

HARRAL • WINNER • THOMPSON • SHARP • KLEIN

GENERAL
QUALIFICATIONS



CAPABILITIES

2007

CAPABILITIES AND QUALIFICATIONS

HARRAL WINNER THOMPSON SHARP KLEIN, INC. (HWTSK) is a management consulting group composed of transportation industry executives, consultants, bankers, and entrepreneurs, specializing in the rail industry, multimodal services, and highway transport. We have worked worldwide with investors, entrepreneurs, financial institutions, commercial and state-owned railways, government authorities, Ministries, transit authorities, and suppliers, on strategic, financial, and operational issues related to rail and highway transport issues.

HWTSK has developed and implemented strategies for reforming and restructuring state-owned railways worldwide. We have extensive experience in bringing private investors to the rail sector through acquisitions, public-private partnerships, and private financing initiatives. In recent years, we have acted as industry advisors on a number of public-private financing transactions, including more than \$9 billion in lease-to-service transactions for railway passenger equipment, locomotives, maintenance equipment, and infrastructure. HWTSK brings together the range of skills needed to evaluate rail industry acquisition and development opportunities and rapidly identify the elements required for profitable operations. HWTSK offers railway-specialized services in:

Due diligence analysis of business opportunities

- Operating review and asset condition assessments
- Market and competitive analyses, revenue forecasts
- Financial analyses and enterprise valuation
- Analysis of the external and regulatory environment

Development of viable deal structures

- Partnering opportunities with local investors, industries or customers
- Financing alternatives, including development bank and commercial sources
- Risk mitigation strategies
- Definition of alternative corporate and legal structures

Preparation of bankable business plans

- Investment requirements
- Operating strategies, plans and schedules
- Marketing and revenue management plans
- Financial analyses including pro forma financial statements

Improving commercial operations

- Cost reduction
- Marketing and revenue enhancement
- IS investments and organization structure changes

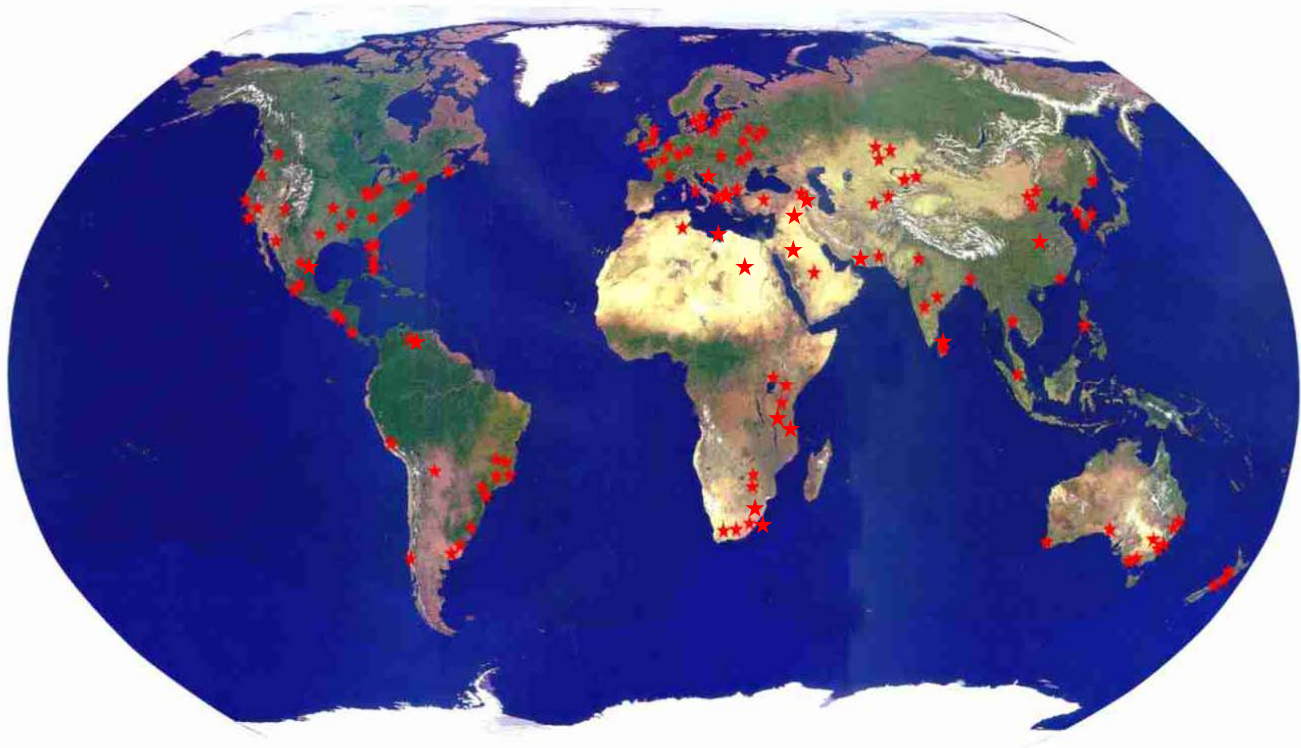
Financing arrangements

- Definition of financing structures
- Market basis of transactions
- Service operations contract arrangements
- International private placements

HWTSK helps investors develop the strategies necessary to compete successfully in international rail industry concessioning and privatization markets and to find and acquire strategic interests in rail industry suppliers. We also have the skills to help consummate transactions and make new acquisitions commercially viable.

GEOGRAPHIC SCOPE

The principals of HWTSK have directed rail industry restructuring, acquisition, commercialization, business planning, strategy development, and cost reduction assignment worldwide. While the group is based in the United States, the principals have worked with railways on nearly every continent. The map below shows the locations of selected assignments.



CONTACT INFORMATION

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Mr Winner is fully authorized and empowered to make binding commitments for HWTSK, INC.

COMPANY STRUCTURE

Harral Winner Thompson Sharp Klein, the successor company to HWTSL, Inc., incorporated in the United States, under the laws of the state of Maryland. It is wholly owned by its principals. The firm has offices in the United States and representatives in London and Moscow. It affiliates with other consulting groups, law firms, engineering groups, and investment banks depending upon the needs of the project.

PROJECT STAFFING

HWTSK's organizational structure provides flexibility to tailor working arrangements to project needs. We have assembled a team of individual consultants with the experience, unique business sense, and sensitivity to conditions that can make a venture successful. These senior consultants join an HWTSK team whose structure is based upon the requirements of each project.

Together, HWTSK principals and senior consultants provide the technical skills, business savvy and experience needed for effective evaluation of investment opportunities, development of bid and operating strategies, formation of deal structures, and project implementation.

WORKING WITH HWTSK

Depending upon the project, HWTSK works on the basis of a proposed budget, not-to-exceed costs, daily fees plus expenses, a fixed price contract, or on a success fee arrangement. Success fee arrangements can extend from lump sum payments upon successful completion of an investment or transaction, to participating in the proposed investment. Normally, after discussion, working arrangements are spelled-out in a proposal letter from HWTSK that describes the project, deliverables, and fee structure.

HWTSK principals can work as individual sub-contractors on their own, or as a part of a larger consulting team, without involving HWTSK Inc. Our Senior Consultants work as individual sub-contractors for many different consulting groups and most have their own consulting practices. Any HWTSK principal will be happy to provide contact information for our Senior Consulting staff when requested.



COMMERCIALIZATION AND RESTRUCTURING STRATEGY

As economies and markets become more open worldwide, officials in many countries have considered how to restructure important segments of their economies. Transport and communications are fundamental to economic growth and these sectors are generally among the first to be restructured. HWTSK has worked with many governments on such restructuring efforts. We have deep experience in rail transport restructuring. In projects financed by development banks and governments, we have developed commercialization and restructuring strategies for state-owned rail operations in many countries. Commercial enterprises should review their business and commercial strategy on a regular basis – every five years or so. HWTSK helps commercial enterprises develop new strategies to deal with a changing environment. Some typical assignments include:

- Assisted Ukrzaliznytsia, the national railway of Ukraine, develop a commercialization and restructuring plan. This effort involved cost reduction measures including right-sizing staff and facilities, prioritizing investments to support cost reduction and developing a financial forecast of railway operations to support financing for the restructuring effort.
- For Kazakhstan Temir Zholy, the national railway of Kazakhstan, developed a business strategy and restructuring plan. Recommended structural changes and privatization of non-core and rail supply industry functions, cost reduction measures including right-sizing staff and facilities, investments to support cost reduction and marketing and financial plans.
- For the government of Uzbekistan and the Uzbekistan Railways, HWTSK developed a strategy to strengthen and extend reforms already taken. The work included development of a business plan and traffic forecast for core railway functions, analysis of non-core units to be separated, preparation of financial evaluation of each unit, and the development of recommendations for mitigation of restructuring impacts.
- Advised the Ministry of Petroleum and Minerals of Saudi Arabia in negotiations with investors relating to the development of a new railway linking ports to minerals production areas on a Build-Operate-Transfer basis.
- For the Government of New Zealand and the Board of Directors of New Zealand Railways, planned and helped implement the conversion of the railway from a ministry department to a state-owned enterprise. NZR moved from a loss-making entity employing 30,000 to a railway enterprise with growing freight and passenger traffic and about 5,000 employees. Freight transport prices declined more than 25% in real terms and the Government successfully privatized the railway in a worldwide auction.
- Assisted the Government of Argentina to restructure and privatize the national rail system with company-wide reorganization, analysis of alternative privatization methods, formation of a national-level transportation oversight office, development of regulatory reform mechanisms, and evaluation of the likely success of various restructuring alternatives. After successful concessioning, Government support of railway operations in Argentina declined from about US\$1 billion in 1990 to less than US\$50 million currently.
- Prepared consortium bid for extensive rail properties of Australian National Railways including due diligence review, development of business plans, liaison among financial and operating participants and preparation of bid documents.
- Assisted the Government of Western Australia in a review of commercialization and privatization strategies for Westrail. This analysis considered various forms of concessioning, privatization, continued government ownership, separation of infrastructure from above rail operations and other structural reforms.

