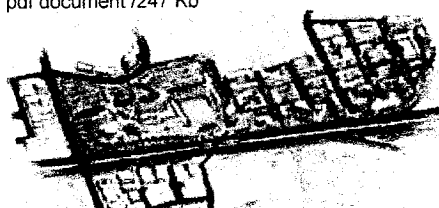
The Northwest Municipal Conference is proud to be leading a coalition of local governments in efforts to establish a new and completely different commuter rail service in the Chicago region. Building upon the successful launch of the Metra North Central Service in 1995, we are employing the same cooperative planning model to work with municipalities along both the Northwest Corridor (NWC) and Elgin, Joliet and Eastern (EJ&E) railroad corridor to make the proposed Metra STAR Line a reality. Because of the larger regional scope of this project, we are pleased to be working in partnership with the DuPage Mayors and Managers Conference, the Kane County Council of Mayors, the South Suburban Mayors and Managers Association, and the Will County Governmental League.

What is the STAR Line?

The Metra STAR (Suburban Transit Access Route) Line will provide a new dynamic of mobility for residents, workers and visitors in our region. Introduced by Metra in January 2003, the STAR Line will become the first commuter rail line in northeastern Illinois designed specifically to address suburb-to-suburb commutes. Instead of serving as a route to downtown Chicago like other traditional commuter services, the STAR Line utilizes the EJ&E railroad corridor to provide north-south service to a direct connection to the northwest suburbs and other existing Metra commuter lines.

The STAR Line connects the Northwest Corridor, an existing residential and employment center, with the rapidly growing corridor along western Cook, DuPage, and northwest Will counties. Running along the Northwest Tollway from O'Hare Airport west to the Prairie Stone development in Hoffman Estates, the STAR Line will provide a direct connection between Arlington Heights, Chicago, Des Plaines, Elk Grove Village, Hoffman Estates, Mount Prospect, Rolling Meadows, Rosemont and Schaumburg. From Hoffman Estates, the STAR Line will follow the EJ&E south to directly connect Aurora, Bartlett, Elgin, Joliet, Naperville, Plainfield, and West Chicago with the Northwest Corridor. The STAR Line also provides the opportunity for future expansions along the EJ&E into the growing south suburbs in Cook and Will counties and the north suburbs in Lake County, thus making it the first truly regional transit system for the suburbs.

[Click here for map of Metra STAR Line route](#)
pdf document /247 Kb



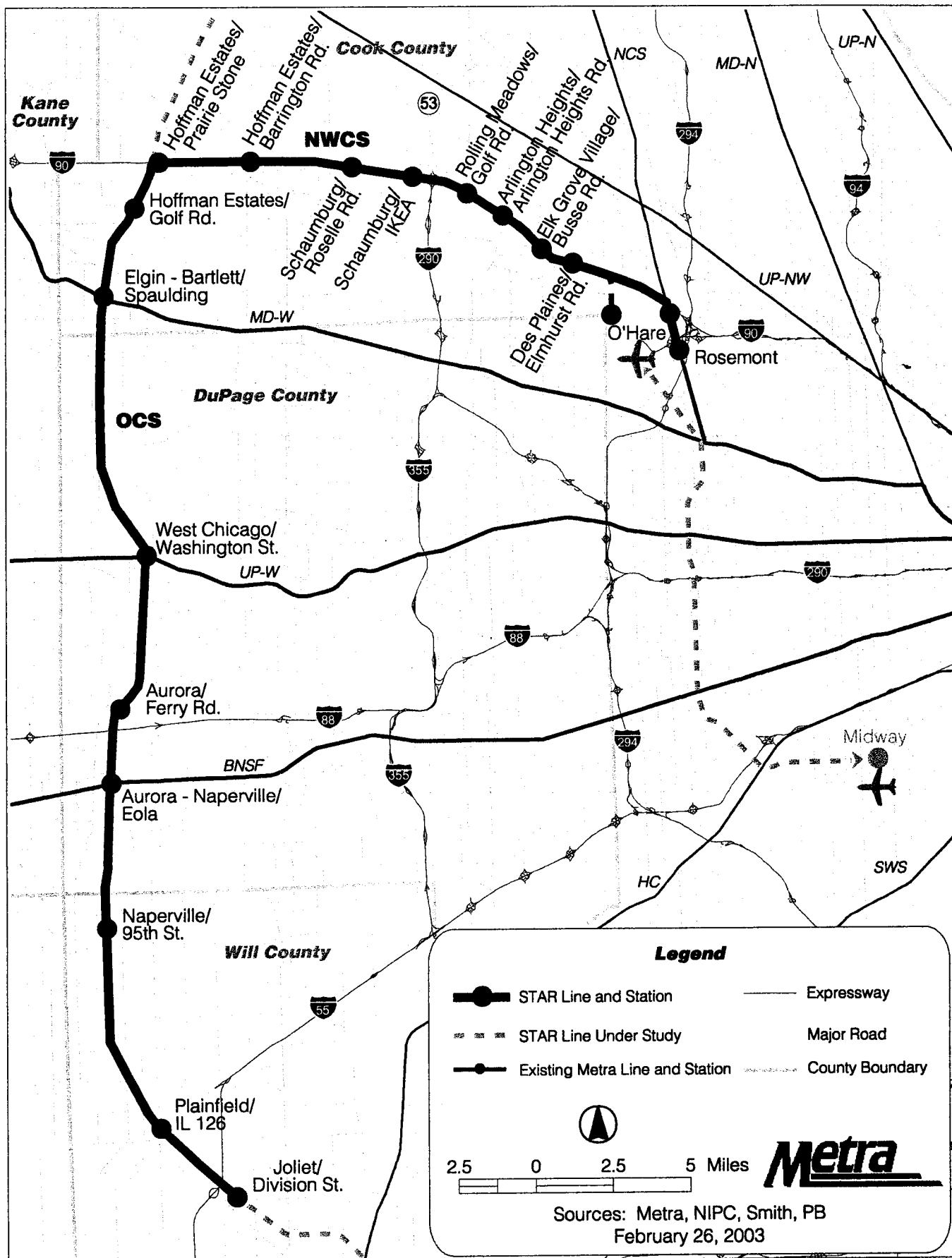
Planning for the Future

The STAR Line creates a number of exciting opportunities for municipalities to strongly tie land use and economic development to this major transportation investment. Planning efforts along both the EJ&E and NWC are focused upon how communities can introduce transit supportive development at proposed station locations. Transit supportive development along the STAR Line will be a major component of directing future growth towards already developed areas, thus alleviating the forces of "sprawl". Communities are already planning for a concentration of residential, office, light industrial and commercial development that can serve as both origins and destinations for riders of the STAR Line. The NWC land use planning effort is nearly completed and some of the results are highlighted in the link on your right. The results of the EJ&E land use planning effort will be posted here as it nears completion.

The cost of the STAR Line is estimated at \$1.1 billion. U. S. House of Representatives Speaker Dennis Hastert has recently identified the STAR Line as his top transit funding priority. Through this planning effort, communities will work closely with Metra to secure the full amount of funding from federal, state and local resources needed to complete the construction of this vital project for the future of northeastern Illinois region.

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PASS OUT F

The Freight Moved by the RAILROADS through Chicago terminal touches the American public, and millions of jobs, and, capacity restraints are already causing routing of traffic by truck – much less energy efficient and causing congestion on the Chicago and regional freeways. **AGAIN, AN ESTIMATED TWENTY FIVE PERCENT OF ALL RAIL FREIGHT MOVING ACROSS AMERICA MOVES THROUGH THE CHICAGO TERMINAL AREA.**

While the BNSF, UP, CSX, and NS comprise perhaps 70% of this entire volume, the CN share of business comprises about 10 to 15%.

