

The newsletter of VTG Rail UK Ltd
To keep you informed and on track
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VTG staff outside the new offices in Birmingham.

VTG on the move

VTG Rail UK has recently relocated to new, larger offices on the outskirts of Birmingham.

VTG's Managing Director Rob Brook officially opened the new 2,600 sq ft office for business, which is located in Sir Stanley Clarke House in Quinton Business Park, on Tuesday 6 May 2008.

Rob Brook commented, "We are extremely proud to embark on this new stage in VTG's expansion and development.

"Quinton Business Park is an ideal location, close to major transport links, yet set in the tranquil surroundings of landscaped gardens. The move reflects the success and achievements of VTG Rail UK."

Centrally located, the office is conveniently positioned in grounds adjacent to Junction 3 of the M5, providing easy links to both the motorway network and Birmingham airport.

Equipped with all of the latest facilities the new office will provide staff with the opportunity to further improve customer service and technical support, which is already the best in the market.

Committed to developing the wagon technology of the future, the new office will also enable VTG, introducers of the first aluminium bogie cement wagon

and ACTS transfer system into the UK, to continue pioneering ground breaking wagon technology.

Rob said: "We have ambitious plans for the future, with more additions to our wagon fleet and ongoing research initiatives to find new solutions to long standing problems in the wagon market. We believe that the move will support us in our en-

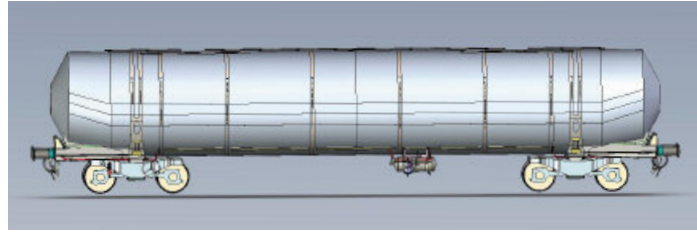
deavours to retain and further our reputation for cutting edge wagon development."

The new high specification office has been leased for a ten year period, providing a stable base for VTG as the business continues to grow in the future.



New tank wagons for Total

VTG has extended its long-standing relationship with multinational energy company Total with a new contract for the supply of 30 tank wagons.



VTG has worked with Total for many years, supplying wagons for the transportation of bitumen, which is used for a multitude of applications including road surfacing and roofing.

Now under the terms of a new contract, VTG will replace Total's current fleet of bitumen wagons with 30 innovative, British built tanks, specially designed to make bitumen transportation more efficient, safer and more environmentally friendly.

Bitumen is produced from the distillation of crude oil and depending upon the grade, needs to be heated to about 180°C in order to flow easily into and out of tank wagons. The new vehicles will be supplied with thicker insulation to reduce heat loss during transportation. This should normally avoid the need to re-heat the product be-

fore it can be offloaded, saving both time and energy.

The new design will also increase individual wagon payload. Axiom TF25 bogies, which are lighter than the current models, will be fitted to the vehicles allowing an extra tonne of payload per wagon, taking the total to over 74 tonnes.

In addition to carrying larger loads, the wagons will help underpin Total's commitment to minimising the impact of their freight movements on local communities by significantly reducing the amount of noise emitted per journey.

Paul Lugg, Tank Fleet Sales Manager at VTG Rail UK says: "The TF25 bogies will reduce the noise levels generated by the bitumen rail wagons, making them substantially quieter than their predecessors."

Safety was also a top priority for Total when the new wagons were being designed, so the tanks will be fitted with a positive vent valve, which by opening simultaneously with the foot valve, will eliminate the need for operators to go on top of the wagons to open the man lids before discharge. Making the unloading process quicker and safer, the vent valve will reduce any bitumen odour as it has a small surface area and will draw air into the tank as it discharges, rather than releasing bitumen vapours to the atmosphere.

Mike Linley, general manager at Total Bitumen said: "We have drawn on both Total's and VTG's Europe wide experience of bitumen wagons to produce a design which will not only be more efficient, but safer to operate and more environmentally friendly."

The wagons, which will be delivered in April 2009, will be used to transport bitumen from Total's oil refinery in Immingham, North Lincolnshire to the bitumen processing and distribution plant in Preston, Lancashire.

Three British companies will design and build the new tank wagons on behalf of VTG. Detailed design will be carried out by Lloyds Register Rail, with Clayton Commercials manufacturing the tanks and underframes, and Marcroft Engineering assembling and completing the wagons at their workshop in Stoke.

