Rail Service Resumes In Guatemala

Pittsburgh, Pennsylvania / April 19, 1999 — Commercial rail service resumed in Guatemala the morning of April 15, 1999, with the arrival of the first Ferrovias Guatemala revenue freight train – a short-haul (60 km.) cement movement from El Chile – at its new freight terminal in the industrial zone of Guatemala City.

The arrival of the train was commemorated at a ceremony which included participation by the President of the Republic of Guatemala, Alvaro Arzu Irigoyen; the Minister of Communications, Transportation, Public Works and Housing, Fritz Garcia- Gallont; the Ambassador of the United States, Donald Planty; the General Manager of Ferrovias Guatemala, Renato Fernandez Ravelo; and the Chairman of Ferrovias Guatemala and Railroad Development Corporation (RDC), Henry Posner III (comments follow).

Rail service on Guatemala’s 800-km. system was suspended in early 1996. A 50-year concession to restore and operate the rail system was awarded to RDC in 1997. The concession also includes port facilities and the right to develop alternative uses for the right of way, such as pipelines and fiber optics. In mid 1998 RDC began work to restore the system to operation, but substantial damage to the system was incurred by Hurricane Mitch in October of the same year.

Because of the need to repair several major bridges, restoration of service to the Atlantic ports of Puerto Barrios and Puerto Santo Tomas will not occur for several more months. Subsequent phases of the rehabilitation project will see restoration of service to Mexico and El Salvador.

The project is believed to be the first effort in this century whereby an entire country’s rail system has been abandoned and subsequently reopened by the private sector.
Ferrovias Guatemala is the concessionaire company formed by RDC and an investor group led by Guatemala’s leading investment bank, Capitales e Inversiones.

RDC, a Pittsburgh-based railway management and investment company, is also a shareholder in, and Operator of, three other railways:

- **Iowa Interstate Railroad:** 1,000 km. of ex-Rock Island trackage between Chicago and Omaha in the USA.
- **Buenos Aires al Pacífico:** 5,500 km. of ex-Ferrocarriles Argentinos trackage between Buenos Aires and Mendoza in Argentina.
- **Ferrocarriel Mesopotamico:** 3,000 km. of ex-Ferrocarriles Argentinos trackage between Buenos Aires and Brazil, Paraguay and Uruguay.

**Comments by Henry Posner III**

Guatemala City, Guatemala  /  April 15, 1999 — “As Chairman of Ferrovias Guatemala, it is for me a great pleasure to welcome you to the inauguration of our commercial operations.

“For me, it is an emotional moment to have the opportunity to preside at the reopening of a railway that most people had given up for dead. Certainly, after years of little maintenance, loss of traffic, invasion by squatters, the abandonment of operations in 1996, and the destruction caused by Hurricane Mitch, the idea of initiating commercial operations in 1999 was considered by many to be a fantasy. And yet, here we are today, moving freight traffic for the first time in three years, and at the same time opening a multimodal terminal in the most strategic location in Central America.

“Why are we here? There are many reasons, but two are the most important. First is the commitment, flexibility and support of our investors, our customers, our employees, and the Government of Guatemala in the privatization process and the implementation of our business plan. The second is the demand for freight transportation. The cooperation of many has brought us to this day; the demand for transportation will take us into the future.

“For today, let us celebrate the moment. Our plan is ambitious, but not a dream. Today we operate to El Chile; by midyear, to the Atlantic; in the future, to the Pacific, Mexico and El Salvador. **The train is back!** Thank you very much.”

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