The CN traffic touches all of America, as well.. Here are some examples:

1. Grain from Iowa and Illinois moving to the Port of Chicago for export, or, to the Southern Poultry Markets to feed the chickens Americans eat,
2. Coal from the Powder river Basin to Wisconsin and Northern Illinois, and, Chicago, Southern Illinois and Eastern Power plants in Indiana, Ohio and Michigan – Electricity for Americans,
3. Automobiles from Michigan to Wisconsin, Minnesota, Iowa,, and, Southern States Including Kentucky, Southern Illinois, Mississippi, Alabama and Louisiana,
4. Paper – 15 to 20 carloads a day (up to 80 semi loads) from Ontario for newsprint
To PRINT THE CHICAGO TRIBUNE
5. FERTILIZERS, INCLUDING POTASH, FROM CANADA, for Illinois and Midwestern states agriculture,,
6. Steel, from the Northwestern Indiana steel producing facilities, to the west, South, and, North for construction and industrial use,

(note an example – 60 cars monthly of tinplate, moving to The metro Twin Cities area, into a warehouse, and thence, to Owatonna, where a huge Crown Cork and Seal plant manufactures cans to serve the Midwest Canneries and the huge beverage industry, and, another 40 to 60 cars a Month of coiled steel to Minnesota producers who process into steel To make bobcats, snowmobiles, snow plows (including State Highway Snowplows), farm storage bins to support crop harvests, and much more)

7. Lumber from Canadian and Northern Minnesota and Wisconsin Mills for use residential and commercial construction throughout the USA,

8. Iron ore and steel products from the Iron Ore range of Minnesota, copper from A smelthing plant in Michigan's Upper Peninsula (keeping about 100 jobs In that area, alone)
9. Papers of all kinds from Wisconsin;s many paper mills along the Wisconsin River and in the Fox River Valley territory, including Green Bay, Appleton, Wisconsin Rapids, Wausau, Merrill, and Tomahawk,
- 10.. Aggregates from Wisconsin and Michigan quarries for use in road and Highway construction in Illinois and the midwest,
11. Containers with domestic consumer and manufactured products from Asia that stock the shelves at Walmarts, K Marts, Targets, Home Depots, and, many other Midwestern commercial outlets.
- 12... Many others too numerous to mention.

In years past, when natiuonwide freight volumns were higher, CN trains also sat awaiting entry into Chicago.. It was not uncommon to see a southbound merchandise train in the siding at Grays Lake or other stations in Northern Illinois sitting for a couple of days

THE COST OF ONE 80 CAR MERCHANDISE SITTING FOR ONE DAY REPRESENTS AN INVESTMENT OF \$100,000 A RAILCAR, OR, 8 MILLION DOLLARS, AND TWO MILLION PER LOCOMOTIVE, OR 4 MILLION FOR A TOTAL OF 12 MILLION DOLLARS, AND, THE MERHANDISE ITS CARRYING, EASILY ANOTHER L2 MILLION DOLLARS,

24 MILLION DOLARS ----- JUST SITTING

This in turn gets passed on to every American consumer.in products we buy, Costs the railroads have to pass on to rail shippers, and when the economy returns to stable, EVEN WORSE GRIDLOCK THAN ALREDY EXPERIENCED. GRIDLOCK TO A POINT OF NEVER BEING ABLE TO CATCH UP!

This, in turn, will force more of this traffic on the regions's already congested freeways, creating four to eight times the pollution per ton of freight moved in truck instead of rail, and, increase transportation costs, road maintenance costs, and Consumer prices even further..

Poor service today is causing truck diversion

We will just give you a couple examples we know about...

The tin plate and steel described above – from Northwest Indiana steel mills, Is subject to stringent just in time production and delivery requirements, like most goods manufactured today.. Its called “Supply chain management” – to minimize the time from production to completion, avoiding warehousing and redundant handling and inventory costs.

It takes the EJE three to four D A Y S to get a loaded car of steel or tinplate from Gary Works, Indiana, to interchange with the CN at Leithton (Mundelien), and, 3 to 4 days for the empty return, while it takes the CN only two days to move it from Leithon to the Metro Twin Cities area.. A load to empty return cycle of a \$100,000 railcar takes 8 days on the J, 4 days on the CN, and two days to unload and return, or a total of 14 days.. That means one railcar can only handle two loads a month. So, to protect 60 carloads a month, 30 railcars are required (taking into consideration two days to spot and load at Gary).

Under the CN proposal, that entire transit time will be reduced to TWO DAYS from Gary to the metro Twin Cities, and two days back, and two days to unload.. A total of six days, Meaning in theory, each car could completely in six days, plus the two days at Gary.. Each car should then be able to turn FOUR TIMES a month, and require only 15 cars at A \$100,000 investment each to handle this business.

But, because of the long transit time, the customer frequently cannot produce the tinplate Fast enough to meet the six to eight day transit time of rail, **and for the past several months, has had to truck all of this product to the twin cities metro area, adding 240 semis a month to Chicago and Midwest highways, and at a cost that's significantly higher than rail..**

Diversion of rail traffic to truck has also been required not only of CN paper and other customers in Wisconsin and Michigan, but, of rail customers all over the USA When gridlock occurs because of the just in time nature of how America does business today. All of this adds congestion, and, expends far more fuel energy per ton mile – at least four times as much, than if it moved rail. It becomces a chicken and egg situation .. the goods have to arrive on time, and, its less expensive to use truck than to shut down an assembly line which can cost millions of dollars an hour in some cases for a manufacturer..

Pass Out G

Will this acquisition help the overall Chicago rail gridlock, in addition to the CN's own customers.?

Very definitely, yes it will.. As we noted, the CN traffic amounts to some 10 to 15% (our estimate) of the total of the 500 million tons moving through Chicago each year.. It will take an estimated 20 to 24 trains a day, or about 1800 to 2400 cars a day, out of the existing network which has experienced stress and gridlock – the existing yards and terminals (as rationalized by the bankruptcies of the 1970's and 1980's), and, the classification will instead be done and trains switched at the J's Hump Yard in Gary, Indiana (Kirk Yard).. This Yard has been partially torn up, and the CN plans to restore 30 or more classification tracks and increase its capacity again. Solid trains will then be made up and dispatched there to connecting eastern and western carriers and for CN's own lines.

The History of the J

The J was originally built primarily as a carrier with the intent and capacity to handle this very kind of business – called “overhead” business. Publications of the Official Railway Guide in late 1940's and 1960's (as reproduced on the attached pages) show it as the Chicago “outer belt” Railway – another slogan the J used for years was Save time “By routing the “J” – Around, NOT THROUGH CHICAGO” Note at the bottom of the pages of the maps the dozens of interchanges it maintained with each and every Chicago railroad. Several hundred cars a day were handled by the J from each of the major connecting railroads to other connecting railroads – some were blocked and switched for various destinations on the receiving railroad.. At one time, for example, the J maintained four interchanges with the former CNW for each of its major routes from Chicago, one at Waukegan, one at North Chicago, One at Barrington, and, one at West Chicago.. There were at least 15 to 20 trains daily operating between Joliet and Waukegan.. And many of these trains, unlike the CN trains which will just run through these towns, stopped at set out and picked up cars blocking crossings for longer periods.. The CN plan does not call for restoration of any of these interchanges, but, this provides an historic and environmental look at this history of the EJE..

