

Message from Todd Bjornstad



News for Customers, Employees & Friends of the Chicago South Shore and South Bend Railroad



To our many valued CSS customers, business partners, and community leaders, I hope 2018 is off to a quality start for you and your teams. CSS

is hard at work keeping safety and service our top priority for this year.

As 2017 ended, the CSS team completed its third straight injury-free year. We take great pride in running safe operations for the benefit of our employees, our customers, and all the good citizens who live in the areas where we operate our freight trains. If there is anything you can think of that could make us a safer company when providing service, don't hesitate to reach out to me.

Also, 2018 marks another year of our company investing in our railroad to improve safety and service. This year, we will be investing capital funds to install ties on the mainline between Michigan City and Kingsbury, upgrade three county road crossings—one of which

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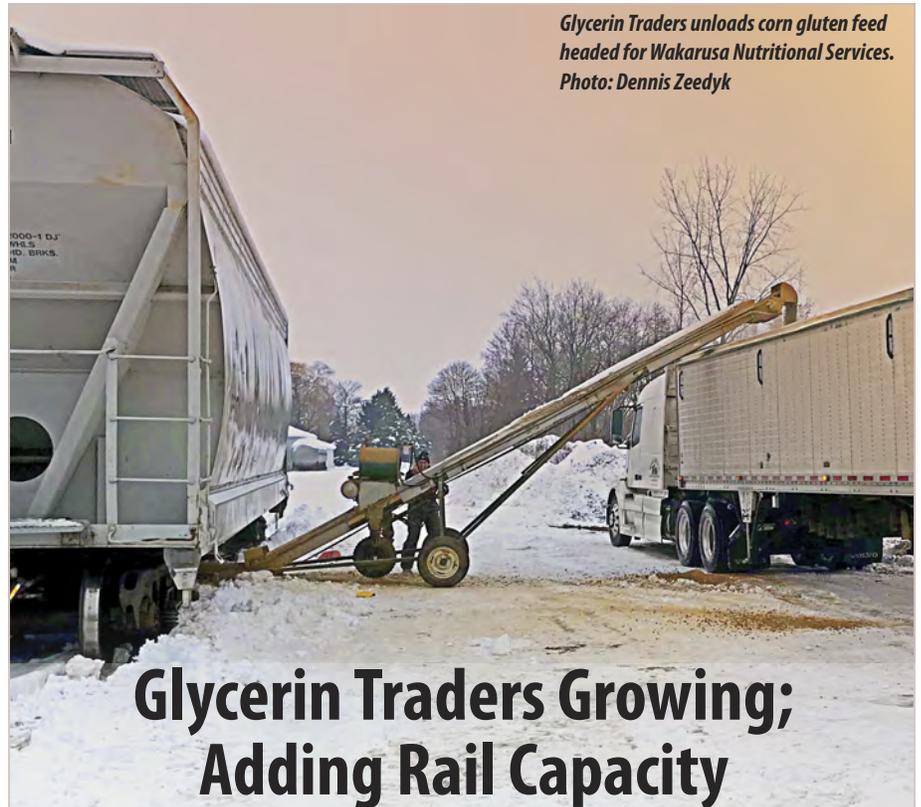
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Extra! Special pull-out section about our upcoming video



Glycerin Traders unloads corn gluten feed headed for Wakarusa Nutritional Services. Photo: Dennis Zeedyk

Glycerin Traders Growing; Adding Rail Capacity

LaPorte, Indiana—You might not expect that a business started in someone's home eight years ago would be an expanding rail customer today, but that's what Glycerin Traders has accomplished.

"In fact, it's hard to say where we will be in the future with our business growing so fast," says Glycerin Traders President and CEO Dennis Zeedyk.

One thing Zeedyk knows for sure is that the company needs more capacity to accommodate the increasing number of railcars expected at its facilities.

When it all started in 2010, Zeedyk and his wife were trading glycerin and waste food ingredients. Soon, they saw an opportunity to facilitate the

movement of products including canola meal pellets, fatty acid flakes, and other products.

"Fortunately for us," Zeedyk says, "we found an unused spur on CSS, which has proven to be a very user-friendly rail carrier."

In 2015, Glycerin Traders and two other partners (Third Coast Commodities and Wakarusa Nutritional Services) became an owner of CSS-served property in Stillwell, Indiana, where operations have been humming ever since.