BUSINESS PLANNING

Business Planning is one of the most important activities carried out by commercial enterprises; planning is especially important when state-owned entities become commercial enterprises, or when existing businesses plan significant new investments. Most companies should refresh business plans annually, as a part of a cycle that includes analyses of market factors, operational capacity and effectiveness, and investment and staffing needs. HWTSK has worked with many companies to analyze market conditions, consider pricing and service requirements, analyze operations, cost structures and capacity, and consider investment needs and alternatives and estimate the impact of all of these factors using financial modeling including full balance sheet, cash flow and income statements. Some typical assignments are shown below:

- For Kazakhstan railways, HWTSK prepared a comprehensive business plan addressing government railway relationships in pricing and provision of non-compensatory services, marketing and pricing strategies, cost reductions actions, and investment plans. The plan identifies where KTZ can reduce staff—a high government priority—from 152,000 to 42,000. On the basis of this business plan, EBRD entered into an agreement with KTZ and the government of Kazakhstan for a \$65-million loan for railway maintenance equipment.
- Helped Ukrzaliznytsia, the national railway of Ukraine, develop a commercialization and restructuring plan. This effort involved defining the role of UZ and the Government of Ukraine in the provision of passenger services, setting out a package of cost reduction measures, prioritizing investments to support cost reduction and developing a financial forecast of railway operations to support financing for the restructuring effort.. This commercialization strategy was the basis for an EBRD loan of some \$50-million to UZ, guaranteed by the government of Ukraine.
- Working with the World Bank, HWTSK prepared an analysis of the operations and cost structure of the Armenian Railway, developed a restructuring plan, and a business plan based on the approved restructuring strategy.
- Working with the Uzbekistan Railways and Asian Development Bank, HWTSK developed a rail sector financial model, 20-year traffic forecast, and flexible investment plan for the development restructure strategies for the national railway. The business plans developed in this project were used to develop an implementation strategy and privatization strategy by the government and railway.
- Assisted CSX and NS in the acquisition of Consolidated Rail Corporation. Helped define practices and procedures within Shared Asset Areas near New York City, Philadelphia, and Detroit. Shared asset areas will increase rail and transport competition in these cities and the surrounding region. Prepared testimony for submission to government regulatory authorities for approval. The \$10.5-billion acquisition was approved by regulatory agencies, based in part on the competitive improvements provided by the shared asset area concept.
- Helped a major US freight railway develop a strategic plan for network development. The project identified core and non-core assets and developed strategies for maximizing the value of non-core assets. The value of remaining rail assets are being enhanced by negotiating agreements for shared use of right-of-way and terminal facilities with commuter rail, intercity passenger rail and another freight service provider.

OPERATIONS ANALYSIS, COST REDUCTION AND INVESTMENT STRATEGY

HWTSK principals have worked with railways and rail industry suppliers in the identification, planning, and implementation of strategies to reduce cost, enhance service, and grow market share through operations and service improvement activities, sharper pricing and strategic investment programs. Cost reduction strategies range from improved use of network resources (e.g., marshalling yards and terminals, rolling stock), to specific improvements in the operation of workshops, track maintenance activities, line capacity analyses, and restructuring operating departments for greater effectiveness. HWTSK principals have conducted operations improvement strategies, process re-engineering projects, and worked with commercial enterprises to redesign work flows and find ways to allocate scarce resources for improved financial performance.

- For CSX Transportation, directed a long run program to improve service reliability and reduce costs. The work included process reengineering in operations management, service design, equipment management functions, as well as the development of new organization structures and strategies. The program established that service reliability was associated with low operating costs and improved equipment utilization. The Service Reliability Project developed and implemented improved practices in crew and locomotive management and established the service lane concept of operations management at CSX. CSX experienced reduced costs, improved service reliability, and improved equipment utilization.
- For MRS Logística, analyzed costs and operations of heavy haul and merchandise services, comparing them to benchmark railway services. Identified opportunities for MRS to reduce its costs, particularly in maintenance of track, maintenance of locomotives and fuel consumption. Developed investment strategies to transform the company's iron ore operations.
- Helped the London Underground reduce its costs through a series of projects focused on productivity improvement and strategic investments in technology for capacity and cost reduction. Over the next five years, guided implementation of the strategy resulted in an improved physical plant and much improved financial performance. Developed and implemented a new organizational structure for operations management, the Line Manager structure, that helped drive the strategy to fruition.
- While Vice President & Chief Operating Officer of Illinois Central Railway, HWTSK Principal W.H. Thompson restored the railway to profitability through reducing costs and rightsizing railway assets. Cost reduction measures included implementation of computer systems, reduction of staff, and downsizing terminal and branch line operations.
- For the Government of New South Wales and its railway enterprise, the State Railway Authority, developed a strategy to reduce costs, re-design commuter service schedules and services and restructure the company into several business units focused on specific market segments.
- For the board of directors of the New Zealand Railway, developed comprehensive set of cost reduction and investment strategies to transform the railway in an increasingly competitive transport market in New Zealand. The work involved development of an integrated network analysis using financial and operational models. The railway was eventually privatized.
- For the Chicago Transit Authority (CTA) and the Regional Transit Administration (RTA) in Chicago, established a bedrock investment program, for renewal of existing assets, and a cost reduction and supplementary investment program for expansion of the network over a 20 year time horizon. The investment program and operating plan were the basis for operating and investment budgets and for applications to the Federal Transit Authority for investment funding.

MARKET ANALYSIS, PRICING AND MARKET STRATEGY

Commercial success depends on understanding customer needs. Both long term strategies and short term financial performance depend on accurate market forecasts and pricing strategies that maximize returns while also satisfying customers. HWTSK principals have worked with clients to develop meaningful market segmentation, identify market opportunities, and develop an appropriate mix of product, pricing strategies, client communications, and distribution channel design. We have also helped clients implement decision support systems that provide the cost, revenue, and operational information needed for effective market analysis, and the design and development of new product initiatives.

- Analyzed the traffic flows, major market segments, customers and competition for an existing national freight railway and for a proposed new passenger railway in a competitive multi-modal environment. From this analysis, identified opportunities for returning business to the railways and developing new business and highlighted needed changes in the railways' approach to product design and differentiation, pricing, customer communications and sales channels. Recommended structure and functions for the railways' Marketing and Sales Departments. Identified high impact projects, designed to launch the marketing effort along with recommendations on goals, incentives and training.
- Analyzed the market for railway tank cars in an environment characterized by a changing industry structure, rapidly evolving regulatory regime, and increasing rail-on-rail competition.
- For a leasing company, reviewed the long term market for railway rolling stock (both locomotives and freight cars) and developed a technique to more accurately estimate residual values and adjust for different market timing characteristics.
- For a number of equity investors in railway assets, conducted market studies to evaluate the evolving markets for privately owned rail assets world wide (including passenger equipment, locomotives, infrastructure maintenance equipment, and railway infrastructure).
- Developed a long range economic and traffic forecast for railways in Kazakhstan, Ukraine, and Uzbekistan. Worked with railways in Kazakhstan to develop new marketing strategies and to develop market based pricing systems for services not covered by tariffs.
- For several international signal companies, analyzed train-control technology developments and worldwide markets for advanced train control products. Conducted customer interviews and surveys to develop key success factors for new products and technologies.
- For a major Italian manufacturer of railway rolling stock, analyzed the European market for passenger and freight equipment and developed strategies for increased market penetration and improved pricing policies.
- For National Railway of Zimbabwe, developed information system for marketing and planning analysis. The system provided traffic movement, cost, revenue, and profit information for each customer, commodity and line segment. It supports NRZ's day-to-day pricing efforts, by showing the short, medium and long term variable costs, and by allowing marketing analysts to understand the effects of their pricing decisions.
- Analyzed the markets for a major subset of Union Pacific railway lines. Drew on production forecasts of major manufacturing and mining customers on the lines, demand projections for individual commodities and analysis of export trends to develop a forecast of the market opportunity for these lines.

INVESTMENT FINANCE, FINANCIAL ANALYSIS & MODELING, SYSTEMS

HWTSK has extensive experience in conducting due diligence work needed to finance investment programs. HWTSK principals have extensive experience in investment finance, financial forecasting and analysis, and in the specification and development of financial systems to support marketing, operational, and investment decisions. Using financial modeling techniques developed and refined over years of use, we have been particularly active in railway equipment and infrastructure finance, participating in more than \$9 billion in private sector financing. Typical projects include:

- Provided financial and economic analysis in many least-to-service financing transactions involving more than \$9-billion in railway passenger and maintenance equipment. HWTSK's equipment financing work includes the Paris, Berlin, Stockholm, and Vienna metro's, LRV equipment in Stockholm, St Louis, commuter rail equipment, including locomotives, in Seattle, Vienna, Paris, Belgium, Frankfurt, and have included TGV and Eurostar trainsets.
- Served as industry and financial advisors to the IFC for due diligence work associated with lending to private entities in the Russian Federation for railway freight cars and locomotives. Developed a forecast for economic growth and the demand for rail transport of various commodities. Interviewed industry, railway and government officials in Russia on the pace and structure of railway reforms and evaluated the risks faced by private owners of railway rolling stock.
- Served as financial advisors to the Finance and Transport Ministries of Albania, Bulgaria and Macedonia for the development of the South Balkans transport corridor and other transport infrastructure between the countries.
- As part of an overall business planning exercise, created a fully integrated financial forecasting model of Ukrzaliznytsia for use in evaluating restructuring options, cost reduction measures and investment impacts. Similar models have been developed for Kazakhstan Railways, Armenian Railways, Uzbekistan Railways, and a number of railway and urban transit systems throughout the world.
- Developed a model for Pakistan Railways that allows it to understand its costs of providing infrastructure access, to differentially price access based on the rates charged by truck competitors and the services negotiated, and to examine the impact of the access charges on the financial situation of the railway.
- Worked with London Transport, the Ministry of Transport, London Underground, and local property developers to arrange financing for the Jubilee line extension into the Canary Warf area of London.
- Analyzed financing sources and investment opportunities in infrastructure sectors of Albania, Bosnia-Herzegovina, Bulgaria, Croatia, FYR Macedonia and Romania. Briefed US businesses on strategies for participating in the regions redevelopment.
- Analyzed the financial impacts of rerouting freight and passenger trains over Canadian National and Canadian Pacific lines in two key corridors.
- As part of the privatization of the railway of Peru, designed financial forecasting model of the Central, South East and South lines.
- As part of a bid preparation for Australian National Railways, conducted due diligence review, developed business plans and financial forecasts for Tasrail and SA Rail properties, presented the business plans to banks and investors, prepared bid package.

