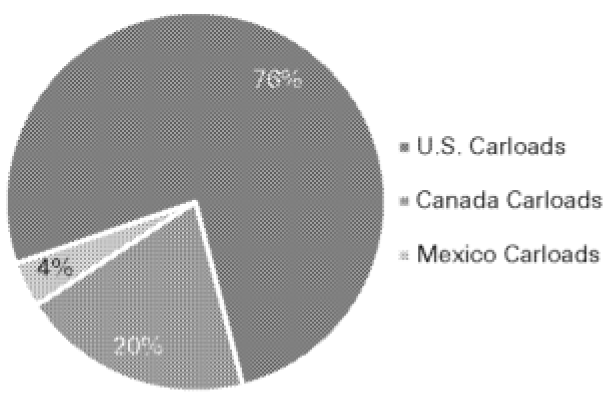
North American Railroads

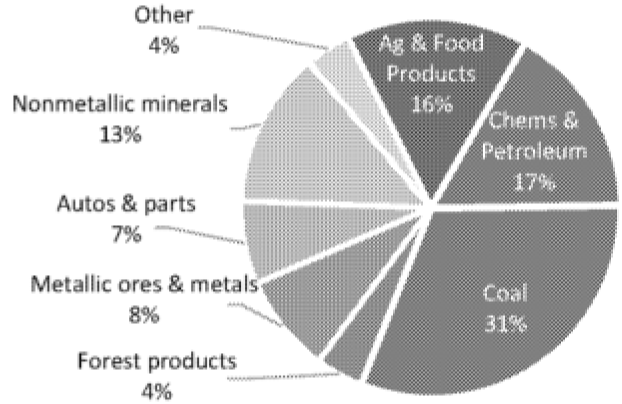
The North American rail industry is made up of seven Class I rail operators, which are defined as having annual revenues of at least $250M or more in 1991 dollars, or about $475M in current terms, who operate roughly 140,000 of track miles across the continent. In addition, there are over 20 regional railroads and 500 local railroads. Total rail volumes in North America last year totaled roughly 35 million carloads (including intermodal) with 26.1M originating in the U.S. (76%), 6.8M in Canada (20%), and 1.3M in Mexico (4%). The largest contributor to North American rail volumes comes from Intermodal (50%), followed by coal (13%) and agricultural products (9%).

Figure 14: North American rail traffic originations by country



Source: Deutsche Bank, Association of American Railroads (AAR)

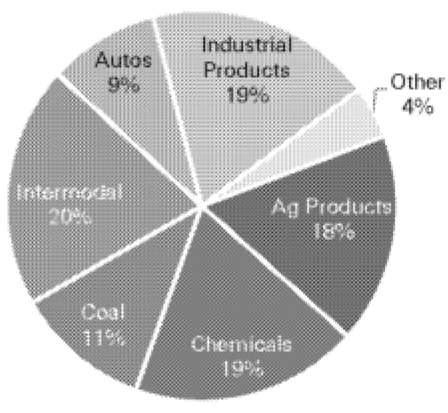
Figure 15: North American rail traffic by type (ex-intermodal)



Source: Deutsche Bank, AAR

The carload breakdown, however, doesn't tell us the full story. While Intermodal volumes make up roughly half of North American rail carloads, it makes up just one fifth of revenues for the rails.

Figure 16: North American revenue contribution by type



Source: Company reports (includes CP, CNI, CSX, KSU, NSC, UNP)