RDC-Led Consortium Begins Operations in Malawi

Pittsburgh, Pennsylvania / December 9, 1999 – The consortium led by RDC began operations in Malawi on December 1 as Central East African Railways Ltd. ("CEAR"), with headquarters in Blantyre. CEAR's Chief Executive Officer is Robert E. Mortensen. CEAR's General Manager-Operations is Bradley J. Knapp.

The 20-year concession includes 797 km. of track, linking the capital city of Lilongwe with Blantyre; Mozambique’s Nacala Railway; and the currently closed connection to Mozambique’s Beira Railway. A connection to eastern Zambia is currently under construction. The railway’s primary business is the movement of agricultural products, fertilizer, containers, fuels, and cement.

Other members of the consortium include Portuguese port company Tertir; South African freight forwarder MANICA; Bermuda company Edlow Resources; and Mozambican private investors, who together with Mozambique’s national railway and port administration, CFM, were awarded the concession earlier in the year. RDC’s business plan contemplates an increase in capacity through selective improvements of the infrastructure, rolling stock, commercial practices, and operating practices.

The transaction is especially significant as it represents the first direct investment by a U.S. railway company in Africa.

The concession is RDC’s third award in 1999. In September 1999, an RDC-led consortium began operation of Peru’s Central railway. In January 1999, an RDC-led consortium, consisting of the same investors as in CEAR, signed a Memorandum of Understanding for the concessioning of Mozambique’s Nacala Railway and Port, a 914 km. link between the Indian Ocean and the border with Malawi. Upon takeover of the Mozambique concession, a single commercial entity will provide for the first time an integrated link from shipside at Nacala to points in Malawi.

RDC, a privately held Pittsburgh-based railway management and investment company, is also a shareholder in, and Operator of:

- **Ferrovias Guatemala:** 850 km. of Guatemala’s railway system, abandoned in 1996, damaged by Hurricane Mitch in 1998, and being restored to operation in 1999 between Guatemala City and the Atlantic Ocean.
• **Ferrocarril Central Andino**: 591 km. of Peru’s Central railway system, between the Pacific port of Callao, the capital city of Lima and the Andean cities of Huancayo and Cerro de Pasco. The railway is the highest in the world.

• **Iowa Interstate Railroad**: 1,000 km. of ex-Rock Island trackage between Chicago and Omaha in the USA.

• **Buenos Aires al Pacifico**: 5,500 km. of ex-Ferrocarriles Argentinos trackage between Buenos Aires and Mendoza.

• **Ferrocarril Mesopotamico**: 3,000 km. of ex-Ferrocarriles Argentinos trackage between Buenos Aires and Brazil, Paraguay and Uruguay.

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