TRANSPORT POLICY & REGULATION

H WTSK has advised governments, transport companies, shippers, and financial institutions in all aspects of surface transport policy and regulation. Our work includes advice regarding transport policy and regulation for Transport Ministries, elected representatives, transport associations, transport companies, shipper groups and individual shippers. Policy issues include safety and service regulation, pricing, market dominance, and other competitive issues. Examples of our policy and regulatory work include:

- For the World Bank, conducted an evaluation of the efficiency of the road transport industry in India and prepared policy proposals for consideration of Government of India and industry leaders concerning licensing, vehicle technology, taxation of the industry, insurance and accidents prevention.
- For the Secretary of Transportation and the Federal Railway Administration, analyzed the policy and regulatory environment currently facing US railways. The analysis also considered competitive and economic forces on the industry. The final report, *The Future Structure of the North American Rail Industry*, was prepared to help the Department define a position and strategy for dealing with future consolidation among the major US rail carriers.
- For the United States Senate, provided testimony to the Commerce Committee and the Committee on Transportation on the potential for the reform of Amtrak, the national rail passenger carrier in the United States.
- Developed recommendations for restructuring Queensland Rail, including options of separating infrastructure, maintenance facilities and other assets. Consultancy to the Queensland Rail Corporatisation Taskforce, State of Queensland, Australia.
- Assisted the government and railway of Pakistan develop an open access policy and a strategy for pricing track access to independent freight railway operators.
- For the National Railways of Zimbabwe and the Government of Zimbabwe, designed the roles and responsibilities for a Regulatory Authority to have oversight over pricing and conditions of access to railway infrastructure, given one rail infrastructure company and multiple operators. Recommendation included a staffing and budgeting of the Regulatory Authority, as well as draft legislative language.
- Developed a recommended tariff and subsidy policy for passenger services in Uzbekistan, developed recommendations for the future structure of Uzbekistan's railway industry.
- For U.S. Class I rail carriers from the 1970s to present, prepared and presented analysis of rail markets and pricing in numerous regulatory proceedings. These proceedings have encompassed the full range of regulatory debate over standards for reasonable tariff rates, transport contracting freedoms, and third party access.
- Prepared and presented expert testimony before US regulatory authorities on competitive effects of major US rail mergers, including Union Pacific and Southern Pacific railroads, Burlington Northern and Santa Fe railroads, Union Pacific, Missouri Pacific and Western Pacific, and the merger creating CSX Transportation



EXAMPLE PROJECTS

The representative sampling of projects below illustrates the experience of HARRAL WINNER THOMPSON SHARP KLEIN, INC. principals in helping clients succeed in rail industry acquisitions and development projects.

ANALYSIS OF OPPORTUNITY	PRIVATE SECTOR ROLE	MARKET FORECASTS	IMPROVING OPERATIONS	FINANCIAL DUE DILIGENCE	DESCRIPTION OF PROJECT
◆	◆	◆	◆	◆	<p>ARMENIAN RAILWAY BUSINESS PLAN For the Government of Armenia and working with the World Bank, HWTSK developed a commercially based business plan reflecting the business-unit structure of the Armenian Railway to support an investment program. The project considered the restructuring strategy currently in place and made recommendations relative to private participation in equipment and workshop markets, and accounting systems to support the new structure.</p>
◆	◆	◆	◆	◆	<p>ARMENIAN RAILWAY RESTRUCTURING For the Government of Armenia and working with the World Bank, HWTSK developed a railway restructuring plan for Armenian Railway. The plan includes development of traffic forecasts for the transport sector and the railway, analysis of investment requirements, identification of opportunities for private sector participation in the sector, the development of profit center based business structure, and an analysis of the impact of restructuring on railway and rail sector employment in Armenia. A private vertically integrated concessioning structure was recommended and adopted by government. Concessioning of the railway is underway and should be completed by mid 2008.</p>
◆	◆	◆	◆	◆	<p>GEORGIA RAILWAY RESTRUCTURING Working as subcontractors to Booz Allen Hamilton on this important USAID sponsored project in Georgia, HWTSK principals managed several consulting teams and provided on site management. The project assessed the current condition of rail sector assets, markets, and laws in Georgia; helped develop a dynamic strategy model of the Georgian Railway Sector; created forecasts for passenger and freight rail transport markets, supervised the development of financial models; and helped develop recommendations for restructuring the rail sector in Georgia to improve private sector participation and sector efficiency.</p>

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◆	◆				<p>PORT OF SANTA MARTA HWTSK worked with the Port of Santa Marta and Global Insight, an econometric forecasting company, to develop a strategy for the port to participate in revised rail concessions in Colombia. The endeavor will be a public-private partnership in the form of a concession for state owned infrastructure.</p>
◆	◆	◆		◆	<p>MOATIZE COAL TRANSPORT STUDY For the Government of Mozambique, HWTSK analyzed alternative routes for the transport of coal from the Moatize coal fields. The analysis included a review of rail and port infrastructure requirements as well as transport costs from source to ultimate destination of mine products. The analysis considered capital and operating costs for transport and a variety of ship sizes. Both rail and port operations were public-private partnerships in the form of privately operated concessions for public infrastructure. Private investment, subsidized by government guarantees of Development bank loans, also play a role in the project.</p>
◆	◆	◆		◆	<p>FINANCIAL ADVISORS TO SOUTH BALKANS DEVELOPMENT INITIATIVE HWTSK served as financial advisors to the Finance and Transport Ministries of Albania, Bulgaria and Macedonia for the development of the South Balkans transport corridor and other transport infrastructure between the countries.</p>
◆	◆	◆	◆	◆	<p>PRIVATE CLIENT HWTSK conducted several studies for a private client interested in the evolving rail Russian rail market and in understanding how shippers might be treated as reforms in the sector evolve. The private client was considering several significant investments in Russia. Our work included an analysis of the evolving Russian railway sector, the prospects for private investments in the rail sector and the market prospects for a number of sectors of the Russian economy (including oil & gas, timber and lumber, minerals and ores, and fertilizers) HWTSK considered the evolving regulatory structure and developed an analysis of the risks associated with different regulatory developments, of the sectoral development of the Russian economy, and world-wide market prospects for several rail hauled commodities.</p>
◆	◆	◆			<p>COMPARISON OF TRANSPORT DEVELOPMENT IN CHINA AND INDIA For the Asian Development Bank, HWTSK conducted a comparative analysis of surface transport development in China and India, comparing rail and road transport investments and evaluated the impact of those investments on the economic development of both countries.</p>

ANALYSIS OF OPPORTUNITY	PRIVATE SECTOR ROLE	MARKET FORECASTS	IMPROVING OPERATIONS	FINANCIAL DUE DILIGENCE	DESCRIPTION OF PROJECT
◆			◆		<p>TRANSPORT STRATEGY DEVELOPMENT FOR THE ASIAN DEVELOPMENT BANK HWTSK worked with experts from the Asian Development bank to evaluate past lending practices in transport and develop a new strategy to direct ADB transport lending.</p>
◆	◆	◆			<p>INTERNATIONAL FINANCE CORPORATION – RAIL SECTOR INVESTMENT IN CHINA HWTSK provided due diligence support to the IFC for a project in China. IFC was considering financing a major expansion of a railway castings manufacture in China and sought HWTSK assistance in market analysis, review of foundry operations and quality control practices, and an evaluation of the feasibility of the proposed project. Our work included an assessment of the market for railway casting products in China and worldwide, contact with North American customers of the foundry and an on-site inspection and review of the proposed facility.</p>
◆	◆	◆	◆	◆	<p>RESTRUCTURING OF FERROCARRIL NACIONAL DE HONDURAS Mr Sharp helped develop a strategy for concessioning Ferrocarril Nacional de Honduras, the national railway of Honduras. Issues assessed included the geographic scope of the prospective concession, whether the concession should include both passenger and freight services, how non-rail assets should be addressed, the desirability of any pre-concession public investment in the rail service, social desirability of subsidized rail passenger services, the need for a PSO agreement, and labor transition matters.</p>
◆	◆	◆		◆	<p>UKRAINE RAILTEL COMMUNICATIONS Mr Harral evaluated Ukrainian proposal for development and commercial exploitation of nationwide optical fiber backbone network along rail right of way, prepared summary Information Memorandum, and solicited international strategic investors.</p>
◆	◆	◆	◆	◆	<p>KAZAKHSTAN RAILWAYS BUSINESS PLAN For Kazakhstan railways, HWTSK prepared a comprehensive business plan including a market forecast, operations plan, investment plan and financial forecasting model. The plan was used to support a loan from the EBRD.</p>

