

**Make Plans to
Attend the 2005
ASLRRRA Regional
Meetings:**

(Click on the meeting name
for more information)

Central / Pacific
Region Meeting
October 2-4, 2005
Monte Carlo Resort
Las Vegas, NV

Eastern Region
Meeting
October 17-19, 2005
Westin Convention
Center
Pittsburgh, PA

Southern Region
Meeting
Oct. 30-Nov. 1, 2005
Beau Rivage Resort
Biloxi, MS

Questions? Comments?
E-Mail Us.

**Currently, Railroad
Security Alert Level
2 is in Effect**

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ABERDEEN & ROCKFISH RAILROAD HELPS ASLRRRA PAC REACH MILESTONE

At the beginning of this year we initiated a major effort to increase contributions to ASLRRRA's Political Action Committee (ASLRRRA-PAC). Contributions to ASLRRRA-PAC are used to make political contributions in support of candidates for Congress. In order to wage a successful political campaign a candidate must be able to communicate his message to the voters, and that communication has become extraordinarily expensive. The ability to raise money has an "arms race" quality and those candidates that raise the most generally win. The importance of political contributions to campaign operations has driven an explosion in fundraising activity over the last ten years.

Corporations are prohibited by federal law from making contributions directly to federal candidates. PACs allow corporations, unions and associations such as ASLRRRA to solicit voluntary contributions from employees, stockholders, and in the case of ASLRRRA, association members and their eligible employees. PACs allow people with shared interests to aggregate their individual contributions.

A well funded PAC is important to ASLRRRA for three reasons: (1) It backstops our local fundraisers hosted across America by individual short lines so if an event falls short of its goal the PAC can step in with up to \$5,000 (the legal limit for individuals is \$1,000); (2) key Committee Chairman and other Congressional leaders expect our Washington lobbyists to attend their Washington PAC events; and (3) the PAC is the legal mechanism by which we can collect contributions from the over one thousand short line managers who are not regularly attuned to our political programs and who can maximize relatively modest contributions through strength in numbers.

The failure to build on our large numbers is due to our failure to work this problem. To remedy that shortcoming we are asking every short line CEO to begin promoting the PAC among their eligible employees. Ed Lewis was one of the first to take up the challenge and did us one better. He said it was his owners who were the most significant beneficiaries of our political activities and he committed to asking each of them to contribute \$1,000. He found it was not a difficult sell when he reviewed the benefits of the current tax credit and its potential for extension and possible expansion. The credit is worth \$700,000 in much needed track and infrastructure improvements over the next three years on the 65 mile A&R system. **As a result he raised and forwarded us \$11,000 in PAC contributions – the single largest PAC contribution we have ever received from one short line in the history of our Association.**

Ed's achievement would be remarkable under any circumstances, but it is even more so when you consider that his railroad is one of the smaller short lines in the country.

ASLRRRA first stepped up to political fundraising six years ago by initiating what was then a novel program of local grassroots fundraisers. Adam Nordstrom was hired to help short line CEO's organize these local events. It was ASLRRRA's first serious participation in fundraising and there were many who doubted it would work. What we needed back then was a short line that would be the first to try and hopefully show the others it could be done. Ed Lewis was that first volunteer participant of the Grassroots Initiative and held the first and second ASLRRRA grassroots fundraisers on the Aberdeen & Rockfish. The events were financially successful and more important they gave us the example we needed to expand the program across the country. Six years ago ASLRRRA was a non-participant in political fundraising. In the last two year Congressional cycle our grassroots events raised over \$320,000.

With a well organized and effective grassroots program underway we have turned our attention to the equally important PAC program. The ASLRRRA-PAC and the Grassroots Initiative are two sides of the same coin. Grassroots events are important for targeting specific short line supporters on their home territory. The PAC helps ASLRRRA reach out to a broader audience in Washington. The ASLRRRA-PAC has set ambitious goals for the next two years – collecting at least \$100,000 from as many of our eligible employees and stakeholders as possible. The PAC will pursue a strategy of raising modest contributions from a large number of short line employees. But by engaging his owners with substantially higher individual contributions Ed Lewis has added a whole new dimension to this effort and given us a huge head start on our goal.

We owe Ed a big thank you. We believe that as much as he will appreciate that thank you he will appreciate even more having other short lines meet the challenge and follow his lead. Success benefits our entire

industry, but our success will only come to the extent we all participate.