We obtained carload data from the Association of American Railroads looking at the EJE traffic from 1955 – when the J handled almost 800,000 carloads a year, to present, when in 2007, they only handled just over 200,000..**only 25% of what it once handled!**
These charts also appear in the pages that follow.

In essence, had the great interstate highway system not been completed, and, the massive failures of railroads in the late 1960's and 1970's occurred, its highly probable that the J would still be handling 800,000 cars a year and the communities along its lines never known anything different.

Granted, the added volume of traffic which CN proposals creates the environmental problems identified, but, they would have been far worse had the historical use of this rail asset continued as it had for over half a century after it was built..

For the first over fifty years of the J's existence, over half its traffic was this kind of overhead traffic – and this was the underlying purpose for which the J was constructed.

6770

Atlanta, Ga. 12 00 noon.
 Augusta, Ga. 12 00 noon.
 Baltimore, Md. 12 00 noon.
 Berlin, Germany 8 00 p.m.
 Birmingham, Ala. 11 00 a.m.
 Boston, Mass. 12 00 noon.
 Buenos Aires, Arg. 1 00 p.m.
 Buffalo, N.Y. 12 00 noon.
 Calgary, Alta. 10 00 a.m.
 Charleston, S.C. 12 00 noon.
 Charlotte, N.C. 1 00 p.m.
 Chicago, Ill. 11 00 a.m.
 Cincinnati, O. 12 00 noon.
 Cleveland, O. 12 00 noon.
 Columbia, S.C. 12 00 noon.
 Columbus, O. 12 00 noon.
 Denver, Colo. 10 00 a.m.
 Detroit, Mich. 12 00 noon.
 El Paso, Tex. 10 00 a.m.
 Galveston, Tex. 11 00 a.m.
 Halifax, N.S. 1 00 p.m.
 Hamilton, Ber. 1 00 p.m.
 Hamilton, Ont. 12 00 noon.
 Havana, Cuba. 12 00 noon.
 Honolulu, T.H. 8 30 a.m.
 Houston, Tex. 11 00 a.m.
 Indianapolis, Ind. 11 00 a.m.
 Jacksonville, Fla. 12 00 noon.
 Juneau, Alaska. 9 00 a.m.
 Kansas City, Mo. 11 00 a.m.
 Knoxville, Tenn. 12 00 noon.
 Little Rock, Ark. 11 00 a.m.
 London, Eng. 5 00 p.m.
 Los Angeles, Cal. 9 00 a.m.
 Louisville, Ky. 11 00 a.m.
 Macon, Ga. 12 00 noon.
 Manila, P.I. 1 a.m. next day.
 Memphis, Tenn. 11 00 a.m.
 Mexico City. 11 00 a.m.

**PUBLISHED
MONTHLY**

**1948
APRIL**

**80TH YEAR
No. 11**

The Standard Time in use in various important cities is shown in the columns on the right and left.

**THE
OFFICIAL GUIDE
STANDARD
TIME
NAVIGATORS
OF THE
RAILWAYS
AND
STEAM NAVIGATION LINES
OF THE
UNITED STATES
PORTO RICO
CANADA MEXICO AND CUBA
ALSO TIME-TABLES OF RAILROADS IN CENTRAL AMERICA
AIR-LINE SCHEDULES**

Milwaukee, Wis. 11 00 a.m.
 Minneapolis. 11 00 a.m.
 Mobile, Ala. 11 00 a.m.
 Moncton, N.B. 1 00 p.m.
 Montreal, Que. 12 00 noon.
 Nashville, Tenn. 11 00 a.m.
 New Haven, Ct. 12 00 noon.
 New Orleans, La. 11 00 a.m.
 New York. 12 00 noon.
 Oklahoma City. 11 00 a.m.
 Omaha, Neb. 11 00 a.m.
 Ottawa, Ont. 12 00 noon.
 Paris, France. 6 00 p.m.
 Pensacola, Fla. 11 00 a.m.
 Philadelphia, Pa. 12 00 noon.
 Pittsburgh, Pa. 12 00 noon.
 Port Huron, Mich. 12 00 noon.
 Portland, Me. 12 00 noon.
 Portland, Ore. 9 00 a.m.
 Providence, R.I. 12 00 noon.
 Quebec, Que. 12 00 noon.
 Richmond, Va. 12 00 noon.
 Rio de Janeiro, Br. 9 00 p.m.
 St. John, N.B. 1 00 p.m.
 St. Louis, Mo. 11 00 a.m.
 St. Paul, Minn. 11 00 a.m.
 Salt Lake City. 10 00 a.m.
 San Antonio, Tex. 11 00 a.m.
 San Francisco, Cal. 9 00 a.m.
 San Juan, P.R. 1 00 p.m.
 Santiago, Chile. 1 00 p.m.
 Savannah, Ga. 12 00 noon.
 Seattle, Wash. 9 00 a.m.
 Toledo, O. 12 00 noon.
 Toronto, Ont. 12 00 noon.
 Vancouver, B.C. 9 00 a.m.
 Washington, D.C. 12 00 noon.
 Wilmington, N.C. 12 00 noon.
 Winnipeg, Man. 11 00 a.m.