Paul Lugg said: "We have had a long standing relationship with Total Bitumen and we are pleased to be able to supply them with new, reliable and more efficient wagons".

– STOP PRESS!

VTG Group acquires established rail freight wagon manufacturer

Latest news from the VTG Group is the recent acquisition of the rail wagon manufacturing segment of the Graaff Group, in Germany.

The takeover has been agreed at a confidential purchase price between the insolvent manufacturer of rail freight wagons and VTG, and will allow the Group to continue Graaff's focus on producing tank wagons – particularly chemical tank wagons – that are in high demand.

VTG CEO Dr. Heiko Fischer, explaining the advantages of the takeover said: "Through the acquisition of Graaff we have

been able to secure rarely available production capacity to build specialised rail freight wagons. This will allow us to expand our current business model by increasing the production of new builds we undertake.

"Due to our existing experience in specifying and designing many different types of rail wagons, we will be able to quickly integrate the new building plant in Elze, into the VTG Group. This allows us to secure a substantial portion of our basic supplies with new special rail freight cars for additional organic growth, which is particularly significant in a booming rail logistics market."

VTG UK Rail Managing Director Rob Brook welcomed the move, adding: "Acquiring the new production facility near Hanover will bring many benefits to the UK rail freight market. Increasing our wagon production capabilities means we will be able to design, build and introduce even more innovative wagon types into the UK market. Last year we brought two new groundbreaking vehicles to the British market place. The Advanced Container Transfer System, (ACTS) allows an individual to transfer loaded containers between road and rail and vice versa in just 60 seconds, with-

out the need for expensive transfer stations or lifting equipment. We were also responsible for putting the first aluminium bogie cement wagon onto British tracks, helping making cement transportation more cost effective."

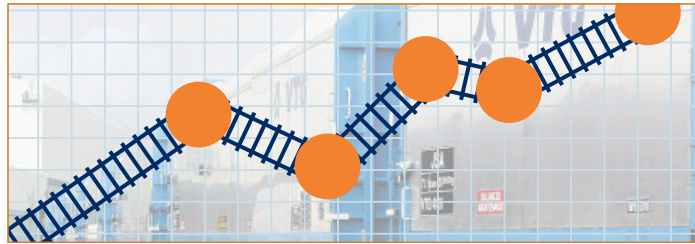
The Elze workshop has a production capacity of approximately 300 rail freight wagons per year. The rail car manufacturer was forced to file for insolvency in March 2008, due to difficulties in handling a large order and the tight liquidity situation.

More details on the deal will follow in the next edition.

Bucking the trend

– Strong performance sees VTG revenue increase by 10%

Recently released financial reports shows the VTG Group has, in spite of gloomy economic predictions, reported strong business growth in the first quarter of 2008.



The beginning of 2008 was an uncertain time financially, as the credit crunch continued to gather pace, putting the squeeze on consumers and businesses alike. However, first financial quarter results show VTG has not only managed to weather the storm during those difficult first three months, but actually increased operating profits and expanded three key areas of the business.

Figures show that from January to March 2008, VTG increased revenue by 10 per cent to EUR 147.6 million

VTG's Chief Executive Officer Dr. Heiko Fischer commented: "The excellent results of the first quarter show that VTG is well positioned in an economic environment with decelerated growth. The continuing high demand for transport capacities and logistic solutions in the rail

sector led to strong growth in our business. Additionally, we benefited from the increasing use of the railway as an environmentally friendly and very safe mode of transport, especially for long distances."

Also contributing to the success was the acquisition of a rail wagon business in America, further expansion into new markets outside of the chemical and mineral sector, an increase in services for Eastern Europe and more traffic in Russia and Turkey.

Wagon Hire Division expands

VTG's Wagon Hire Division was able to benefit between January and March from increased demand for rail freight services and therefore further expanded its leading market position in private wagon hire business. In January, the company com-

pleted the acquisition of the Texas Railcar Leasing Company, entering the North American market for rail freight transport. Revenues for this division grew by 17.2 per cent to EUR 71.9 million.

Increased international traffic for Rail Logistics Division

International transports to and from Eastern Europe, as well as cross-border transports of liquefied gas, led to continued positive business development in the Rail Logistics Division. Furthermore, VTG got new contracts for the transport of products beyond the mineral oil and chemical sector. The division generated revenues of EUR 42.9 million (previous year EUR 42.8 million) and thus reached the previous year's level.