With twice-weekly rail service to their facility, and neutral connections to all major rail carriers at Chicago,

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will be a partnership with the State of Indiana, and invest in locomotive upgrades that improve reliability and save fuel, which helps the environment.

One significant business challenge facing CSS in 2018 and beyond is the unfunded government mandate to become Positive Train Control (PTC) compliant. In the two years prior to the required PTC completion date of January 1, 2019, CSS is spending several million dollars so that we will be able to continue providing freight service over our lines. In addition to the initial PTC set-up costs, CSS is projecting a related increase in expenses of between \$500,000 and \$1 million annually.

My best to all of you and your teams for a safe and successful 2018!

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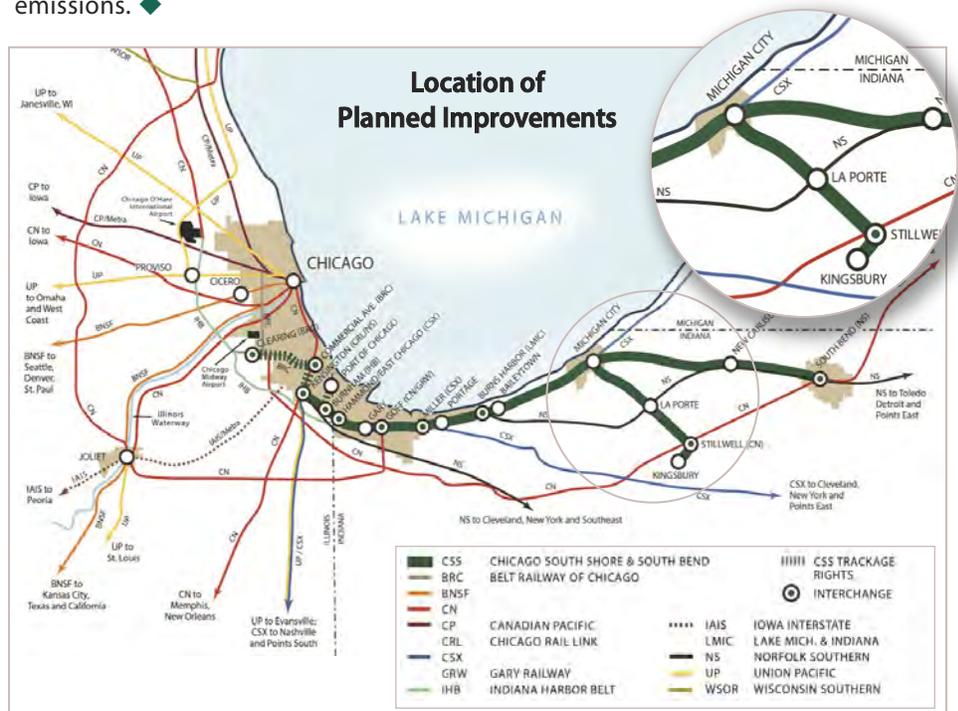


Scheduled capital investments by CSS in 2018 include tie renewals, highway crossing upgrades and fuel conservation devices for five locomotives. Photo: Jim Burd

Capital Expenditure Program for 2018 Coming Together

Plans for the CSS capital programs are being finalized in early 2018, and include:

- ▶ Install 3,500 crossties on the Kingsbury Industrial mainline between Michigan City and Kingsbury. Part of an ongoing tie program, this year's activity will maintain consistent train speeds to meet customer requirements for reliable service.
- ▶ Upgrade public highway crossings at several locations: La Porte County road crossings at County Road 550 and County Road 675; and Highway 12 road crossing near the NIPSCO (Michigan City) plant, with help from a State of Indiana grant. This is the second year CSS has partnered with the State of Indiana to improve a busy public road crossing. Public highway crossing upgrades are continuously scheduled to support community safety.
- ▶ Install fuel conservation devices on five locomotives. The new equipment minimizes engine idling when the outside temperature drops below 40 degrees. The result will be lower environmental impact due to reduced carbon dioxide emissions. ♦





Rail Shipment Visibility Improving

Shortlines have always been dedicated to the delicate mission of handling what we call ‘the last mile.’ This is usually the part of the rail shipment at origin or destination that involves the spotting of railcars at the customer’s facility. We understand the need to be flexible, responsive, informative, creative, patient, observant, forgiving... I could go on for a long time.