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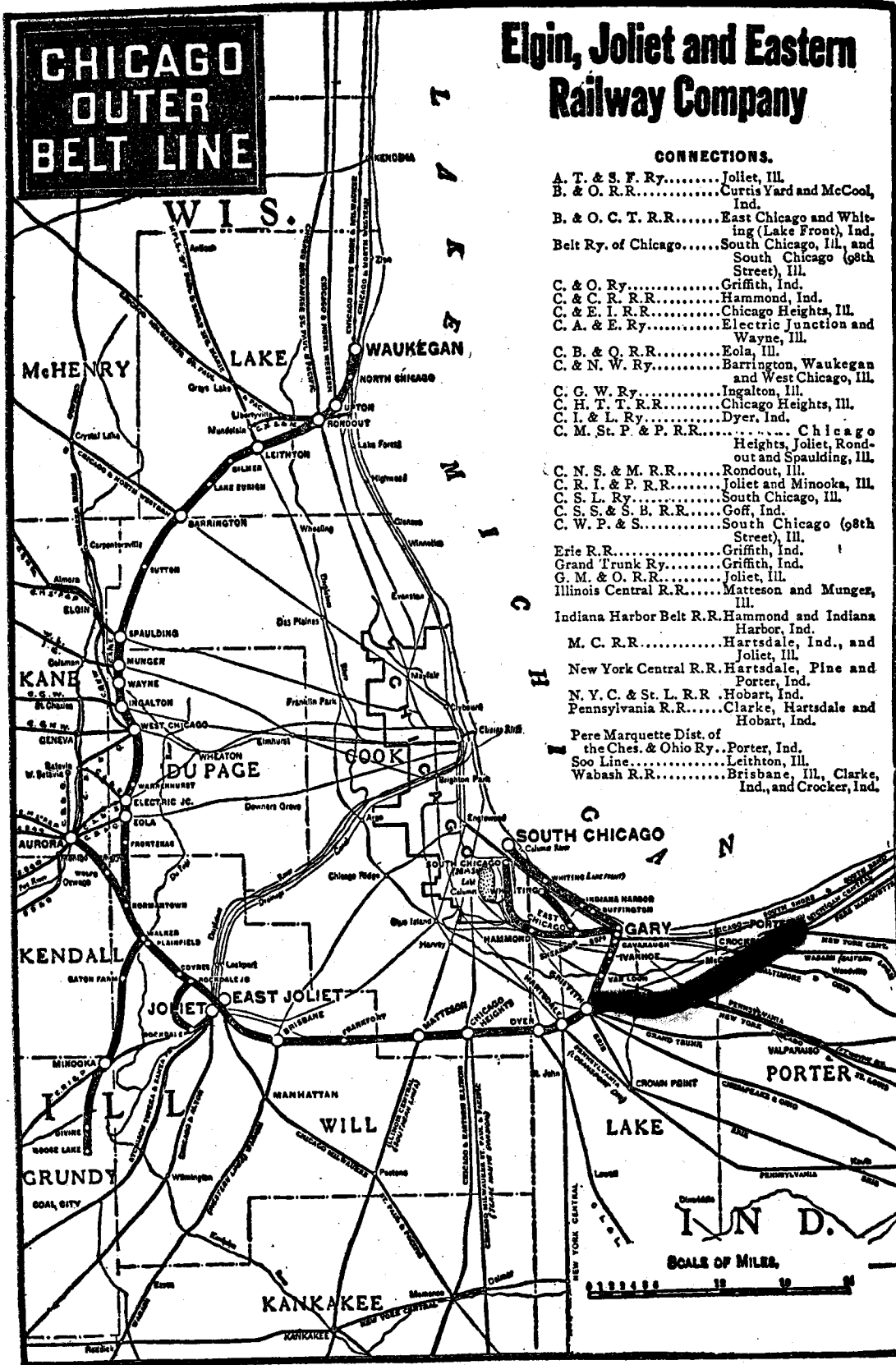
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| B. & O. C. T. R.R..... | East Chicago and Whit-
ing (Lake Front), Ind. |
| Belt Ry. of Chicago..... | South Chicago, Ill., and
South Chicago (98th
Street), Ill. |
| C. & O. Ry..... | Griffith, Ind. |
| C. & C. R. R.R..... | Hammond, Ind. |
| C. & E. I. R.R..... | Chicago Heights, Ill. |
| C. A. & E. Ry..... | Electric Junction and
Wayne, Ill. |
| C. B. & O. R.R..... | Eola, Ill. |
| C. & N. W. Ry..... | Barrington, Waukegan
and West Chicago, Ill. |
| C. G. W. Ry..... | Ingaltou, Ill. |
| C. H. T. T. R.R..... | Chicago Heights, Ill. |
| C. I. & L. Ry..... | Dyer, Ind. |
| C. M. St. P. & P. R.R..... | Chicago
Heights, Joliet, Rond-
out and Spaulding, Ill. |
| C. N. S. & M. R.R..... | Rondout, Ill. |
| C. R. I. & P. R.R..... | Joliet and Minooka, Ill. |
| C. S. L. Ry..... | South Chicago, Ill. |
| C. S. S. & S. B. R.R..... | Goff, Ind. |
| C. W. P. & S..... | South Chicago (98th
Street), Ill. |
| Erie R.R..... | Griffith, Ind. |
| Grand Trunk Ry..... | Griffith, Ind. |
| G. M. & O. R.R..... | Joliet, Ill. |
| Illinois Central R.R..... | Matteson and Munges,
Ill. |
| Indiana Harbor Belt R.R. | Hammond and Indiana
Harbor, Ind. |
| M. C. R.R..... | Hartsdale, Ind., and
Joliet, Ill. |
| New York Central R.R. | Hartsdale, Pine and
Porter, Ind. |
| N. Y. C. & St. L. R.R..... | Hobart, Ind. |
| Pennsylvania R.R..... | Clarke, Hartsdale and
Hobart, Ind. |
| Pere Marquette Dist. of
the Ches. & Ohio Ry..... | Porter, Ind. |
| Soo Line..... | Leithton, Ill. |
| Wabash R.R..... | Brisbane, Ill., Clarke,
Ind. and Crocker, Ind. |



PUBLISHED
MONTHLY

1960
JULY

93D YEAR
No. 2

The Standard Time in use in various important cities is shown in the columns on the left and right.

Anchorage, Alaska
7:00 a.m.

Atlanta, Ga.
12:00 noon.

Baltimore, Md.
12:00 noon.

Berlin, Germany
6:00 p.m.

Birmingham, Ala.
11:00 a.m.

Boston, Mass.
12:00 noon.

Buenos Aires, Arg.
1:00 p.m.

Buffalo, N.Y.
12:00 noon.

Calgary, Alta.
10:00 a.m.

Charleston, S.C.
12:00 noon.

Charlotte, N.C.
1:00 p.m.

Chicago, Ill.
11:00 a.m.

Cincinnati, O.
12:00 noon.

Cleveland, O.
12:00 noon.

Columbia, S.C.
12:00 noon.

Columbus, O.
12:00 noon.

Denver, Colo.
10:00 a.m.

Detroit, Mich.
12:00 noon.

El Paso, Tex.
10:00 a.m.

Galveston, Tex.
11:00 a.m.

Halifax, N.S.
1:00 p.m.

Hamilton, Ber.
1:00 p.m.

Hamilton, Ont.
12:00 noon.

Havana, Cuba
12:00 noon.

Honolulu, Hawaii
7:00 a.m.

Houston, Tex.
11:00 a.m.

Indianapolis, Ind.
11:00 a.m.

Jacksonville, Fla.
12:00 noon.

Juneau, Alaska
9:00 a.m.

Kansas City, Mo.
11:00 a.m.

Knoxville, Tenn.
12:00 noon.

Little Rock, Ark.
11:00 a.m.

London, Eng.
5:00 p.m.

Los Angeles, Cal.
9:00 a.m.

Louisville, Ky.
11:00 a.m.

Macon, Ga.
12:00 noon.

Manila, P.I.
1 a.m. next day

Memphis, Tenn.
11:00 a.m.

Mexico City,
11:00 a.m.

Milwaukee, Wis.
11:00 a.m.

Minneapolis,
11:00 a.m.

Mobile, Ala.
11:00 a.m.

Moncton, N.B.
1:00 p.m.

Montreal, Que.
12:00 noon.

Nashville, Tenn.
11:00 a.m.

New Haven, Ct.
12:00 noon.

New Orleans, La.
11:00 a.m.

New York,
12:00 noon.

Oklahoma City,
11:00 a.m.

Omaha, Neb.
11:00 a.m.

Ottawa, Ont.
12:00 noon.

Paris, France
6:00 p.m.

Pensacola, Fla.
11:00 a.m.

Philadelphia, Pa.
12:00 noon.

Pittsburgh, Pa.
12:00 noon.

Port Huron, Mich.
12:00 noon.

Portland, Me.
12:00 noon.

Portland, Ore.
9:00 a.m.

Providence, R.I.
12:00 noon.

Quebec, Que.
12:00 noon.

Richmond, Va.
12:00 noon.

Rio de Janeiro, Br.
2:00 p.m.

St. John, N.B.
1:00 p.m.

St. Louis, Mo.
11:00 a.m.

St. Paul, Minn.
11:00 a.m.

Salt Lake City,
10:00 a.m.

San Antonio, Tex.
11:00 a.m.

San Francisco, Cal.
9:00 a.m.

San Juan, P.R.
1:00 p.m.

Santiago, Chile
1:00 p.m.

Savannah, Ga.
12:00 noon.

Seattle, Wash.
9:00 a.m.