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◆	◆	◆	◆	◆	<p>LATIN AMERICA CONCESSIONING RETROSPECTIVE For the Railways Adviser, World Bank, Mr Sharp prepared a review of the results of some four dozen railway restructurings in Latin America based on the concessioning strategy. The study encompassed freight and passenger concessions in Argentina, Bolivia, Brazil, Chile, Colombia, Mexico and Peru. Results were assessed in terms of impact on productive and allocative efficiencies, investment levels, adequacy of concession procedures, regulatory oversight, market shares, network inspection and public sector-private sector responsibilities, culminating in a World Bank transport policy paper and contributions to the World Bank railways database.</p>
◆	◆	◆			<p>WORLD BANK: INDIA AND CHINA ROAD AND RAIL DEVELOPMENTS HWTSK conducted a review of the efficiency of the road transport industry in India and recommended appropriate policy measures to support an efficient industry. The Bank has now extended the scope of this work to encompass a comparative evaluation of the development of the road and rail transport over the past 10 years in China as well as India, with a view to identify successful models that are potentially transferable.</p>
◆	◆	◆	◆	◆	<p>US TDA AND CENTRAL EAST AFRICAN RAILWAY HWTSK evaluated the feasibility of extending CEAR railway lines from Malawi into Zambia, providing a three country rail corridor stretching from eastern Zambia through Malawi and Mozambique to the port of Nacala. The project also included construction of an intermodal transfer terminal located in Zambia an estimation of construction and operating costs, prospective markets and revenues, evaluation of financial feasibility and identification of financing prospects.</p>
◆	◆	◆			<p>ASIAN DEVELOPMENT BANK Mr Harral conducted comprehensive surveys of the current status and likely future of the highway and railway sectors in all Developing Member Countries of ADB to identify key issues and best practices and to counsel ADB on its future role in the transport sector. The HWTSK reports are now being prepared for publication by ADB to support its new transport policy.</p>
	◆	◆	◆		<p>FERROVIA SUL ATLANTICO PROFIT MEASUREMENT SYSTEM Mr Sharp helped develop a system for calculating service costs and profitability for the railway's Brazilian freight business. The system provides costs and revenues by customer, commodity, equipment type and route, and is designed for use by marketing, strategic planning and operations planning professionals.</p>

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			◆		
			◆		<p>UNION PACIFIC RAILROAD Mr Winner is working with MultiModal Applied Systems and the Union Pacific Railroad to develop a new operating plan to improve traffic flows and reduce congestion across this major US railroad. The plan, called the Union Pacific Unified Plan (UP²), has is resulting in improved velocity across the UP network and is substantially reducing UP operating costs.</p>
◆	◆	◆		◆	<p>INTERNATIONAL FINANCE CORPORATION HWTSK provided due diligence support to the IFC in a series of private sector investments in the rail sector. Our work included an analysis of the evolving Russian railway sector, and the prospects for privately financed railway rolling stock in a number of different sectors of the economy (including oil & gas, timber and lumber, minerals and ores, fertilizers) for this international lender. As a part of this work, HWTSK considered the evolving regulatory structure and developed an analysis of the risks associated with different regulatory developments, of the sectoral development of the Russian economy, and market prospects for several rail hauled commodities.</p>
◆	◆	◆		◆	<p>PRIVATE SECTOR INVESTORS IN RUSSIAN RAIL SECTOR FOR EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT EBRD requested HWTSK assistance in conducting due-diligence for a loan to a private sector entity in Russia for railway equipment. HWTSK investigated the ownership structure and financial strength of the borrower, interviewed management, developed a financial model of the company, prepared traffic forecasts for the commodities moving in the target railway equipment, analyzed the evolving market for private locomotive ownership and evaluated the financial returns and risks associated with the borrower, the economic environment, and the evolving regulatory environment for railway operators and carriers in Russia.</p>

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◆	◆	◆	◆	◆	<p>FURTHERING RAILWAY REFORM IN UZBEKISTAN Working with the railway of Uzbekistan (UTY) and various government departments, HWTSK developed a master plan for the development of UTY's railway infrastructure and operations on a commercial basis. The project involved the development of a financial model for the railway and for its many subsidiaries including engineering, workshops, passenger services, container operations, and refrigerated freight services companies. The project had Asian Development Bank financing.</p>
◆	◆	◆		◆	<p>KINGDOM OF SAUDI ARABIA BOT Mr Sharp assisted the Ministry of Petroleum and Minerals to develop negotiating positions in discussions with investors relating to the development of a new railroad linking ports to minerals production areas on a Build-Operate-Transfer basis.</p>
◆	◆	◆	◆	◆	<p>TURKEY RAILWAY (TCDD) Working with TDCC and the World Bank, Mr Winner reviewed railway reform plans and current railway performance. Based on a financial analysis of alternatives railway structures and networks. The analysis was used to develop refinements to Turkey's rail sector restructuring program to encourage private sector participation in the sector.</p>
◆	◆	◆		◆	<p>NEW JERSEY TRANSIT HWTSK worked with NJT, Fleet Capital Leasing, and Macquarie Corporate Finance to develop a methodology for private sector financing the infrastructure of the Hudson Bergen Light Rail line. A paper has been published in Transport Law Review about this financing mechanism.</p>
◆	◆	◆			<p>ANALYSIS OF PRIVATE SECTOR RISK FOR SWISS FEDERAL RAILWAY AND UBS For the Swiss Federal Railways and UBS, Mr Klein performed technical due-diligence on a fleet of over 27,000 leased tank wagons. Provided estimates of financial risk and costs to remediate conditions.</p>
◆	◆	◆		◆	<p>PRIVATE CLIENT HWTSK completed a due diligence project for an investment bank lending for an acquisition of a Russian tank wagon operating company. We advised the bank on the risks and potential returns that might be expected in this rapidly evolving market.</p>

ANALYSIS OF OPPORTUNITY	PRIVATE SECTOR ROLE	MARKET FORECASTS	IMPROVING OPERATIONS	FINANCIAL DUE DILIGENCE	DESCRIPTION OF PROJECT
◆	◆	◆	◆	◆	<p>KAZAKHSTAN RAIL SECTOR RESTRUCTURING DEVELOPMENT PROGRAM For the Asian Development Bank, HWTSK developed a rail sector restructuring program for Kazakhstan. The proposed program introduces rail services competition throughout the Kazakh rail network, separates passenger services into a new state enterprises, establishes the fundamental principals of access pricing and a transparent access-fee based charge for passenger cross subsidy arrangements. The program also recommended \$85 million in railway investments plus a \$50 million sector development loan for the government, to be financed by ADB.</p>
◆	◆	◆	◆	◆	<p>UKRAINE RAILWAY BUSINESS PLAN HWTSK Assisted Ukrzaliznytsia, the national railway of Ukraine, develop a commercialization and restructuring plan. This effort involved defining the role of UZ and the Government of Ukraine in the provision of passenger services, developing a traffic and revenue forecast, setting out cost reduction measures, prioritizing investments to support cost reduction and developing a financial forecast of railway operations to support financing for the restructuring effort.</p>
◆	◆	◆	◆		<p>FERROVIA SUL ATLANTICO OPERATIONAL ANALYSIS Mr Sharp helped railway identify ways to enhance equipment utilization, improve service times, and decrease capital investment requirements, so that the railway could handle more business, using existing track and rolling stock. Study focused on capacity and investment in FSA's key soybean business.</p>
◆	◆	◆	◆	◆	<p>AUSTRALIAN NATIONAL BUSINESS PLAN AND BID Working first with RailAmerica, Mr Winner helped identify the business opportunity available in the AN privatization; developed an assessment of potential partnership arrangements for a successful bid and helped RailAmerica join the Great Southern Railway consortium. Worked with Macquarie Bank, the consortium leader, in developing additional partnerships, including Goninans and Fluor -Daniel. Prepared a complex consortium bid for all rail properties of Australian National Railways separately and in combination. Our work included due diligence review, development of traffic forecasts, operations and investment plans and financial forecast. Presented plan to financing institutions and prepared bid documents.</p>
◆	◆		◆		<p>FINANCIAL OVERSIGHT FOR METRA, THE CHICAGO COMMUTER RAILWAY Mr Klein provided financial oversight of a contractor's new railroad car factory as a contractor to Ernst & Young for four years. Created accounting and audit procedures. Disqualified approximately \$30 million in M-K claims to-date performing audits of accounting systems and manufacturing processes. Identified M-K weaknesses almost immediately, refused to approve milestones, and correctly predicted production and other difficulties very early on.</p>

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◆	◆	◆		◆	<p>BERLIN VERKEHRSBETRIEBE HWTSK served as rail industry experts advising several private equity investors in a service-lease equipment financing arrangement involving 140 EMU subway cars and 60 LRVs and metro cars owned and operated by Berlin Verkehrsbetriebe (BVG), the transit authority in Berlin, Germany.</p>
◆	◆	◆		◆	<p>BI-STATE DEVELOPMENT CORPORATION HWTSK was rail industry advisor to private equity investors in a series of transaction for Bi-State Development's Light Rail Vehicles. The transactions included 50 light rail vehicles.</p>
◆	◆	◆		◆	<p>CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY HWTSK acted as rail adviser to private equity investors in Sound Transit locomotive hauled commuter cars and high-speed passenger rail locomotives used to provide commuter services in Seattle, Oregon.</p>
◆	◆	◆		◆	<p>HAMBURGER HOCHBAN & ALTONA-KALTENKICHEN-NEUMUNSTER HWTSK was rail industry expert advising private equity investors in a series of service-lease equipment financing transactions involving 70 EMU train sets (245 cars) of metro railway cars operated by HHA and AKN in Hamburg, Germany.</p>
◆	◆	◆		◆	<p>OSTERREICHISCHE BUNDESBAHNEN For three different equity investors, HWTSK served as rail industry expert in a series of private sector service-lease equipment financing transactions involving EMUs, single and double-deck push-pull commuter equipment, and high-speed international passenger coaches, and track maintenance equipment owned and operated by Osterreichische BundesBahnen (OeBB), the national railway of Austria.</p>
◆	◆	◆		◆	<p>REGIME AUTONOME TRANSPORTS DE PARISIENS HWTSK served as rail industry expert advising three different private equity investors in a service-lease equipment financing arrangement for RATP, the metro operator in Paris, France. About 1,000 pieces of equipment were included in all three transactions, including rubber-tired and steel wheeled subway equipment and LRVs.</p>
◆	◆	◆		◆	<p>STORSTOCKHOLMS LOKALTRAFIK HWTSK was rail industry advisor to several private equity investors in a series of transaction for the Stockholm transit system. The transaction included both light rail vehicles and metrocars.</p>