Thank you Ed Lewis!

GENESEE & WYOMING ACQUIRES SHORT LINE AND PORT RAILROADS FROM RAIL MANAGEMENT CORPORATION

On May 26, 2005, Genesee & Wyoming Inc. (GWI) announced that it has signed an agreement with Rail Management Corporation (RMC) to acquire substantially all of RMC's rail operations for \$243 million in cash and the assumption of \$1.7 million of non-interest bearing debt. GWI expected to close the acquisition and commence operations on June 1, 2005, following the 7-day notice period required by the Surface Transportation Board for GWI to obtain authority to control the railroads owned by RMC.

Founded in 1980, RMC, headquartered in Panama City Beach, Florida, is an operator of short line railroads. The business being acquired is composed of fourteen principal rail operations with locations throughout the South and Southeast United States, including Florida, Alabama, Mississippi, Georgia, Arkansas, Texas, North Carolina, Tennessee and Kentucky. There is also one rail property located in Wisconsin. The main operations are composed of: i) five former industrial railroads serving the paper and forest products industry, ii) seven short line railroads, and iii) two port railroads. RMC operates over 928 miles of track, with 88 locomotives and 1,751 freight cars. The railroads handle approximately 170,000 annual carloads, with approximately 50% of its customers being in the paper and forest products industry.

The acquired business will be operated as part of GWI's Jacksonville-based Rail Link subsidiary, under the leadership of Billy C. Eason. The acquisition of the five former industrial railroads complements Rail Link's current paper and forest products business which includes three railroads formerly owned by Georgia-Pacific Corp. (acquired in 2003) and industrial switching operations at eight paper mills throughout the Southeast. The acquisition of the two port railroad operations (Galveston, TX; Wilmington, NC) as well as two ports served by two of the other rail lines (Panama City, FL; Port St. Joe, FL) complements Rail Link's seven existing port operations (Corpus Christi, TX; Jacksonville, FL; Fernandina, FL; two ports in Savannah, GA; Brunswick, GA; Baton Rouge, LA). The remaining short lines will be managed along with Rail Link's existing eleven short line operations. For a map of the acquired businesses and the geographic overlap with Rail Link's railroads, [click here](#).

Mortimer B. Fuller III, Chairman and CEO of GWI commented, "The timing and fit of the Rail Management acquisition is exceptional. First, the rail properties are an excellent geographic fit with our Rail Link Region thereby enabling us to reduce costs and increase efficiency. Second, our ability to write-up the tax basis of the acquired entities helps to support a substantial increase in our free cash flow. Third, we are purchasing the assets at a time when we are able to benefit from highly favorable debt market conditions. Fourth, while we are taking on a modest increase in our debt profile, the cash flow from the combined businesses will allow GWI to de-lever rapidly. Finally, the business is well run, management is strong, the employees are dedicated, the markets served are growing and the assets are in good condition."

GWI is a leading operator of short line and regional freight railroads in the United States, Canada, Mexico, Australia and Bolivia. The Company operates over 8,200 miles of owned and leased track and more than 3,000 additional miles under track access arrangements.

WATCO COMPANIES WINS PRESTIGIOUS GOVERNOR'S AWARD OF EXCELLENCE

Watco Companies, Inc. of Pittsburg, Kansas has won the top business award in the state of Kansas. Governor Kathleen Sebelius presented the company with the 2005 Kansas Governor's Award of Excellence. It is the eleventh year of the award.

The presentation was made at the Capitol Plaza Hotel in Topeka during the annual Kansas Cavalry Encampment. The event traditionally kicks off Kansas Business Appreciation Month, an annual tribute to Kansas businesses sponsored by the Kansas Department of Commerce and supported by the Kansas Cavalry.

“Watco Companies, Inc. is a remarkable company that truly exemplifies Kansas values,” said Governor Sebelius. “I am proud to recognize this exceptional Kansas business, not only for the jobs and educational opportunities it provides its employees, but also for its commitment to area schools and the Pittsburg community.”

Watco Companies Inc. is a successful Kansas business that started in 1983, with fewer than 10 employees, and has grown rapidly to the 1,200 employees it has today. Family owned and operated, the corporate office is located in Pittsburg, Kansas.