Toledo, O.
12:00 noon.

Toronto, Ont.
12:00 noon.

Vancouver, B.C.
9:00 a.m.

Washington, D.C.
12:00 noon.

Wilmington, N.C.
12:00 noon.

Winnipeg, Man.
11:00 a.m.

THE OFFICIAL GUIDE STANDARD TIME NAVIGATORS OF THE RAILWAYS AND STEAM NAVIGATION LINES OF THE UNITED STATES PORTO RICO CANADA MEXICO AND CUBA ALSO TIME-TABLES OF RAILROADS IN CENTRAL AMERICA AIR-LINE SCHEDULES TRANS-ATLANTIC SAILINGS

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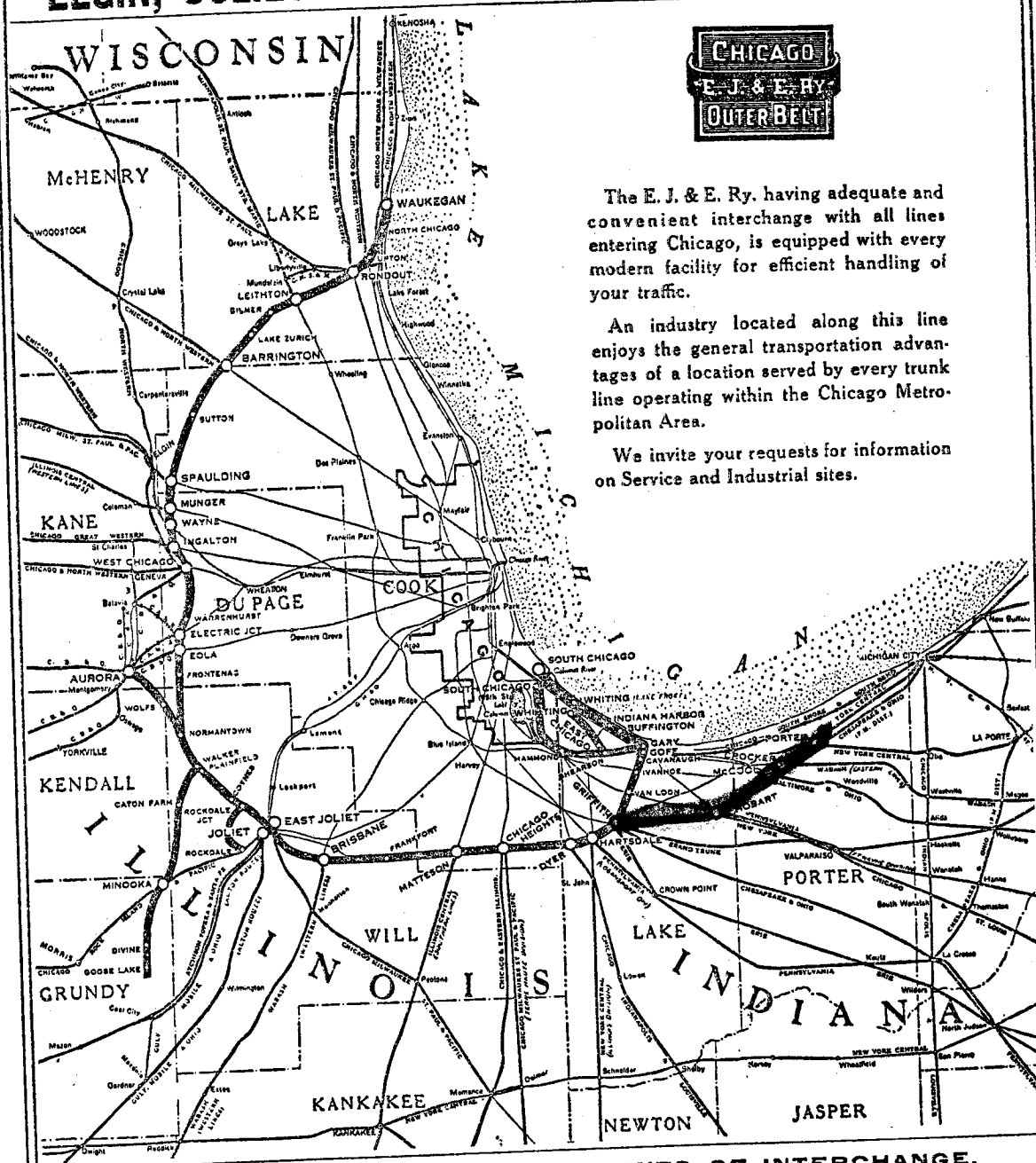
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RAILROAD CONNECTIONS WITH POINTS OF INTERCHANGE.

A. T. & S. F. Ry.....	Joliet, Ill.	C. W. P. & S. R.R.....	South Chicago (98th Street), Ill.
B. & O. R.R.....	Curtis and McCool, Ind.	Erie R.R.....	Griffith, Ind.
B. & O. C. T. R.R.....	East Chicago, Hammond and Whiting (Lake Front), Ind.	Grand Trunk West R.R.....	Griffith, Ind.
Belt Ry. of Chicago.....	South Chicago and South Chicago (98th St.), Ill.	G. M. & O. R.R.....	Joliet, Ill.
C. & O. Ry.....	Griffith, Ind.	Illinois Central R.R.....	Matteson and Munger, Ill.
C. & O. Ry. (P. M. Dist.).....	Porter, Ind.	Indiana Harbor Belt R.R.....	Hammond, East Chicago and Indiana Harbor, Ind.
C. & E. I. R.R.....	Chicago Heights, Ill.	M. St. P. & S. S. M. R.R.....	Leichton, Ill.
C. & N. W. Ry.....	Barrington, Waukegan and West Chicago, Ill.	Monon R.R.....	Dyer, Ind.
C. A. & E. Ry.....	Electric Junction and Wayne, Ill.	N. Y. C. R.R. (W).....	Pine and Porter, Ind.
C. B. & O. R.R.....	Eola, Ill.	N. Y. C. R.R. (W).....	Hartsdale, Ind. (Illinois Div.)
C. G. W. Ry.....	Ingallton, Ill.	N. Y. C. R.R. (M. C. Div.).....	Hartsdale, Ind., and Joliet, Ill.
C. H. T. R.R.....	Chicago Heights, Ill.	N. Y. C. R.R. (C. C. & St. L. Div.).....	Hartsdale, Ind.
C. M. St. P. & P. R.R.....	Rondout and Spaulding, Ill., Chicago Heights (T. H. Div.), Joliet (C. M. & G. Div.)	N. Y. C. & St. L. R.R.....	Hobart, or Van Loon, Ind.
C. N. S. & M. Ry.....	Rondout, Ill.	Pennsylvania R.R.....	Clarke and Hobart, Ind. (Port Wayne Div.)
C. R. I. & P. R.R.....	Joliet and Minooka, Ill.	Pennsylvania R.R.....	Hartsdale, Ind. (Logansport Div.)
C. S. L. Ry.....	South Chicago and South Chicago (98th St.), Ill.	Wabash R.R.....	Brisbane, Ill., Clarke and Crocker, Ind.
C. S. S. & S. B. R.R.....	Goff, Ind.		