ANALYSIS OF OPPORTUNITY	PRIVATE SECTOR ROLE	MARKET FORECASTS	IMPROVING OPERATIONS	FINANCIAL DUE DILIGENCE	DESCRIPTION OF PROJECT
◆	◆	◆		◆	<p>WIENER LINIEN SERVICE LEASE FINANCING Rail industry expert advising two different private equity investors in a series of service-lease equipment financing transactions involving more than 850 pieces of tram, trolley and subway cars owned and operated by Wiener Linien, the transit service authority in Vienna. Austria.</p>
◆	◆	◆		◆	<p>SOCIETE NATIONALE CHEMINE DE FER HWTSK acted as rail industry adviser to two different private equity investors in very high-speed intercity passenger equipment. The transactions involved EuroStar and TGV-Duplex train sets for use between the United Kingdom and France and on the dense Paris-Lyon TGV line of the SNCF.</p>
◆	◆	◆		◆	<p>TRANSITIO (SWEDEN) HWTSK served as rail industry experts advising private equity investors in service-lease financing transactions involving 37 EMU trainsets of high-speed intercity and extended commuter services operated by a number of agencies within Sweden.</p>
	◆	◆	◆	◆	<p>UZBEKISTAN RAILWAYS FREIGHT TRACTION RENEWAL PROJECT As senior consultant to EBRD, Mr Harral evaluated Uzbek master plan for enterprise restructuring and associated capital investment program, assessed financing capacity, identified components to be financed by EBRD, defined loan conditionalities, and led EBRD team in early loan negotiations, including co-financing discussions with Asian Development Bank.</p>
◆	◆	◆	◆	◆	<p>WESTRAIL PRIVATIZATION STRATEGY AND METHOD Mr Winner assisted the Government of Western Australia in a review of commercialization and privatization strategies for Westrail. This analysis considered various forms of concessioning, privatization, continued government ownership, separation of infrastructure from above rail operations and other structural reforms.</p>
◆	◆	◆	◆	◆	<p>RUSSIAN INTERMODAL NETWORK For the EBRD and potential investors, Mr Winner identified an intermodal strategy for the Russian railways and private sector partners and developed plans for investment in several new intermodal terminals (St Petersburg and northeast of Moscow), routing improvements and organization structures for a proposed intermodal enterprise.</p>

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◆	◆	◆	◆	◆	<p>UGANDAN RAIL REFORM, PRIVATIZATION IMPLEMENTATION STRATEGY Mr Sharp advised the government of Uganda on steps necessary to prepare for concessioning of Uganda Railways Corporation and the appointment of a Transactions Advisory Consultancy. Our work included developing recommendations regarding legal changes required pre-concessioning, organizational placement of regulatory responsibilities, advising on how to handle the railways extensive marine services, as well as form of restructuring (e.g., vertical separation) disposition of closed lines, functions of the State railway organization after concessioning and procedures for labor transition.</p>
◆	◆	◆	◆	◆	<p>COSTA RICA AND EL SALVADOR PRIVATIZATIONS Mr Sharp helped review feasibility of rail privatization projects in Costa Rica and El Salvador, including evaluating traffic prospects, investment requirements and overall financial feasibility. Developed terms of reference for a transaction advisor to the Instituto Costarricense de Ferrocarriles (INCOFER)</p>
	◆		◆		<p>NORTHEAST MAINTENANCE SERVICE CORPORATION For the Alstom-Bombardier Consortium that supplied Amtrak with the Acela maintenance, Mr Klein created the complete General Ledger and Cost Center codes for the enterprise's chart of accounts and new software. The chart of accounts had to model the complex contractual arrangements between Amtrak, the Consortium, the Consortium's own sub-contractors, and tax authorities, as well as the routine payroll, fixed asset, depreciation, A/R, and A/P modules.</p>
◆	◆	◆	◆	◆	<p>MALAWI RAILWAY CONCESSIONING Mr Sharp advised the Malawi Privatization Commission on concessioning the Malawi Railways. He reviewed market and financial forecasts for the railway. We advised about the level of fees that should be expected from a concessionaire, within the framework of the draft concession agreement provided to bidders. Advised on amendments and improvements to the draft concessioning agreement and assisted the Commission in negotiations with the preferred bidder.</p>
◆	◆	◆	◆	◆	<p>RESTRUCTURING ARGENTINA RAILWAYS Mr Winner assisted the Government of Argentina to restructure and privatize the national rail system with company-wide reorganization, analysis of alternative privatization methods, formation of a national-level transportation oversight office, development of regulatory reform mechanisms, and evaluation of the likely success of various restructuring alternatives. After successful concessioning, Government support of railway operations in Argentina declined from about US\$1 billion in 1990 to less than US\$50 million currently.</p>

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◆	◆	◆		◆	<p>ZIMBABWE RAILWAY RESTRUCTURING Mr Sharp advised the National Railways of Zimbabwe regarding the type of regulatory oversight needed over the restructured railway industry, given the post-reform structure of the industry and the necessary separation of monopoly and competitive activities, in local and regional transport markets. Also advised on the scope of prospective separation of freight and passenger railway operations and equipment ownership, maintenance in a restructured rail industry.</p>
◆	◆	◆		◆	<p>CHINESE INTERMODAL OPPORTUNITY Over a period of several years, Mr Thompson worked with the Chinese Railways to develop procedures and schedules for intermodal train operations. The work included the potential for formation of a new equipment leasing company (containers, freight cars and locomotives) and intermodal operating companies managing terminals and providing intermodal delivery services.</p>
◆	◆	◆	◆	◆	<p>FORMATION OF NATIONAL RAIL CORPORATION Mr Winner worked with a taskforce composed of representatives of Australia's railways and government and union officials to develop the basis for formation of National Rail Corporation, a nationwide intermodal and interstate freight operator in Australia. NRC was formed to reduce state railway operating losses from interstate traffic, introduce new, lower cost rail operating methods to Australia's railroads, and attract new freight traffic to rail throughout Australia. NRC was formed and has been successful in introducing new working methods, lowering operating costs and eliminating interstate freight losses for state railroads. It is to be privatized in 1999 or 2000.</p>
◆	◆	◆	◆	◆	<p>RAIL STRATEGY FOR QUEENSLAND RAILWAYS Working with the board of directors of Queensland Railways, government officials, and major shipper groups, Mr Winner helped develop railway reform strategies that allowed QR to remain an integrated railway while meeting the requirements of the National Competition Act which requires access to strategic assets.</p>
◆	◆	◆	◆	◆	<p>RAIL SECTOR SURVEY: RUSSIA, KAZAKHSTAN, BELARUS AND UKRAINE Mr Winner, Thompson, and Harral conducted this landmark study for the European Bank for Reconstruction and Development. It reported on the first hard study of the rail system of the former Soviet Union just as it was breaking up. The objectives were to identify investment candidates for EBRD and other western lenders and to develop a path for railway reform that would introduce market economics and private capital to these rail systems, the largest in the world.</p>

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◆	◆	◆	◆	◆	<p>RESTRUCTURING OF RAILWAYS OF ESTONIA, LATVIA, AND LITHUANIA For EBRD, Mr Thompson reviewed operations and practices of the Baltic railways and recommended restructuring and investment plans. The work included a review of government regulation and recommendations on changes in transport regulatory environment. It led to a series of projects financed by EBRD for Estonian freight operations and the first privatization of a CIS railway.</p>
◆	◆	◆		◆	<p>INFRASTRUCTURE COST MODEL FOR PAKISTAN RAILWAYS Mr Sharp helped develop a financial model for Pakistan Railways that allows it to understand its costs of providing infrastructure access, to differentially price access based on the rates charged by truck competitors and the services negotiated, and to examine the impact of the access charges on the financial situation of the railway.</p>
◆	◆	◆	◆	◆	<p>NEW ZEALAND RAILWAY REFORM AND RESTRUCTURING Mr Winner assisted the board of directors of New Zealand Railway, a state owned enterprise at the time, in the development and implementation of a railway reorganization and restructuring strategy. The railway was ultimately sold to private investors.</p>
◆	◆	◆	◆	◆	<p>RESTRUCTURING STATE RAILWAY AUTHORITY OF NEW SOUTH WALES Working with the Managing Director of SRA and the government of the State of New South Wales, Mr Winner helped develop a new business strategy and plan introducing separation of freight and passenger services from investment and maintenance of the infrastructure. Implementation saw formation of several different business units. One of those, FreightCorp, the freight operating system, is likely to be privatized in the next few years.</p>
◆	◆	◆	◆	◆	<p>RESTRUCTURING SOUTH AFRICAN RAILWAYS Working with Mercer Management Consulting, Messer's Winner and Klein assisted in the evaluation of rail freight operations and equipment in any potential restructuring of the freight operations of the South African Railway.</p>
	◆		◆		<p>MRS LOGISTICA For MRS Logística, Mr Winner analyzed costs and operations of heavy haul and merchandise services, comparing them to benchmark railway services. The project identified opportunities for MRS to reduce its costs, particularly in maintenance of track, maintenance of locomotives and fuel consumption. The project developed investment strategies to transform the company's iron ore operations into high-quality, low-cost unit-train based services.</p>

ANALYSIS OF OPPORTUNITY	PRIVATE SECTOR ROLE	MARKET FORECASTS	IMPROVING OPERATIONS	FINANCIAL DUE DILIGENCE	DESCRIPTION OF PROJECT
◆	◆	◆	◆		

CVS FOR HWTSK PRINCIPALS AND SENIOR CONSULTANTS



CLELL HARRAL

Mr. Harral is a founder and principal of HARRAL WINNER THOMPSON SHARP KLEIN, INC. He has over 30 years of experience in transportation, banking, and structured finance. Mr. Harral's expertise is in the economics and finance of public infrastructure in the transportation and telecommunications sectors.