International trade boost for Tank Container Logistics Division

Positive business development in the Tank Container Logistics Division came via dynamic overseas markets and higher transport volumes to Russia, the CIS, and to Turkey. In the first quarter of 2008, VTG increased revenues in this division by 9.0 per cent to EUR 32.9 million.

The UK

Performance in the UK was also strong, with VTG Rail UK retaining its title as the UK's largest private wagon leasing organisation. New contracts with cement manufacturers, relocation to Birmingham and the introduction of new innovative wagon types into the UK market have ensured the continuing growth of the UK division.

Rob Brook, Managing Director of VTG Rail UK said: "We expect that good market conditions and high demand for logistics services will continue into 2008. With ongoing expectations for increased revenue in the current financial year we are very confident regarding VTG's further development in 2008."

Safety first

When it comes to wagons, safety is always the top priority for VTG and now, following a successfully completed safety qualification, Administration Manager Jean Burgess is ensuring VTG's UK office remains accident and incident free.

Everyone knows accidents happen. However, prevention is often better than cure so Jean attended a 5-day 'Working Safely' course accredited by The Institute of Occupational Safety and Health (IOSH). The course is designed for Managers, Supervisors and Team Leaders who are required to manage safety in compliance with Health & Safety Legislation.

The approach of the course

makes it appropriate for all kinds of organisations and concentrates on providing the delegates with sound management principles in Health & Safety, as part of a total management structure. The course included practical and written exercises on how to identify, control and monitor risk in the workplace.

Following completion of the course Jean was awarded an IOSH certificate for successfully undertaking a practical workplace exercise and passing a written examination. Now thanks to her efforts VTG's offices have been successfully 'safety proofed'.

Jean now plans to hang her certificate on the wall – following Health & Safety guidelines of course!



MD Rob Brook presents the IOSH Safety Certificate to Jean Burgess.

King of the Castle

VTG cement wagons riding high



One of four new wagons now carrying the VTG and Castle colours.

In March 2008 VTG delivered 15 new aluminium bogie tank wagons to long standing customer Castle Cement.

The wagons were the first of their kind to be used on British tracks and mark a return to rail transportation to Scotland for the cement provider, after an absence of 16 years.

With an innovative aluminium body construction to minimise tare weight and track friendly 75 mph bogies, the wagons are moving increased volumes of cement in a more cost effective and environmentally friendly manner across the UK rail network.

Since March the wagons have

transported 1,100 tonnes of bulk cement per train from Castle's production facility at Ribblesdale, Lancashire, to its new, purpose built, storage and distribution depot at Mossend, Glasgow.

Running successfully, the wagons are currently undergoing a planned makeover at Marcroft

Engineering's workshop in Stoke-on-Trent, where they are being painted and branded with the unmistakable Castle Cement and VTG logos. Four of the 15 of the tanks have now been re-liveried, and plans are in place to complete all 15 wagons in the coming month.

Scrapping the sub contractors

VTG box wagons help Advenza transport discarded metal.

Up-and-coming rail company Advenza have held a freight license for a number of years but previously relied on sub contractors to help them transport scrap metal around the country for their clients.

However, following a successful three month trial with VTG they have signed a 12 month contract to lease 26 box wagons, providing them with the means of trafficking the

solid material themselves.

Richard Clark, Advenza's Commercial Director said: "We are delighted to be working with VTG as we take our first steps towards running our own freight services. With VTG's help we have been able to lease wagons and transport the metal ourselves, rather than using sub contractors enabling us to target the steel market more effectively."

The 102 tonne GLW Open Box wagons each have a usable payload of approximately 75 tonnes and will be used to transport the metal from locations across the

UK to processing plants in South Wales.

Ian Shaw, Sales Manager VTG said: "At VTG we offer a variety of leasing opportunities to suit a range of needs. We are pleased that we were able to provide

Advenza with a suitable leasing solution to help them deliver their first freight consignment and thereby helping to further open up the freight operating company market place to competition."



Help is at hand following new EU Rail Regulations

Rob Brook, Chairman of the International Division of the Private Wagon Federation, explains why new rail regulations will have a big impact on wagon owners across Europe and how VTG can help.

Recently the European Union formally confirmed, for the first time, that Wagon Keepers and their Entity in Charge of Maintenance (ECM) have a legal responsibility for the safety of wagons they own or maintain.

