

## **Baltic Rail Services Completes the Purchase of a Controlling Interest in Eesti Raudtee, Estonian State Railways**

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**Pittsburgh, Pennsylvania / September 4, 2001** – Edward A. Burkhardt, President of Rail World, Inc., a Chicago-based railway operator and investment firm, confirmed that Baltic Rail Services, OÜ (BRS) has completed the purchase of a 66% interest in Eesti Raudtee, the Estonian State Railways (EVR) on Friday, August 31. Mr. Burkhardt, chairman of the board of BRS, and the newly elected Chairman of the supervisory council of EVR, said, “We thank the Estonian Privatization Agency (EPA) for their professional handling of the privatization. We look forward to working closely with EVR’s employees and customers in implementing best international practice to improve the operations and competitiveness of EVR.”

BRS investors include Rail World (25.5%), publicly listed British infrastructure and construction group Jarvis PLC (25.5%), Pittsburgh-based rail operator Railroad Development Corporation (5%), and OÜ Ganiger Invest, led by Estonian entrepreneurs Jüri Käo and Guido Sammelselg (44%). The Estonian government will continue to own the remaining 34% interest in EVR. The purchase price of the 66% interest in EVR was \$58 million.

Earl Currie had been elected Managing Director, and Mark Rosner, Deputy Managing Director of EVR. Mr. Currie has wide experience in the US rail industry, having served BN as Vice President Transportation, Soo Line as Vice President Operations, CSXT as Vice President Transportation and Engineering, and Wisconsin Central as Executive Vice President Planning before joining Rail World. Mr. Rosner has extensive experience in the North American short line industry, as well as serving as an operating officer at CSXT and Wisconsin Central. Prior to joining Rail World, he was Operations Director for Wisconsin Central affiliates at Australian Transport Network and Tasrail in Melbourne, Australia. Messrs. Currie and Rosner will serve as an interim management until permanent appointments can be made.

RDC Chairman Henry Posner III, newly elected as a member of the supervisory council of EVR, commented, “We are proud to be a member of Ed Burkhardt’s team in this most significant of railway transactions; EVR is the first vertically integrated, privately owned and managed railway in Europe. It is also the first privatization involving the former Soviet railways”. EVR owns and operates approximately 500 miles of five-foot gauge railway. It conducts freight operations, but passenger services are provided by independent operators using EVR’s infrastructure under access agreements. EVR’s assets include a 49% ownership in EVR Ekspress, operator of

international passenger services between Estonia and Russia. In 2000, EVR handled over 40 million tons of freight, with its major cargo being Russian petroleum products moving in unit trains to the ice-free Estonian ports on the Baltic Sea. Its annual freight revenues are approximately \$100 million.

BRS plans to replace the entire locomotive fleet of EVR with rebuilt North American locomotives and to make extensive improvements to track and signal systems. Mr. Burkhardt said, "Our investment plan is intended to provide increased capacity in support of the objectives of Estonian oil terminals and port operators to increase their market share of Russian transit business. We are pleased to be able to participate in the rapid adaptation of best international practice to rail operations in a progressive nation such as Estonia."

RDC, a privately held Pittsburgh-based railway management and investment company, is also a shareholder in and Operator of: **Iowa Interstate Railroad** in the USA; **Buenos Aires al Pacifico** and **Ferrocarril Mesopotamico** in Argentina; **Ferrovias Guatemala** in Guatemala; **Ferrocarril Central Andino** in Peru; and **Central East African Railways** in Malawi. For more information about RDC and its operations, please visit [www.RRDC.com](http://www.RRDC.com).

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