- In a career of 22 years with the World Bank, Mr. Harral served successively as chief of transport research, highways adviser, policy adviser, principal transport economist for the Asia region, and lead manager for the China Transport Program. For 17 years he directed the international research program that developed and validated the Highway Development and Management Model (through HDM-III). He was a member of the Bank's first economic mission to China in 1980, and subsequently designed the study program, including the Coal Transport Study and the Railway Investment Priorities Study, that defined the Bank's strategy in China transport, while also managing \$1.5 billion in lending for railways, highways, and ports there.
- When the USSR applied for membership in the Bretton Woods Institutions in 1990, Mr. Harral was appointed to the task force for the Joint Study of the Soviet Economy, where he led the transport team. He then continued his research on the transformation of socialist economies as Visiting Scholar at the Harvard Institute for International Development.
- In 1991, he was chosen to lead the transportation sector practice of the newly-established European Bank for Reconstruction and Development (EBRD), where he developed a major program of public and private finance for rail, water, road, and air transport, as well as telecommunications, in what are now 25 countries of the former Soviet Union and Eastern Europe. He emphasized EBRD's privatization role and reduced dependence on state finance by limited recourse project finance and equity investment in private-public partnerships.
- As a consultant since 1996, Mr. Harral's has provided guidance and support to the EBRD, Asian Development Bank, the World Bank and IFC, and to their clients for project identification and appraisal, transport policy development, and restructuring of state owned transport enterprises. In 2006-2007 his work has focused largely on China and India for the World Bank and ADB.
- In 2001-2002, he conducted comprehensive surveys (now being updated) of the current status and likely future of the railways sector and the highways sector in Asia to identify key issues and best practices and counsel the Asian Development Bank on its future role in the transport sector.
- In 2003, Mr. Harral evaluated the efficiency of the road transport industry in India for the World Bank. Subsequently the Bank contracted him to extend that work to a comparative study of the development of road and rail transport in India and China over recent decades with the objective to help transfer successful development models between the two countries.
- While a Visiting Scholar at Harvard University Institute for International Development, he researched and drafted a book manuscript on restructuring of transport in the Soviet Union—subsequently published jointly with John Strong, John Meyer, and Graham Smith as *Moving to Market: Restructuring Transport in the Former Soviet Union* (Harvard University Press, 1996).
- Mr. Harral has authored or co-authored many other publications on planning, organization, and management of infrastructure and market transition in socialist economies. These include: *The Preparation and Appraisal of Transport Projects* (1965), *The Highway Design and Maintenance Standards Model* (1988), *The Road Deterioration Problem in Developing Countries: Causes and Remedies* (1988), *Transport Development in Southern China* (1992), and EBRD's *Transport Operations Policy* (1992).

Mr. Harral holds a Ph.D. in economics from the University of Rochester where he worked with Nobel Prize winner Robert Fogel on the classic study *Railroads and American Economic Growth*.

JOHN H. WINNER

Mr Winner is a managing director of HARRAL WINNER THOMPSON SHARP KLEIN, INC. In more than 30 years in the transportation industry, he has worked with both state and private railways, shippers, suppliers, investors, governments, and financial institutions on policy issues, deregulation, restructuring, privatization, efficiency improvement, and strategy development. Over this period, Mr Winner has led many projects involving private sector participation in public sector rail activities, and conducted due diligence studies for financial institutions and private sector investors in the rail sector world wide.

- For the World Bank, Mr Winner worked with the Armenian Railway to develop a restructuring strategy. He led a multi-member team in assessing the railway's assets, its passenger and freight markets, rail operations, and staff and developed the financial models used to evaluate restructuring alternatives. The Armenian Railway and its infrastructure will be concessioned to private sector operators by 2008.
- Working with the World Bank and the staff of TCDD, the national railway of Turkey, Mr Winner developed a restructuring strategy involving private sector participation in both infrastructure and railway services.
- Working with private financial groups and development banks including EBRD and IFC, he led a series of due-diligence studies to help bring private sector investment to the Russian railway sector. These projects resulted in privately placed financings totaling more than \$500 million for railway rolling stock.
- For a number of private clients, Mr Winner helped develop financing for some \$9 billion of railway rolling stock, infrastructure, and maintenance equipment in a number of transactions that included Sound Transit in Seattle, RATP in Paris, TGV equipment for SNCF and EuroStar, the Berlin Metro, and rolling stock for Stockholm commuter services.
- Mr Winner has led or participated in restructuring studies for railways in a number of countries including Ukraine, Russia, Argentina, Armenia, Georgia, New Zealand, Australia, Georgia, and Kazakhstan. In each case, the restructuring strategy involved private sector participation in rail sector in various forms of public-private partnerships.
- For the government and railways of Kazakhstan, Mr Winner led a series of project financed variously by the World Bank, Asian Development Bank, EBRD, and by the railway, to develop a rail sector restructuring strategy. His work included the development of methodologies to evaluate potential retrenchments, investment needs, and sector structure.
- For the US Secretary of Transportation Mr Winner prepared a report on the likely future structure of the North American rail industry (including the US, Canada, and Mexico). Later he was called to testify before the US Senate on the future of Amtrak, the national rail passenger carrier in the United States.
- He was a vice president at Mercer Management Consulting, and director of the rail management consulting practice at Booz ·Allen & Hamilton.

Mr Winner was a contributing editor for *Progressive Railroading* magazine, in which his monthly column, Smart Managing, was published for over ten years. He was vice president at Mercer Management Consulting and director of the rail consulting practice at Booz Allen Hamilton. Prior to entering the consulting business, he worked for the L&N and CSX railroads in the US. Mr Winner has a Bachelor of Science degree in Civil Engineering from Carnegie-Mellon University.

W. H. THOMPSON

Mr Thompson is a founder and principal of HARRAL WINNER THOMPSON SHARP KLEIN, INC. He has worked in the rail industry for 45 years, specializing in railway and intermodal operations and investment strategy. He has been a visionary railroader and an innovative operations manager.

- Mr Thompson founded and was chief executive officer of ACI Systems, Inc. The company developed the concept and design for computer based automatic rail car identification systems. ACI produced labels, scanners, and information systems for tracking and managing the movements of rolling stock. The company's visionary labeling systems presaged the movement to equipment tagging and tracking still being implemented by rail equipment owners worldwide.
- During his railway management career, Mr Thompson served 22 years in divisional and system operations, industrial engineering, and corporate strategy positions with Louisville & Nashville Railroad and the Norfolk & Western Railway. While at L&N, he sponsored and installed the first real-time telecommunications based equipment tracking computer system on a North American railway – predecessor to the operations management systems now used throughout the world. The system permitted significant reductions in clerical staff and substantially improved equipment utilization.
- For over ten years, Mr Thompson served as senior vice president and COO of TrailerTrain (TTX), the largest railway equipment leasing company in the world. His responsibilities included marketing, fleet management, purchasing, materials management, and business planning. During his tenure, TTX developed the world's largest fleet of intermodal rolling stock was the first to invest in articulated spline cars and double stack equipment.
- Working with development banks, railways, and governments, Mr Thompson helped initiate intermodal and container services in South Korea, Thailand, and China, among other countries. He has been a champion of intermodal/containerized rail/truck movement and has consulted widely on the establishment of intermodal services.
- Mr Thompson has undertaken several intermodal investigations in Mexico, including a feasibility analysis for Hyundai Corporation of an intermodal project entailing construction of a railway between Tijuana and Tecate to the Pacific Ocean port of Ensenada. He also conducted an evaluation of railway connections at the port of Veracruz, recommending modifications to railway operations and infrastructure near Veracruz to enhance export freight and container traffic growth.
- Mr Thompson international consulting work began in 1975 when used vacation time to serve as senior railway advisor for the World Bank and, later, the European Development Bank and the EBRD. Since then, he has completed rail and intermodal assignments in the Baltic States, Belarus, Brazil, Cameroon, China, Egypt, India, Israel, Kazakhstan, Malaysia, Mexico, Myanmar, Nepal, Pakistan, Russia, South Korea, Sri Lanka, Taiwan, Thailand, and Ukraine.
- He was vice president and general manager of the Illinois Central Railway. Mr Thompson returned the railroad to profitability by substantially reducing costs. He introduced new work practices and installed computer systems that permitted 25% reduction in staff. Mr Thompson developed an attrition program that employees and unions considered fair and permitted a substantial reduction in terminal and branch line operations to improve efficiency.
- Mr Thompson served as a member of the board of directors of ABCRail, NACO, and Trinity Industries, three separate rail equipment supply companies.

In addition to his transport activities, Mr Thompson serves as Chairman of the Coronado Hospital Foundation Board of Directors. He has a BA in transportation from the University of Tennessee, and an MBA from Northwestern University.

RICHARD G. SHARP

Mr Sharp is a founder and principal of HARRAL WINNER THOMPSON SHARP KLEIN, INC. He has worked in the transportation industry for 25 years, focusing on the relationship between market structure and economic performance, including issues of competition, pricing, competitive access, and regulation. He has addressed these issues for railways, railway customers, development institutions, and governments in Armenia, Australia, Brazil, Costa Rica, El Salvador, Georgia, Kazakhstan, Malawi, Mozambique, Saudi Arabia, Tunisia, USA, and others.