The new laws will mean big changes in the UK but even bigger changes for the rest of Europe, where previously the only parties responsible for the safety of railway wagons were Railway Undertakings (RUs) and Infrastructure Managers (IMs) such as EWS and Network Rail in the UK.

ECMs, who will most often also be the registered Keeper, will

now be required to provide certification proving they are capable of doing their job safely. This means having approved maintenance policies, maintenance plans for each type of wagon and a system for monitoring that their policies and plans are effective in keeping the wagons safe. This certification will also apply to RUs and IMs for the wagons they control as Keepers and ECMs.

The National Safety Authority (NSA) in the UK, which is the Office of Rail Regulation (ORR), will issue the initial certification to the ECM and will audit periodically to check that systems and procedures are being followed.

However, the new Safety Directive will take until 2010 to bring into law such is the pace of EU legislation! It will then take a further six months to become UK law following a change to the Railway and Other Guided Systems (ROGS) regulations.

This delay in bringing in the legislation has concerned National

Safety Authorities, as many new RUs in the new liberalised railway are not set up to monitor Wagon Keepers. The NSAs have therefore proposed a Memorandum of Understanding (MOU) between the States to operate this new safety system before it becomes law. This MOU has not yet been agreed between the NSAs but is expected to be finalised by September.

The Private Wagon Federation is working with the ORR and DfT to make this an easy process for UK wagon owners. However, the ORR has indicated the certification process will be rigorously applied to each ECM and obtaining a certificate will not be "a walk in the park". There will also be a charge from the ORR to complete the certification process but to date no estimated costs are available. The implications of the new regulations on the status of the PWRA is also being discussed with the ORR and DfT.

VTG, as a key member of the



Rob Brook.

PWF, is well placed to be able to provide new and existing customers with up to date and expert advice on the implications of these new regulations as well as all other existing and pending UK and EU Rail regulations.

Further, VTG can come to the rescue of worried wagon owners by offering them either a wagon management service, which can relieve them of the ECM obligations and responsibilities, or a full sale and leaseback deal where VTG will purchase the wagons at market rate and then lease them back at competitive rates, whilst fully assuming all regulatory and statutory duties, obligations and responsibilities for the wagons.

The future's bright – the future's rail freight



Dr Heiko Fischer, CEO, VTG.

VTG's CEO, Dr Heiko Fischer recently gave a speech at Rail Freight Conference 2008. Below is a brief snippet from his presentation, which focused on the possibility of a rail freight renaissance and the policies and initiatives needed to ensure it happens in a sustainable way.

Dr Heiko Fischer said: "Now more than ever before, we have a historic chance to revive the rail freight market.

Three factors making this possible are:

1. **Increasing freight volume** – globalisation is leading to a strong increase in freight volume
2. **Better conditions in the European rail market** – the reduction of technical and organisational barriers
3. **Increased environmental awareness** – growing demand for eco-friendly transport

However, in order to take advantage of this opportunity, we must identify the obstacles that have to be overcome to make this a reality.

At VTG we believe the five most pressing needs are:

1. **More market** – in order to create a level playing field, there must be less state aid directed to national players and no protectionism of state owned railways. This coupled with a no ongoing free-of-charge debt restructuring and denationalisation will help to extend the size of the market.
2. **More investment** – more must be invested in accelerated maintenance and extension of rail infrastructure (including the removal of bottlenecks) by the EU and member states. Railway undertakings and private leasing companies must also invest to improve rolling stock and private companies must contribute to logistics.
3. **Sensible regulation** – in order to further open up the market there should be as little regulation as possible, and only where the level playing field is endangered.
4. **More stability in technical framework** – this includes the interoperability of rail freight wagons and long term oriented legal and technical changes
5. **Clear rules** – this is perhaps the most important one. To allow the market to progress we need clear rules on:
 - The usage of rail infrastructure, with adequate, non discriminatory track pricing.
 - The responsibility of the wagon keeper
 - Energy supply
 - The procedure of technical admission of rolling stock

Only by doing this we can increase the attractiveness of freight transportation, drive through change and safeguard the future of rail freight."

VTG celebrates annual golf day

Shropshire was the place to be on the 19th June 2008 as customers, suppliers and colleagues swapped a day in the office for the fairway as VTG Rail UK's annual golf day got underway.