Watco Companies, Inc. provides multiple rail services through various subsidiaries via 12 railroads nationwide, two of them covering more than 1,000 miles in Kansas. The company also provides a variety of rail services and locomotive repair and maintenance services. Watco Companies, Inc. actively supports multiple area schools through leadership, financial contributions, and employee participation. The company also donates employee labor and passenger train rides for many community events including Little Balkans Days, a variety of local grade school events, and a traditional Santa train.

In 2002, Watco Companies initiated the creation of Port of Pittsburg. This port was established to preserve and protect current rail assets while creating additional ones. The Port of Pittsburg was awarded \$500,000 tax credit to achieve these goals.

“We have wonderful employees all over the United States, but the Midwest is the place to be,” said Kaye Lynne Webb, Co-Founder of Watco Companies, Inc. “Kansas is a place where people are still honest, they are hard workers, and this is a place where a handshake still means something.”

Watco Companies, Inc. was one of five finalists for the 2005 Governor’s Award of Excellence. The finalists for the Governor’s Award of Excellence were chosen from 274 companies nominated for recognition during Kansas Business Appreciation Month, celebrated in June. An independent panel of chamber of commerce officials, economic development professionals, and business people from across the state selected the finalists.

NARS PROVIDES NUMEROUS TRAINING OPPORTUNITIES FOR ASLRRRA MEMBERS

Through ASLRRRA’s recent agreement with the National Academy of Railroad Sciences (NARS), ASLRRRA members have the opportunity to take advantage of a variety of training opportunities. NARS, a part of BNSF’s Technical Training Center in Overland Park, Kansas, offers training on virtually every railroad craft through a variety of formats, including classroom instruction, simulated practice, computer-based training, Web-based training and distance learning. ASLRRRA members can receive reduced rates on all programs offered by NARS. For example, members can obtain access to all of NARS online training programs (over 200 are currently available) for a flat annual fee of \$225 per employee. For more information on training programs that are available to ASLRRRA members through NARS, go to www.RailroadTraining.com.

ASLRRRA SEEKS RESPONSES FOR DATA STUDY

As of last week, only 40% of ASLRRRA’s member railroads had completed and returned their responses to this year’s Short Line Data Study. As of this writing, those railroads that have not yet responded to this important project have been sent another copy of the survey via mail. This survey is necessary in ASLRRRA’s efforts to create and distribute a comprehensive story that accurately reflects the short line industry in the United States.

“The data study allows for a greater understanding of our business and our importance to the communities we serve,” explains ASLRRRA President Rich Timmons. “Without the results from the previous survey, the Association would not have been able to show the policymakers here in Washington the strong public benefit of a tax credit for short line infrastructure.”

Beyond providing strong evidence to support the Association's legislative priorities, the data collected from this survey serves as the backbone of one of ASLRRA's newest publications, "Short Line and Regional Railroad Facts and Figures: Completing the Picture." This booklet will be published with the results of each data study, to allow ASLRRA members access to the results of their responses.

"The best way for us to create a complete picture of our industry is for all of our members to fill out the survey and send it back to us," says Timmons. "I believe every member of the Association benefits from the collection of this data and I encourage all of our railroad members to participate."

For additional information about the data study, please contact Kara Marshall via phone at 202-585-3430 or via email at kmarshall@aslrra.org.

GEORGIA SOUTHWESTERN RAILROAD ACQUIRES GEORGIA RAIL LINE

Georgia Southwestern Railroad, Inc. has acquired from Norfolk Southern through its subsidiary, Central of Georgia Railroad, a portion of the Central's former R Line from Mile Post 12.0 to the end of track at Mile Post 55.0 near Greenville, Georgia.

The rail line provides service to Hamilton, Pine Mountain, Durand, and Greenville, Georgia; and will serve the Georgia Pacific facility at Durand. The line is located in the rich forest region of Georgia, and in the counties of Harris and Meriwether; southwest of Atlanta.

Terry Small, President of the Georgia Southwestern Railroad stated, "This line acquisition is a good fit to the existing core of our Railroad and will enhance our operations by offering other commodity venues and opportunities to work in the growing communities of Harris and Meriwether counties of Georgia."

With the acquisition the Georgia Southwestern Railroad network will consist of over 270 miles of owned and leased track, and more than 70 miles of track under access arrangements in Georgia and Alabama.

Georgia Southwestern Railroad, Inc. is headquartered in Dawson, Georgia; the Railroad handles over 12,000 annual carloads of agricultural products, construction materials, chemicals and plastics.