- For the Government and Railway of Armenia, Mr Sharp analyzed the market for rail and surface transport as a part of the development of a business plan for the restructuring of the Armenian Railway. He interviewed shippers, considered border and international trade flows, and developed forecasts of traffic and railway freight revenue under a number of scenarios.
- Mr Sharp is currently working with the Georgian Railway on a USAID sponsored railway restructuring strategy project. In this project, Mr Sharp has interviewed shippers, analyzed international trade flows, and prepared a series of traffic and revenue forecasts for alternative forms of rail sector restructuring in Georgia.
- For the Queensland (Australia) Corporatisation Taskforce, Mr Sharp developed recommendations for restructuring Queensland Rail to accommodate Australian open access policy and to effectively balance competition, tariff pricing equity and efficiency outcomes.
- Mr Sharp has served as an expert witness for railways and railway customers in dozens of rail rate proceedings. These proceedings have addressed the issues of regulatory standards for reasonable tariff rates, the permissible scope of transport contracts, and third party access to serve shippers over the lines of an incumbent railroad. His experience encompasses both general transport policy determinations and rulemaking proceedings and specific disputes between carriers and between railways and their customers.
- Mr Sharp assisted the Board of the National Railways of Zimbabwe and the Tripartite Restructuring Committee (government, rail management, rail labor) to define appropriate responsibilities and powers for a Railways Regulatory Authority. The Authority is to regulate the rail industry as government-owned National Railways of Zimbabwe is restructured into a commercialized rail industry, with vertically separate infrastructure, operations and rolling stock companies and multiple train operating companies.
- Mr Sharp provided expert testimony before US regulatory authorities on competitive effects of the mergers of Union Pacific and Southern Pacific railroads, the Burlington Northern and Santa Fe systems, the affiliation of Union Pacific, Missouri Pacific and Western Pacific railroads, and the merger of Chessie System and Family Lines to create CSX Transportation.
- Mr Sharp provided the financial and regulatory policy expertise for the World Bank mission that defined the restructuring program for the Kazakhstan railroads following Kazakhstan's separation from the Soviet Union. This work led to the development of World Bank and EBRD technical assistance projects for rail restructuring in Kazakhstan, including determination of access and tariff policies.
- Mr Sharp's participation in railway concessioning/BOT planning and negotiation and in development of post-reform rail regulatory structures has included projects in southern Africa, the Middle East, Central Asia, and Central America.

Mr Sharp holds an AB in government from Harvard University and a Masters degree in public affairs and economics from Princeton University.

JONATHAN H. KLEIN

Mr Klein is a managing director of HARRAL WINNER THOMPSON SHARP KLEIN, INC. He has more than 30 years experience in railroad management and rolling stock maintenance, particularly in restructuring and managing rolling stock and shops and in financial systems used on railways.

- Mr Klein has served as rail industry expert on service-lease financing transactions with a total value of more than \$6 billion. The equipment includes locomotives, rapid transit equipment, trams, passenger coaches, and high speed train sets including TGV Duplex and EuroStar equipment.
- For the Alstom-Bombardier Consortium that supplied Amtrak with the Acela maintenance, Mr Klein created the complete General Ledger and Cost Center codes for the enterprise's chart of accounts and new software.
- For Management Audit Services Division of the LAC MTA, Mr Klein drafted a new chart of accounts to provide visibility on maintenance material costs.
- For the Detroit Transportation Corporation, Mr Klein developed the formal revenue accounting software and field procedures to control and account for cash revenues.
- For the Chicago commuter railroad, Metra, provided financial oversight of a contractor's new railroad car factory as a contractor to Ernst & Young for four years. Disqualified approximately \$30 million in M-K claims to-date performing audits of accounting systems and manufacturing processes.
- While Chief Mechanical Officer at Amtrak, Mr Klein reformed the cost reporting and accounting procedures for a \$700 million maintenance organization. He personally drafted the new Chart of Accounts used to manage over US\$300 million in material purchases, greatly improving the cost-effectiveness of the purchases. Although Mr Klein greatly increased the overhaul and routine maintenance programs at Amtrak, he reduced the annual cost of rolling stock programs by at least US\$70 million a year.
- For a recently privatized freight operator in Argentina, Mr Klein analyzed the maintenance practices and management of the locomotive department and helped develop specific changes needed in inventory management, maintenance procedures, and budgeting to reduce cost and improve efficiency. He also made longer-term recommendations for improving rolling stock investments and maintenance practices.
- In Bolivia, he reviewed the investment potential of freight railway operations of ENFE for a consortium of investors. Assessed the costs to rebuild the locomotives, shops, and cars, and developed operating budgets and capital renewal budgets.
- As Deputy Treasurer, Southeastern Pennsylvania Transportation Authority (SEPTA), Mr Klein was responsible for budgeting processes, and then for the processes to account for 1/4 billion US dollars in cash yearly.

Mr Klein holds a BA in Economics from the University of Chicago and an MBA from the Harvard University Graduate School of Business Administration. He has published several scholarly papers on rail equipment economics.

MARTIN BLAIKLOCK

Mr Blaiklock is a senior financial consultant to HARRAL WINNER THOMPSON SHARP KLEIN, INC. A specialist in the structuring of limited recourse project finance, Mr Blaiklock has over 25 years of professional experience in investment banking, commercial lending, international trade and project finance. Over the past ten years, Mr Blaiklock has been an independent financial consultant working on a series of assignments involving private finance of airports, railways, roads, ports, and power plants in Europe, Africa, Asia, and Latin America.

- Mr Blaiklock led the Project Finance Group of the European Bank for Reconstruction and Development (EBRD) when it was first established in 1991. In that capacity he pioneered the use of limited recourse financing for infrastructure projects in the former Eastern bloc, including airports, airline reservation systems, air traffic control, toll roads, and power plants.
- Mr Blaiklock was chairman of the EBRD/EU Committee evaluating the large (and controversial) proposal presented to the Bank for the US\$800 million upgrading and rehabilitation of Slovakia's Mochovce Nuclear Power Station. He subsequently became Director of Power and Energy Utilities for EBRD.
- Since establishing his consultancy in 1995, Mr Blaiklock's principal projects have involved structuring of private finance for:
 - Venezuela: La Vueltoza Hydroelectric Scheme (1998-99)
 - Ghana: Kotoka International Airport (1998-99)
 - Bulgaria: Sofia International and Bourgas Airports (1996-1997)
 - South Africa: Coega Port (1997-99)
 - Czech Republic: Prague Airport-Kladno Fast Light Rail Link (1996)
 - Indonesia: Ministry of Transport, private participation in ports, railways, roads, and airports (1996-98)

Mr Blaiklock also has extensive experience with funding of urban rail systems. From 1976, he served for 3 ½ years as Resident Financial Advisor to the Metro de Caracas, Venezuela. In 1984 he undertook the financial feasibility studies for Manchester Metrolink, UK, and in 1989 evaluated BOT proposals for the Ankara Metro, Turkey, and Lisbon Metro, Portugal. In 1997, he advised three UK light rail and busway projects on private finance alternatives.

Prior to joining EBRD, Mr Blaiklock worked for the Hong Kong and Shanghai Banking Corporation (HSBC) as Director of Trade Finance (1985-1991). In that capacity, he was responsible for developing project and export finance opportunities in Europe, Southeast Asia, Middle East, and Latin America. Mr Blaiklock began his project finance career with Kleinwort Benson (1973-1985).

Mr Blaiklock holds an MA degree from Oxford University and an MBA from the University of Manchester Business School. He is the author of several professional papers and is widely sought as a lecturer on the techniques of limited recourse project finance.

JEREMY DREW

Mr Drew has 27 years experience in rail industry economics and consulting. He is a senior consultant to HARRAL WINNER THOMPSON SHARP KLEIN, INC. specializing in UK and EU market analysis and passenger technologies. Mr Drew also has special expertise in railway regulation, pricing, infrastructure access matters, and rail franchising. Mr Drew is a transport economist and management consultant with extensive railway experience.

- Mr Drew has been involved in many HWTSK equipment financing arrangements including TGV and EuroStar trains, Berlin Subway, and Vienna tram and subway transactions.
- His experience in the UK railway sectors includes a number of consulting assignments for British Rail, 1½ years at the UK office of the Rail Regulator working on track access regimes during privatization, and advice to train operating companies on access and performance issues. For the UK Government, he has reviewed the operational plans submitted by bidders for a major rail passenger franchise. Mr Drew's experience includes review of rail reform efforts in Europe and of rail regulation in Europe and North America, several studies in Central Europe and advice to the South African, Kenyan, Ugandan, Swaziland and Zimbabwean governments on rail regulation.
- He advised one of the companies undergoing privatisation under the London Underground PPP on its business strategy and the opportunities to sell services to external clients – this involved a detailed assessment of its strengths and weaknesses in the market. He also has advised the Board of the consortium operating the Eurostar concession between London and Paris/Brussels on the scope for renegotiating the contractual arrangements for the UK concession.
- For the European Conference of Ministers of Transport (ECMT), Mr Drew carried out a comparative review of the regulatory regimes for rail freight in the United States, Australia, Germany, France the United Kingdom, and Canada. This analysis evaluated the impact of changes on rates, service, and the growth of traffic from railway regulatory environments. In another study, he reviewed the legal constitution and organization structure of railways in the 34 members of ECMT and the relations between railway entities, the state and the role of regulatory bodies such as the UIC. As a part of this study, Mr Drew examined provisions for open access in each country.
- He has been extensively involved in assisting companies bid for passenger franchises, both in the UK and Denmark. For the Trans European Freight Freeways group, Mr Drew was a member of a team formulating strategy for the EU on the development of freight freeways in Central and Eastern Europe. He worked with a major European railway enterprise evaluating the inward investment strategy for entry into the Central European rail freight markets.
- In a number of assignments in South Africa, Mr Drew first advised the Department of Transport on the development of a long term strategy for urban transport. He then advised the South African Rail Commuter Corporation on improvement projects in Durban. More recently, he has advised the Department for Public Enterprises on railways matters including institutional frameworks and regulatory environment, industry restructuring, and investment requirements.
- He wrote a major published report for Financial Times Management Reports entitled "Resurgence of European Railways." This work involved a detailed analysis of EU rail transport policy documents and Directives and an extensive interviewing program with European railway operators, customers and regulatory bodies, including the UIC.

Mr. Drew holds a BA in Engineering and Economics from the University of Oxford, an MA in Transport Economics from the University of Leeds, a Diploma in Accounting and Finance from ACCA and an MSc in the Economics of Regulation and Competition from City University, London. He has published many papers on rail economics and co-authored several major ECMT reports.

JOHN H. BROADLEY

Mr Broadley is a Partner in the prominent US law firm of Jenner & Block, owner of John H. Broadley & Associates, and Senior Consultant for HARRAL WINNER THOMPSON SHARP KLEIN, INC. In addition to his extensive experience practicing transportation law in the United States with a special focus on railroads, Mr Broadley has extensive international regulatory experience. He has worked with the World Bank on a variety of rail sector projects several national rail restructuring/regulatory projects. He has taught a course for World Bank officials on Regulatory Institutions and Process for newly privatized railroads and drafted a paper for the World Bank on Transportation Law Requirements in the context of newly privatized transportation enterprises.