Elgin, Joliet & Eastern Carload Traffic
1955-2007

<u>Source</u>	<u>Year</u>	<u>Cars Originated</u>	<u>Cars Received</u>	<u>Cars Handled</u>
ICC	1955	370,757	427,189	797,946
ICC	1956	366,710	440,408	807,118
ICC	1957	353,528	405,219	758,746
ICC	1958	229,508	283,097	512,606
ICC	1959	228,904	296,684	525,588
ICC	1960	249,125	306,465	555,590
ICC	1961	200,545	263,417	463,961
ICC	1962	201,096	253,729	454,824
ICC	1963	209,151	258,960	468,111
ICC	1964	na	na	493,128
ICC	1965	na	na	na
ICC	1966	na	na	487,334
ICC	1967	na	na	462,424
ICC	1968	na	na	483,922
ICC	1969	na	na	na
ICC	1970	na	na	416,995
ICC	1971	na	na	393,603
FCS	1972	216,775	206,923	423,698
FCS	1973	241,145	220,663	461,808
FCS	1974	231,284	248,710	479,994
FCS	1975	166,532	210,446	376,978
FCS	1976	178,979	209,709	388,688
FCS	1977	172,272	199,749	372,021
FCS	1978	174,867	194,789	369,656
FCS	1979	167,521	191,101	358,622
FCS	1980	129,873	115,841	245,714
FCS	1981	104,930	104,138	209,068
FCS	1982	74,372	85,165	159,537
FCS	1983	79,444	84,147	163,591
FCS	1984	74,739	90,382	165,121
FCS	1985	76,476	85,987	162,463
WRT	1986	61,347	73,449	134,796
WRT	1987	76,533	90,679	167,212
WRT	1988	83,715	110,131	193,846
WRT	1989	73,103	98,343	171,446
WRT	1990	68,573	96,384	164,957
WRT	1991	60,205	83,877	144,082
WRT	1992	57,416	83,412	140,828
WRT	1993	66,552	95,476	162,028
WRT	1994	77,293	108,041	185,334
WRT	1995	76,834	118,279	195,113
WRT	1996	73,187	119,091	192,278
WRT	1997	74,362	139,956	214,318
WRT	1998	74,081	140,855	214,936
WRT	1999	81,328	153,707	235,035
WRT	2000	72,321	135,168	207,489
WRT	2001	69,506	127,923	197,429
WRT	2002	67,367	131,258	198,625
WRT	2003	72,777	139,995	212,772
WRT	2004	82,681	137,464	220,145
WRT	2005	66,708	133,454	200,162
WRT	2006	71,325	143,726	215,051
WRT	2007	65,116	136,814	201,930

EJ&E Carloads Estimated from Tons of Revenue Freight in ICC Transport Statistics

Year	Estimated EJE Cars Originated	Estimated EJE Cars Received	Estimated EJE Cars Handled	Tons of Revenue Freight Originated	Tons of Revenue Freight Received	Tons of Revenue Freight Handled	Estimated tons per car, EJE	U.S. average tons per car, 1970 & 1955, interpolated (Fact Book)
1971	0	0	393,603			25,741,642	65.4	
1970	0	0	416,995			27,271,450	65.4	54.9
1969	0	0	0				64.4	54.1
1968	0	0	483,922			30,687,720	63.4	53.2
1967	0	0	462,424			28,865,343	62.4	52.4
1966	0	0	487,334			29,936,490	61.4	51.6
1965	0	0	0				60.4	50.7
1964	0	0	493,128			29,313,372	59.4	49.9
1963	209,151	258,960	468,111	12,225,092	15,136,457	27,361,549	58.5.	49.1
1962	201,096	253,729	454,824	11,554,606	14,578,814	26,133,420	57.5	48.2
1961	200,545	263,417	463,961	11,323,861	14,873,981	26,197,842	56.5	47.4
1960	249,125	306,465	555,590	13,819,688	17,000,480	30,820,168	55.5	46.6
1959	228,904	296,684	525,588	12,470,714	16,163,371	28,634,085	54.5	45.7
1958	229,508	283,097	512,606	12,275,814	15,142,152	27,417,966	53.5	44.9
1957	353,528	405,219	758,746	18,558,337	21,271,846	39,830,183	52.5	44.1
1956	366,710	440,408	807,118	18,886,297	22,681,901	41,568,198	51.5	43.2
1955	370,757	427,189	797,946	18,726,670	21,577,028	40,303,698	50.5	42.4

12.5
0.8333
1.1913

1972 tons per
car for EJE,
from FCS

65.4	1971
65.4	1970
	1969
	1968
	1967
	1966
	1965
	1964
	1963
	1962
	1961
	1960
	1959
	1958
	1957
	1956
	1955

difference in tons per car 1970-1947
change in tons per car, per year, average
EJ&E scaleup ratio, 1970

SUMMARY

1. The changes to the Interstate Commerce Act in the Staggers Act of 1979 were based on a history of slow and overburdened regulation on an industry, which caused massive rail failures in the decade which preceded... They established strict timelines for the Commission, now, STB, to follow for approval and review of transactions..

2. The underlying theme of the Interstate Commerce Act, as modified by Staggers, is for a private capital, efficient and prosperous national rail network as essential to the economy of the US, and, that is the charge the industry lives with. And has continued to follow at all times, providing what is a model for the world of a privately funded, efficient rail freight transportation system..

3. This transaction is overwhelmingly in the interests of rail shippers of the nation, and the region, and will make a material difference in avoiding future Rail gridlock in the region, which will affect the nation.

4. The CREATE project, after 10 years, was not successful in accomplishing This mission, and, there are no indications from Congress that they will fund it, And, even if they did, it would require the compromise of some added rail traffic to communities on the J

5. The changes in rail traffic patterns here are far less onerous than have Occurred on other major lines in the Metro region, but, like those others, where grade crossings and other issues arose, they have been dealt with through existing State and federal and railroad projects where railroads paid a share, as well. That should happen here, as well..

6, The Board should not begin compromising the timelimits set forth in the Regulatory scheme established by Staggers for review and approval of transactions. The reasons for these time limits were failures in the past, to act timely and Contributing to the demise of some railroads, and in this case, more than likely to serious congestion in the Chicago rail network in the future. All these communities have survived and prospered as train traffic has in some cases grown to over 135 trains day.

7. While it is understandable that residents may not necessarily like more trains, Millions of others in dozens of other Chicago communities have accepted far more train traffic increases than proposed here..as necessary for a much broader public interest of America.. Where residents of a country such as the US may effectively start blocking train traffic routing, it can have serious adverse impacts and cause

more gridlock.. For example, if towns in Iowa or Nebraska could object to the over 120 plus unit trains a day of low sulphur coal rolling out of the Powder River Basin, And stop them, it could cause gridlock on the Interstate Highway System (one train equals almost 500 semi trucks) and quadruple the price of electricity or make it unavailable for residential or commercial use. The same is true for grain trains, or stack trains of containers, all of which are tied to the competitiveness of the USA and jobs of millions.

> Date: Mon, 18 Aug 2008 13:24:31 -0700

> From: [REDACTED]

> Subject: [REDACTED]

> To: johngohmann@msn.com

>

> I think the financial problem is halfway through the
> cycle," David Kotok, chairman and chief investment
> officer from Cumberland Advisors, told CNBC. "There's
> another shoe to drop ahead of us and it could be more
> severe."

>

> Kotok thinks Merrill Lynch (NYSE:MER - News), Wachovia
> (NYSE:WB - News) and other financial companies are at
> risk of failure as the cost of raising capital soars
> at a time when the banks need to pay settlements over
> auction rate securities.

>

> The cash companies need to shore up bad investments,
> "is up to about \$50 billion and will probably top \$100
> billion before it's over," he added.