CEDAR AMERICAN RAIL HOLDINGS ANNOUNCES MARKETING CHANGES

Cedar American Rail Holdings, Inc., which operates the Dakota, Minnesota & Eastern Railroad and the Iowa, Chicago & Eastern Railroad, announced that Lynn A. Anderson has been promoted to Senior Vice President - Marketing.

In making the announcement, Cedar American Rail Holdings, Inc. President and Chief Executive Officer Kevin V. Schieffer said, "Lynn was one of the original founders of the DM&E Railroad in 1986 and has been extremely instrumental in its growth and success. He has led our marketing efforts to greatly expand our business levels and has excellent relationships with our customers and supporters and with regulatory and political personnel in our territory. Through his efforts, many businesses have located or expanded along our railroad, which has also resulted in significant job and tax growth in our area."

Anderson began his railroad career in 1971 with the Chicago and North Western Railroad in Chicago. He is a graduate of Iowa State University in Ames, Iowa.

In other changes within the Marketing organization, Kenneth A. Thoendel has been promoted to Assistant Vice President – Marketing, Minerals, Cement and Aggregates; and Douglas A. Conway has joined the group as General Manager - Marketing.

Thoendel joined the DM&E Railroad in 1986 from the Chicago and North Western Railroad, where he began his railroad career in 1974. Thoendel has a degree in Education from Chadron State College in Chadron, Neb., along with graduate studies at Wayne State College in Wayne, Neb.

Conway joins Cedar American Rail Holdings from the Union Pacific Railroad, where he began his railroad career in 1991 and most recently was senior business manager – Chemicals. Conway has a degree in Logistics from the University of Missouri – Columbia, and has also completed core course work in the MBA Program at Maryville University, St. Louis.

RAILINC SHORT LINE AND REGIONAL RAILROAD TRAFFIC INDEX

Carloads, by commodity	Carloads Originated April '05	Carloads Originated April '04	% Change
	(Based on 480 railroads)	(Based on 467 railroads)	
Chemicals	32,844	30,346	8.2%
Coal	20,997	14,793	41.9%
Crushed Stone, Sand and Gravel	22,955	19,126	20.0%
Food and Kindred Products	11,515	11,247	2.4%
Grain	25,655	23,482	9.3%
Grain Mill Products	7,808	6,685	16.8%
Lumber and Wood Products	21,952	21,110	4.0%
Metallic Ores	6,400	6,156	4.0%
Metals and Products	27,446	24,445	12.3%
Motor Vehicles and Equipment	7,401	7,990	-7.4%
Nonmetallic Minerals	3,773	3,079	22.5%
Petroleum Products	1,723	1,469	17.3%
Pulp, Paper, and Allied Products	27,035	24,461	10.5%
Stone, Clay and Glass Products	16,098	15,232	5.7%
Trailer or Container	39,027	29,188	33.7%
Waste and Scrap Materials	11,585	9,556	21.2%
All Other Carloads	88,470	92,918	-4.8%
Total	372,684	341,283	9.2%

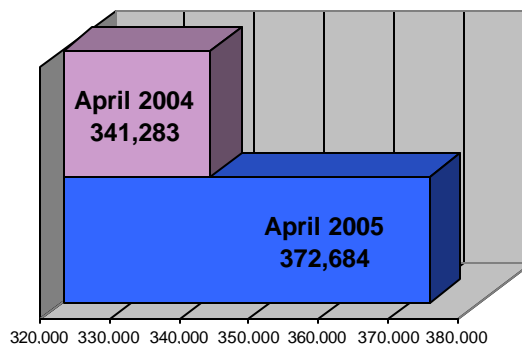
Summary:

Railcar loads originating on North American short line and regional railroads increased more than 9% since April of last year. Large growth can be seen particularly in the Coal and Intermodal sectors. This short line and regional traffic index is compiled by Railinc as a service to the industry.

For more information on Railinc, visit www.railinc.com.