- Mr Broadley assisted the Government of Pakistan and Pakistan Railways in understanding critical legal and structural aspects of restructuring and privatization of Pakistan Railways.
- For Rede Ferroviaria Federal S.A. in Brazil, an institution transitioning from railway operations to industry oversight, Mr Broadley extensively consulted on post-privatization regulatory arrangements for the transportation sector, including railways, ports, and highways.
- Mr Broadley assisted the World Bank in analyzing the financial and regulatory aspects of a proposed rail development in Saudi Arabia (1998).
- John H. Broadley & Associates, P.C. consulted as a sub-contractor to Hagler-Bailly on regulatory options for Russian railway restructuring.
- Additional World Bank funded assignments include: a project to review railway concessions in Argentina and advise government regarding appropriate action (2000); an intermodal project for the Nepal Intermodal Transportation Development Board relating to the concessioning of inland container depots (1999 and 2000); and a project for concessioning Nacala Port, Maputo Port and associated railroads in Mozambique (1999, 2000).
- As General Counsel of the Interstate Commerce Commission (US rail regulatory body), Mr Broadley implemented regulatory reforms in railroad, trucking, and domestic water transport sectors.
- As Chief Counsel for the Federal Railroad Administration, Mr Broadley helped develop the Northeast Rail Services Act, establishing the basis for Conrail's reform and privatisation.
- While at the US Department of Justice, Mr Broadley represented the United States in nine railroad reorganization proceedings in the northeast and midwest and worked with the US Railway Association on the restructuring that created Conrail.
- As Partner with Jenner & Block and owner of John H. Broadley & Associates, he worked on a wide variety of rail regulatory, reorganization, and antitrust matters, including the bankruptcy reorganization of the Chicago, Missouri and Western Railroad and the Delaware and Hudson Railroad

Mr Broadley holds a BS degree from Massachusetts Institute of Technology and a JD degree from the University of California Law School. He recently taught a course for the World Bank on Regulatory Institutions and Process.

JOLANTA HESS

Jolanta Hess is a Senior Consultant to HARRAL WINNER THOMPSON SHARP KLEIN, INC. With over ten years of consulting experience, she provides assistance to national, international, multi-lateral, and bi-lateral organizations in countries undertaking restructuring and or privatization operations. Her work typically involves the design, implementation, and supervision of projects to develop practical strategies to deal with labor, social, and community development issues connected with private sector development and large scale enterprise restructuring. Related assistance involves application of social safety nets, poverty reduction strategies, and institutional capacity building to mitigate social impact of private sector development.

- Ms. Hess is working with the World Bank and the Government of Turkey on the restructuring of the National Railway of Turkey (TCDD). Her scope of work includes participation in project preparation and appraisal as labor adjustment and social safety net expert, supervision of Technical Assistance Contractors, preparation of project preparation documents, and due diligence on the Bank's behalf.
- For the Macedonia, FYR, Railway reform project, Ms Hess worked with the World Bank on the project appraisal of staff retrenchments and the development of social mitigation strategies for the railway. She prepared a series of retrenchment options related to railway restructuring that international experience, legal framework, redundancy scenarios and costs.
- For the Russian Railway, Ms Hess provided technical assistance on labor issues associated with restructuring. In this project her scope of work included labor adjustment issues, review and comment of the Railway Social Program dealing with labor redundancy, workshops on international experience, best practices and lessons learned in labor restructuring.
- For the government of Croatia, Ms Hess provided technical assistance for Railway Modernization and Restructuring. Technical Assistance to the Railway (HZ) and Employment Service in the preparation of a Draft Social Program, Terms Of Reference for implementation, and for the Financing Plan associated with the Government's Redeployment Program for Redundant Workers.
- In Poland Ms Hess helped in the preparation of Railway Restructuring Project. She prepared summary projections of the Social Costs associated with PKP Employment Restructuring including low and high cost scenarios with calculations of costs on standard and special benefits based on projected take-up, unit costs, and number of participants over the duration of the labor restructuring program.
- Working with HWTSK, the Asian Development Bank, and the Government of Kazakhstan, Ms Hess provided technical assistance in Railway Restructuring. She was responsible for the social analysis component of labor downsizing and investment aspects of the proposed project. In this work she prepared an Initial and Detailed Social Impact Assessment. Her work scope also included advice and assistance to KTZ management related to proposed arrangements for providing financial and other support to affected households, social mitigation measures, and preparation of terms of reference for ongoing monitoring of the social impact of the program, especially on the poor and vulnerable groups.

Ms Hess graduated in Business Administration with Silver Medal from Ryerson Polytechnic University, Toronto and has received training in Public Administration for Senior Management Government of Canada from the Canadian Center for Management Development in Touraine. She is a past member of the Public Administration Institute of Canada.

STEVEN SILKUNAS

Mr Silkunas is a senior consultant to HARRAL WINNER THOMPSON SHARP KLEIN, INC. He has more than 30 years experience in transit and rail planning and operations, including “hands-on” experience as a vehicle operator, road supervisor, scheduler, planner, chief officer, and director. Mr Silkunas career has been one of innovation—making a good better—through the application of non-transit principles and techniques to transit and intermodal operating and revenue problems.

- For SEPTA, Mr Silkunas investigated various modal options for streetcar service in Philadelphia. The study, of which he was the primary author, used present value analysis as an evaluation tool to deal with disparate vehicle and infrastructure issues. This study shaped SEPTA’s surface rail investment decision (\$150 million in 1981 dollars) for the next two decades. The report, when issued, was highly controversial. Subsequent review by expert evaluators over the next 15 years called the work “technically excellent.”
- As a consultant to a contractor for the State of New York, recast Amtrak schedules to take advantage of the operating efficiencies of turbotrains. Resultant schedules provided increases in frequency of service and reductions in platform hours. This effort allowed the State of New York sufficient information to renegotiate with Amtrak.
- As the Chief Officer of SEPTA’s Frontier Division, a suburban bus operation, achieved a 13 percent increase in ridership when comparable system average was 0.5 percent. Achieved a mean distance between failure of over 8,000 with a bus fleet that exceeded an average life of 12 years.
- As the Director, Technical Services and Research of SEPTA, directed the research, planning and analytical efforts of a 120-person department encompassing management, professional and hourly employees. Developed nationally recognized programs in the monitoring of on-time performance and passenger counting on all modes (bus, light rail, rapid transit, commuter rail) for scheduling, planning and marketing purposes. Converted manual processing techniques to computer-assisted techniques. Created DALLAS, a comprehensive report on system/route performance. Developed and implemented a service quality auditing program at the operator level.
- Developed, at the request of the SEPTA Board, a “transit first” initiative to reduce operating expenses through speed improvements. The initial methodology was subsequently revisited to produce savings of up to 10 percent without reducing levels of service.
- Initiated and oversaw the procurement of third-generation transit scheduling software. Innovations included a PC-based platform, future upgrades to be included in initial contract price, and system design with the software proposal.
- As the new manager of a schedules department after an early retirement, reduced schedulemaker headcount and achieved “on time” delivery of schedules for the first time in a generation without the use of overtime. Other efficiencies included the elimination of in-house printing and a \$50,000 reduction in paper expenses.

Mr Silkunas holds a BA, Cum Laude, in Philosophy from St. Charles and an MBA in Taxation from LaSalle University. Mr Silkunas is also certified by the American Society for Quality as a Quality Auditor and Quality Manager. He has been a panelist and industry expert for TRB/TCRP panels on bus operating standards, scheduling and marketing, and serves as member or chair on a number of TRB and APTA committees.

TYPICAL TERMS AND CONDITIONS

1. Confidentiality: We will hold confidential all information obtained from you and so identified, not otherwise previously known by us or in the public domain, unless such information comes into the public domain through no fault of ours, or is furnished to us by a third party who is under no obligation to keep such information confidential.
2. Inventions: Unless otherwise expressly agreed, all right, title and interest in and to any ideas, innovations or inventions conceived or developed by us in the course of performing this project shall be the property of (client). We will assist you in securing protection for any such property rights and we will execute any applications or documents required to secure such protection. However, all the costs incurred by us in securing such protection, including our fees for professional time and expenses, shall be paid by you.
3. Best Efforts: We will undertake this assignment on a best efforts basis. Our findings, recommendations, and deliverables will reflect our best professional judgment based on the information available to us. In no event shall our liability exceed the amount which is paid to us for our services.
4. Independent Consultant: Our services will be rendered as an independent consultant and not as an employee, agent, partner or joint venturer. Differences of opinion relative to our work shall not serve as the basis for rejection of our reports and findings or the withholding of any payments otherwise due.
5. Responsibility: Except where due solely to our negligence, you agree to hold us harmless from any and all liability, loss, damage, or expense, including attorney's fees, we may suffer (other than damage to our tangible properties or injuries to our employees occurring during the course of our work) as a result of claims, demands, costs or judgments arising out of our performance on this assignment.
6. Invoices: It is our practice to bill clients on a monthly basis at the beginning of each month for services to be rendered and expenses to be incurred during that month. We reconcile estimated bills and actual charges at the completion of each assignment. Our bills are payable within fifteen days of the billing date.
7. Termination: The services to be provided may be terminated by either party at any time upon thirty days advance written notice. Upon such termination, we will deliver all work products then completed, and shall be paid for all professional fees and expenses incurred in performance of the services up to the time of termination.
8. Excusable Delays: Neither we nor you shall be liable or deemed to have breached any agreement for (a) any delays or failure in performance, or nonperformance, or for (b) interruption of services, if any such delay, failure or interruption results directly or indirectly from causes beyond the reasonable control of either you or ourselves. Such causes include, but are not limited to, adverse weather conditions, strikes, riots, epidemics, war, governmental regulations subsequently imposed, fire, transportation or communication delays, acts of God or the public enemy, machine or equipment failures, earthquakes, or other natural disaster.