>

>

>

> "Those firms—Merrill, Wachovia and others—are going
> to have to raise that cash," he said. "They are either
> going to have to get it from the Federal Reserve,
> through some direct or indirect means, which means
> more leverage, more Fed balance sheet, more regularly
> oversight or they're going to have to get it in the
> capital markets."

>

> Watch the video at the left to hear Kotok's views on
> where oil and the dollar are heading.

>

> Meanwhile, billionaire investor Wilbur Ross told
> "Squawk Box" that a thousand banks could fail before
> the financial crisis is over.

>

> "Not very big ones necessarily," he said. "But a
> thousand banks is going to be a lot."

>

> And the impact on the credit crunch could be severe, *U*
> he added.

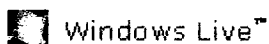
>

> "Each dollar of bank equity that gets lost takes out
> about 12 or 13 dollars of loans so there's a
> tremendous magnifier effect of small changes in bank
> equity."

>

> His comments were echoed by Morgan Stanley co-Pres

>



Afternoon Report - Monday, August 25, 2008

From: **David Whorto.**

Sent: Mon 8/25/08 1:53 PM

To: johngohmann

Attachments: image001.gif (14.4 KB), image002.jpg (19.6 KB),
image003.png (35.3 KB), image004.jpg (31.1 KB),
image005.png (32.6 KB), image006.jpg (28.3 KB), Afternoon
Report - Monday, August 25, 2008.pdf (134.3 KB)

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THE ASSOCIATED PRESS STATE & LOCAL WIRE

August 25, 2008

US Grain Exports Snagged by Infrastructure Delays

By CHRISTOPHER LEONARD and CATHERINE TSAI, AP Business Writers

Across the country, from grain elevator to grain elevator, golden wheat and corn are piled in towering mounds, waiting for a rail car to haul them to market.

Some grain can sit for a month or more on the ground, exposed to wind, rain and rats.

It's the dark side of the booming global demand for U.S. corn, wheat and soybeans. The surge in exports is revealing inefficiencies in the country's railways, highways and rivers that carry the grain that helps feed the world. And those bottlenecks are costing farmers, shippers and ultimately consumers millions of dollars a year.

Mark Hodges, the executive director of the Oklahoma Wheat Commission, has seen it firsthand. Earlier this summer, when consumers around the world hungered more than ever for American wheat and corn, he hopped into his pickup truck and toured local grain elevators.

Piles of grain sat like giant anthills, waiting to be shipped. Frantic managers couldn't find enough rail cars to haul it.

"When you're putting wheat on the ground, there's going to be a loss," Hodges said. "They don't ever like to put it on the ground, but when wheat is \$7, \$8 or \$10 a bushel, they sure don't like to put it on the ground."

A surprisingly large harvest this fall is expected to test the system even further. The U.S. Department of Agriculture predicts farmers will produce the second largest corn crop and fourth largest soybean crop in history.

Some agribusiness groups worry the bottlenecks could hurt the United States' standing as a global food provider as other nations, such as Brazil and Argentina, compete for a lucrative share of the market.

In years past, bountiful harvests meant millions of bushels were stored outside overstuffed grain silos, waiting for shipment. Commodities loaded on barges faced long waits at outdated locks and dams on the Mississippi River, adding days and dollars to their transportation.

The barge delays alone added an average \$72.6 million annually to cost of shipping goods down the Mississippi and Illinois rivers, according to a new Army Corps of Engineers analysis provided to The Associated Press.

Rail delays are costly as well. In 2006, an estimated 1 billion bushels of grain was stored outside or in improvised shelters in Iowa, Illinois and Indiana, adding an estimated \$107 million to \$160 million that year to the cost of transporting it, according to USDA figures. That's about 1 percent of the combined \$13.8 billion value of corn and soybean exports in 2006.

"We're way, way behind in our infrastructure investment, both in the private sector and publicly," said Peter Friedmann, executive director of the Agriculture Transportation Coalition, a trade group representing grain exporters. "And we need to move a lot on that or we will see other countries supplant us as they get greater investment in their infrastructure."

The problem is likely to persist, if not worsen, in years to come.

Fixing the bottlenecks will take billions of dollars in investment over several years. In the meantime, exports are forecast to increase, with corn shipments expected to grow every year over the next decade from 54 million metric tons to 77 million metric tons, according to the Food and Agricultural Policy Research Institute.

Added costs from bigger bottlenecks could only hurt U.S. farmers in a competitive global industry.

"Price is still king in this business," said Larry Jansky, senior trader in agricultural commodities for North Pacific Group Inc. in Portland, Ore. "Two or three dollars a ton is the difference between getting a contract or not."

Agricultural exports last year were worth just less than \$90 billion. If the U.S. loses just 1 or 2 percent of that market to fast-growing exporters like Argentina, it could drain between \$9 billion and \$18 billion from the economy.

Economists say higher transportation costs can hurt both farmers and consumers. That's because grain elevators or barge companies can cover higher costs by paying farmers slightly less for their grain, or by charging consumers slightly more for it. The USDA does not track how much cost transportation bottlenecks add annually to the price of food.

Grain elevator operators have become adept at storing grain outside, using concrete pads and tarps to ensure just a fraction of the harvest is lost, said USDA economist Marvin Prater.

But even in the best conditions, storing grain outside means the cargo must be "double handled," being dumped once outside, then recollected to be loaded into a silo and then a rail car. By contrast, when things work smoothly grain is loaded from a farmer's truck directly into grain elevators that funnel it into waiting rail cars. Double handling adds between 10 and 15 cents a bushel, Prater said.

Last year in Colorado, wheat piled up after an exceptional harvest. Tempel Grain Elevators elevator manager Tony Leighty said he scrambled to order more train cars, which were fetching premiums of up to \$2,000 a piece. He lost an estimated 10,000 bushels of wheat, worth about \$100,000, that sat on the ground.

"It was horrible," he said.

The Association of American Railroads estimates it will cost about \$148 billion to expand rail lines over the next 30 years to handle increased demand. But the group says railroad companies can only afford to fund about 70 percent of that.

The AAR and farm industry groups are backing legislation that would offer tax credits for investments in freight rail expansion.

Barges floating down the Mississippi have long been a cheaper shipping alternative for farmers who aren't landlocked. But the barge traffic is hampered by Depression-era locks and dams.

A modern sized barge tow is typically 1,100-feet long but the locks they must pass through are roughly half that length. The means the barges must split in two to get through, with the back half waiting for the first half to make the passage before rejoining it on the other side.

The delays add about 50 hours of travel time along the upper stretch of the Mississippi, said Corps Manager Scott Whitney. The barges must burn fuel and pay workers as they wait, racking up an estimated \$725.6 million in extra costs along the Illinois and Mississippi Rivers between 1996 and 2005.

Congress authorized the Army Corps last year to update locks and dams along the Mississippi. But Congress must approve funding for the project, which is estimated to cost \$2.21 billion over more than 20 years.

One of the tightest bottlenecks happens at busy U.S. ports, where crops are loaded onto oceangoing vessels.

Over the years, exporters have increasingly shipped grain by renting empty containers that brought consumer goods to the United States from overseas markets like China. But as those imports have fallen, exports are having to wait longer, and pay more, to find space on outward-bound vessels, said Jansky, the grain trader in Portland.

Jansky said the cost of renting a 20-foot container has risen 70 percent, to about \$3,400 in the last 10 months alone.