Experienced players and novices alike converged at Patshull Park Golf Club to enjoy 18 holes and a good dose of friendly rivalry.

Weather wise, once again VTG picked the best day of the week, the sun shone and the temperature rose as the 20 golfers took to the tees.

Participants pitted their golfing wits against one another in a number of competitive scenarios designed to test their skill and resolve. Competition was rife for longest drive, nearest the pin, the best endeavour and the highest scoring yellow ball team.

Winners included John Grant from ConocoPhillips, Derek Parker of Axiom Rail and Steve Fender from Petrochem Carless. The Yellow Ball prize was won by the team headed by VTG UK's Paul Davies. Details of the winners are:

Game	Team	Score
Nearest the Pin:	Derek Parker, Axiom Rail	
Longest Drive:	John Grant, ConocoPhillips	
Yellow Ball team:	Paul Davies, VTG UK; Carl Gager, EWS Industrial; Richard Gibney, Lloyds Register Rail and John Carpenter, Lafarge Aggregates	8 points
Best Endeavour:	Steve Fender, Petrochem Carless	23 points
Stableford Competition:	1. Derek Parker, Axiom Rail	36 points (Count back)
	2. John J White, Freightliner Heavy Haul	36 points
	3. Richard Gibney, Lloyds Register Rail	35 points
	4. Darren Thompson, PD Ports	35 points



Newest addition to VTG's fleet - the golf bag wagon.

Following a much enjoyed afternoon of golf, the teams relaxed on the terrace with a well deserved drink, followed in the evening with dinner and prize giving.

Rob Brook, VTG UK's Manag-

ing Director, who played in the tournament for the first time said: "A great day was had by all and there were some fantastic performances from a number of players, including members of the VTG team."

VTG's charity drive



Nigel Day, Engineering Manager, VTG.

VTG recently took part in a charity golf day organised to raise money for disadvantaged railway workers.

The tournament, which was hosted by the Railway Benefit Fund, the only UK charity dedicated to improving the plight of active and retired railway staff, was just one of many events designed to celebrate the charity's 150th anniversary and increase funding for those in need.

Sixteen teams, made up of

freight and passenger operators and rail suppliers, took part in the Stableford competition at Hendon Golf Club on Friday 30th May. Playing on behalf of VTG were Ian Shaw, Paul Davies and Nigel Day.

It proved to be a fiercely contested event, and despite valiant efforts by all of its members, the VTG team (hamstrung by being only a 3 man team in a 4 man event!), ended up just outside of the prizes.

The event raised nearly £6,000 for the charity. David Allen, Chairman of the RBF said: "The money raised will be used to help pay for such things as specialised medical treatment, mobility aids and house repairs for railway employees and their families. Our aim is simply to improve the quality of life for those connected to the railways, many of whom have spent much of their lives working for the industry, whose finances are now severely stretched for whatever reason."

A head for figures

Profile: Jo Cobley

Position: Accounts Assistant

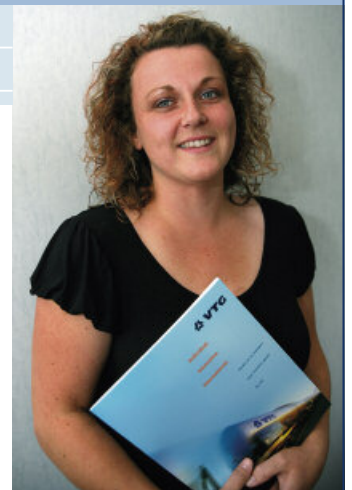
Meet the latest addition to the VTG team, 32-year-old Jo Cobley.

Jo, who lives in Kidderminster, joined VTG last year as Accounts Assistant, working alongside Paul Davies, Financial Controller.

Beginning her career as a receptionist at a solicitor's office, Jo held a number of different sales positions before moving to Rettig Heating in 1996 where she first started working in accounts.

Jo explains: "I had worked in sales for a number of years and I decided it was time for a change, so I slowly started taking on more accounting responsibility at Rettig. From there I moved on to the sales department of a carpeting company before applying for the Accounts Assistant position at VTG."

Responsible for organising



and managing purchase ledgers and handling all aspects of credit control, Jo likes the variety of her new job: "I love the fact that no two days are the same, it's a really varied role and I like the friendly and down to earth atmosphere in the office."

Outside of work, Jo enjoys playing squash and badminton with her partner Rob and she has two children, Megan 8 and Adam 4.