Peruvian Rail Concession Takes RDC To New Heights

Pittsburgh, Pennsylvania / July 27, 1999 — The government of Peru has awarded the privatization of the Ferrocarril del Centro to a consortium led by Railroad Development Corporation. The 30-year concession includes 591 km. of track, linking the Pacific port of Callao and the capital city of Lima with Huancayo and Cerro de Pasco. The railway’s primary business is the movement of minerals, fuels, cement, and food products. The highest railway in the world, it reaches the station of La Cima at 4818 meters above sea level.

Other members of the consortium include Peruvian companies Juan Olaechea and Company, Minas Buenaventura, and Cementos Andino. Foreign shareholders include Japan’s Mitsui and Company and the United Kingdom’s Commonwealth Development Corporation. RDC’s business plan contemplates an increase in capacity through selective improvements of the infrastructure, rolling stock and operating practices. The line is considered to be in fair to good condition, an important consideration considering the challenging profile of the railway. Its construction during the latter part of the last century was considered a major engineering achievement and its spectacular route has earned it, among other things, coverage on the BBC’s “Great Railway Journeys of the World.”

The concession is RDC’s second award in 1999. In January 1999, an RDC-led consortium 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. The same consortium is currently negotiating the details of a concession of Malawi Railways. 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. The restoration to service of the first stretch of track to commercial operation – the 60-km. segment between Guatemala City and El Chile – occurred on April 15, 1999.

- **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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