"All of the sudden, grains are starting to have to pave their own way," he said. "All of the sudden, we're grabbing for vessels now."

NOTE: This article appeared in dozens of publications, such as:

- *The Cincinnati Post* – 08/25/2008, 06:25 am
- *Atlanta Journal-Constitution* and 130 other sources
- *The Seattle Times* – 08/25/2008, 05:33 am
- *Chicago Daily Herald* and 1 other source
- *Fargo Forum* – 08/25/2008, 05:21 am
- *PJStar.com* – 08/25/2008, 03:17 am
- *Hutchinson News* – 08/25/2008, 02:52 am
- *Omaha World-Herald* and 1 other source – 08/25/2008, 01:44 am
- *PhillyBurbs.com* – 08/25/2008, 01:41 am
- *Elkhart Truth* – 08/25/2008, 01:26 am



Traffic on Canadian Pacific Metra Mainline

Rondout (apx 5 miles North of Lake Forest and Chicago

Summer, 2008

Weekday Metra Traffic Rondout – Chicago 50 trains

Weekday Metra Traffic – Deerfield to Chicago 60 trains

Daily Scheduled Amtrak Trains 18

**Canadian Pacific, Wisconsin Southern
Freight trains (CPR management estimates)**

CPR - 25 to 30 30

Wisconsin Southern 2

Total Freight, Passenger and Commuter 110

National Rail Traffic 2006-2007 – 32 Weeks 2008

Source – Association of American RR reports

Tons Originated 2006 1.96 billion

Tons Originated 2007 1.94 billion

32 weeks, 2008

Carload rail traffic – 0.3% increase over 32 weeks, 2007

Intermodal traffic - 3% decrease from 32 weeks, 2007

American Railroad Daily

Keeping Track of the North American Freight Railroad Industry

Infrastructure Investments Needed for Rail and Agriculture Industry



Normally a historic national grain harvest would be a cause for rejoicing amongst farmers and shippers - but this year's record numbers are proving to be worrisome as they highlight the country's need for additional modern rail infrastructure.

The Associated Press reports,

A surprisingly large harvest this fall is expected to test the system even further. The U.S. Department of Agriculture predicts farmers will produce the second largest corn crop and fourth largest soybean crop in history.

However, shipping bottlenecks are forcing grain producers to pile their goods on the ground as they await transportation to market from haulers scrambling to find enough railcars. Some grain piles are sitting on the ground for months at a time, exposing them to wind, rain and pests. Mark Hodges, the Executive Director of the Oklahoma Wheat Commission observed, "When you're putting wheat on the ground, there's going to be a loss. They don't ever like to put it on the ground, but when wheat is \$7, \$8 or \$10 a bushel, they sure don't like to put it on the ground."

Needless to say, rail delays are proving costly. An estimated 1 billion bushels of grain were stored outside or in makeshift shelters during 2006, and the longer the grain waited, the more costly it was to transport. It was projected at the time that delays added up to \$160 million in transportation costs - fully 1% of the combined value of corn and soybean exports figures for 2006. The numbers this year are expected to climb even higher.

The Association of American Railroads estimates that it will cost some \$148 billion to expand rail lines over the next 30 years in order to keep pace with increasing demand, but the railroads themselves can only afford about 70% of that figure. That is why AAR and farm industry groups have joined together in an effort to get the Congress to pass legislation that would provide tax credits for investments in freight rail expansion.

The country must do something to address this problem soon, as the U.S. is losing market share to other fast growing agricultural exporter nations such as Argentina and Brazil. Peter Friedman, the Executive Director of the Agriculture Transportation Coalition sums it up this way, "We're way, way behind in our infrastructure investment, both in the private sector and publicly...and we need to move a lot on that or we will see other countries supplant us as they get greater investment in their infrastructure."

POSTED ON TUESDAY, AUGUST 26, 2008 AT 01:45PM BY THE EDITORS | [POST A COMMENT](#)

Reader Comments

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**FW: EJE carloads**

From: **Posey, Paul** (pposey@aar.org)
Sent: Wed 8/20/08 7:01 AM
To: johngohmann@msn.com
Cc: Gray, John (JGray@aar.org)
Attachments: EJE carloads 1955-2007.xls (21.9 KB)

Security scan upon download 

John,

John Gray asked me to send this to you. This is all we have on EJ&E carloads. In case you're not familiar with the sources, FCS is the Freight Commodity Statistics and WRT is the Weekly Railroad Traffic report.

Paul Posey
Association of American Railroads
pposey@aar.org
202-639-2323

-----Original Message-----

From: Posey, Paul
Sent: Tuesday, August 19, 2008 3:56 PM
To: Gray, John
Subject: EJE carloads

John,

I'm sending this just to you, not the whole mail list.

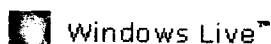
Here's everything we can get on EJ&E carloads for 1955-2007. Three sources were needed. Raw FCS data includes a breakout by local, forwarded, received, and bridged, so I included that for the years the FCS was available.

Note that all carloads from ICC Transport Statistics are estimated. What the J filed with the ICC had 700 pieces of information, not one of which was number of carloads handled or originated. Cars handled is estimated from net tons handled. This uses a sliding scale of tons per car, itself estimated from 1972 EJ&E tons per car and overall railroad industry statistics. All of this is on the second page of the spreadsheet.

For 1955 through 1963, the ICC broke out tons originated vs. tons received, but not afterwards. Also, we don't seem to have ICC stats for 1965 or 1969. And yes, there was a big drop in tons between 1957 and 1958.

-----Original Message-----

From: Gray, John
Sent: Tuesday, August 19, 2008 12:31 PM
To: Posey, Paul
Cc: Hamberger, Edward
Subject: Fw:

**FW: WB**

From: **JOHN GOHMANN** (johngohmann@msn.com)
Sent: Mon 8/18/08 4:06 PM

> Date: Mon, 18 Aug 2008 13:24:31 -0700
> From: John Gohmann
> Subject: WB
> To: johngohmann@msn.com
>
> I think the financial problem is halfway through the
> cycle," David Kotok, chairman and chief investment
> officer from Cumberland Advisors, told CNBC. "There's
> another shoe to drop ahead of us and it could be more
> severe."
>
> Kotok thinks Merrill Lynch (NYSE:MER - News), Wachovia
> (NYSE:WB - News) and other financial companies are at
> risk of failure as the cost of raising capital soars
> at a time when the banks need to pay settlements over
> auction rate securities.
>
> The cash companies need to shore up bad investments,
> "is up to about \$50 billion and will probably top \$100
> billion before it's over," he added.
>
>
>
> "Those firms—Merrill, Wachovia and others—are going
> to have to raise that cash," he said. "They are either
> going to have to get it from the Federal Reserve,
> through some direct or indirect means, which means
> more leverage, more Fed balance sheet, more regularly
> oversight or they're going to have to get it in the
> capital markets."
>
> Watch the video at the left to hear Kotok's views on
> where oil and the dollar are heading.
>
> Meanwhile, billionaire investor Wilbur Ross told
> "Squawk Box" that a thousand banks could fail before
> the financial crisis is over.
>
> "Not very big ones necessarily," he said. "But a
> thousand banks is going to be a lot."
>
> And the impact on the credit crunch could be severe, *W*
> he added.

>
>
>
> "Each dollar of bank equity that gets lost takes out
> about 12 or 13 dollars of loans so there's a
> tremendous magnifier effect of small changes in bank
> equity."
>
> His comments were echoed by Morgan Stanley co-Pres
>