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Total carloads, April 2004 vs. 2005

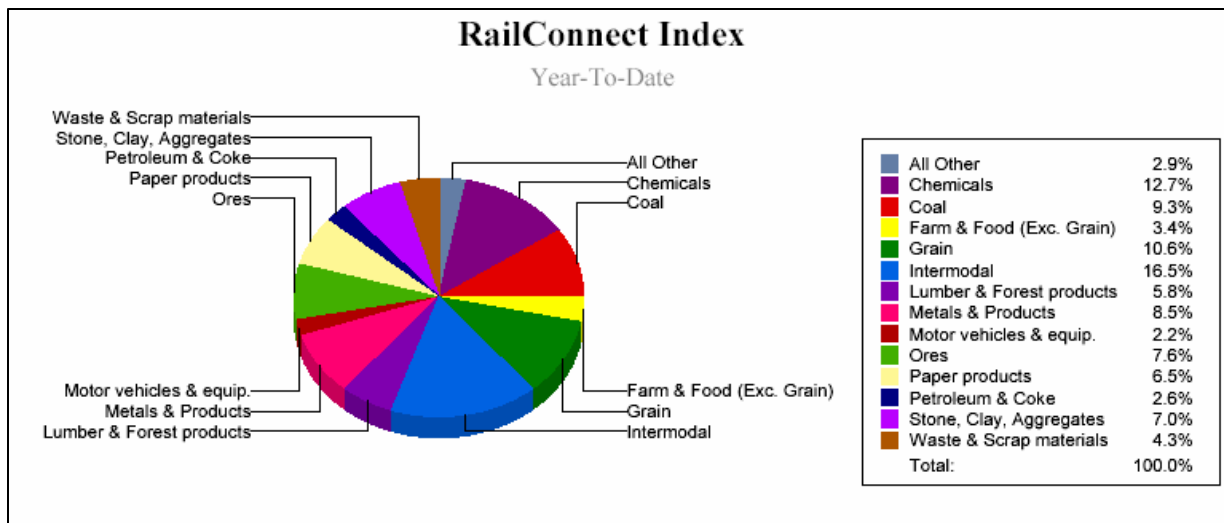


RMI RAILCONNECT INDEX OF SHORT LINE TRAFFIC

For the week ending: 5/21/2005

of Railroads: 212

	Current Week			Year-to-Date		
	2005	2004	% Change	2005	2004	% Change
Carloads Handled						
Coal	7,823	9,540	-18.00%	176,078	181,136	-2.79%
Grain	10,852	10,117	7.26%	201,480	201,678	-0.10%
Farm & Food (Exc. Grain)	3,376	2,905	16.21%	65,560	56,209	16.64%
Ores	8,648	8,156	6.03%	145,371	138,394	5.04%
Stone, Clay, Aggregates	8,346	7,133	17.01%	134,082	104,269	28.59%
Lumber & Forest Products	5,698	5,184	9.92%	109,669	96,194	14.01%
Paper Products	6,141	5,770	6.43%	124,293	109,725	13.28%
Waste & Scrap Materials	4,440	4,375	1.49%	82,095	72,895	12.62%
Chemicals	12,552	11,128	12.80%	241,204	215,456	11.95%
Petroleum & Coke	2,165	1,969	9.95%	49,985	38,111	31.16%
Metals & Products	7,442	7,136	4.29%	161,357	120,377	34.04%
Motor Vehicles & Equip.	2,226	2,266	-1.77%	41,911	42,346	-1.03%
Intermodal	16,003	12,829	24.74%	314,103	249,767	25.76%
All Other	2,561	3,389	-24.43%	56,110	58,237	-3.65%
Total	98,273	91,897	6.94%	1,903,298	1,684,794	12.97%



RAILROAD TRAFFIC

According to the AAR, U.S. carloads were up 1.3 percent in the week ending May 28, 2005, with 350,870 cars originated, compared to 346,243 cars originated in 2004. Carloads for U.S. Non-Class I's that submit data to the AAR were up 11.3 percent for the week and are up 7.8 percent for the year to date. U.S. intermodal traffic was up 3.6 percent for the week and is up 6.8 percent for the year to date. U.S. and Canadian intermodal traffic is up 6.1 percent for the year. Total volume is up 2.8 percent for the year, with an estimated total of 667.6 billion ton-miles.

For just the week ending May 21, 2005, U.S. carloads were down 3.5 percent and carloads for U.S. Non-Class I's that submit data to the AAR were up 14.9 percent. Carloads were up 2.0 percent in the East and were down 8.1 percent in the West. U.S. intermodal traffic was up 3.1 percent for the week.

EMBARGO NOTICES & REROUTE ORDERS

A complete listing of embargo notices is available at embargo.railinc.com.

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