At Anacostia, we are constantly trying to up our game. Last year, we introduced daily monitoring of service performance across all of our railroads that instantly

Anacostia ‘On the Move’
by Eric Jakubowski
Anacostia Chief Commercial Officer

elevates issues or failures to senior management. We look at the individual exceptions, make sure that responsible choices are made, and that communications with the affected customer are timely. We can’t always deliver—and sometimes it is our fault—but everyone

deserves an explanation and a plan for the delivery.

Going forward, we are working with other Class 1s to develop a real-time information platform for sharing ETAs, pipeline specifics, and expected missed deliveries. This is not an insignificant task, and an industry solution is requisite.

ARH is committed to taking on a leadership role and we think this must be a priority. ♦



by Mike Shore
CSS Vice President Operations

CSS Safety: An Individual and Team Responsibility

We are fortunate to have good leaders in key positions who support our customers and employees.

Steven Staley, director of operations, spearheads this effort by supporting our transportation managers and employees with policies and procedures that enable us to meet customer service needs safely.

Roadmaster Don Trent and Chief Mechanical Officer Justin Moon consistently support safe operations for transportation and mechanical employees—along with our customers—by maintaining safe

conditions and educating employees and customers whenever issues arise.

We further support this by recognizing the success of our team with an annual Safety Dinner as well as our periodic milestone events.

CSS is committed to supporting all employees when they take personal responsibility for their safety, and the safety of others.

We look forward to continued success in the most important aspect of our operations—safety. ♦

CSS has achieved important new safety milestones as everyone continues to focus on injury-free performance.

On January 1, 2018, we reached 1,270 injury-free days. Last year, on March 18, 2017, our mechanical department achieved four years of injury-free performance. CSS started 2018 with three straight injury-free years.

Individual responsibility and empowerment are keys to our success. We reinforce this by requiring managers to always support choosing the safe practice in several ways:

- ▶ 100 percent rule compliance is required;
- ▶ Employees are supported when they raise safety concerns; and
- ▶ Potentially unsafe conditions are addressed promptly.





Milestones

Congratulations to our CSS employees who will reach these anniversary milestones in 2018:

35 years

Terry Sydow

30 years

Brian Krueger

20 years

Dennis Eldridge

15 years

Jake Nekvasil

10 years

Michael Steinhiser

5 years

Don Trent

Ryan Hochstein

1 year

Dalton Dabkowski

Kevin Holzer

Michael Polk

Evan Poppe

Shane West

Brian Nussel

Justin Moon

Matt Coduti

Thank you for your service and dedication to our railroad.

Matt Coduti Joins CSS Marketing & Sales Team



Matthew Coduti joined CSS late last year as manager of marketing and sales, bringing with him five years of project management, purchasing, and logistics management experience at ArcelorMittal, the world's largest steel and mining company.

"Matt has valuable rail logistics experience and is a welcome addition to our CSS team," said Greg Dougherty, CSS director of sales and marketing.

Coduti's experience includes planning and negotiating initiatives with rail, barge, port, truck, and package services.

He is completing an MBA degree at the University of Chicago and holds a B.S. from Purdue University, where he majored in industrial management and minored in economics. He is fluent in Chinese and Spanish. ♦

Brett Hendrix, conductor, retires

Brett Hendrix (left), shown here with CSS President Todd Bjornstad, celebrated his retirement in December. The plaque honors his 33 years of service to CSS. ♦



CSS to Lease Five Miles of CN Track in Gary, Indiana

Our railroad will expand business opportunities at a strategic location in Gary, Ind., through a lease of five miles of track from CN rail.

The lease of track on Gary's northeast side is designed to improve interchange between South Shore and CN, and provide improved shipping options for customers by offering a higher frequency of service.

"We see this as part of our longstanding commitment to customers by ensuring efficient interchange with all our Chicago-area connections," said Eric T. Jakubowski, vice president and chief commercial officer for CSS owner Anacostia Rail Holdings. "Gary has long been a great place for us to do business and this lease will make it possible for us to do an even better job." ♦

Glycerin, *Continued from Page 1*

Glycerin Traders has handled some 700 cars at Stillwell, and is expanding the capacity of its rail/truck transload track from four to eight rail cars. Canola meal arrives at Stillwell by hopper car from Canada, and is delivered to nearby farmers or the feedmill in Wakarusa, Indiana, less than 40 miles away.

The Stillwell terminal also loads veg-

oils and animal fats from trucks into tank cars for shipment to various U.S. locations. Zeedyk sees the potential for railcar shipments to increase some 30 percent in 2018.

"We receive excellent customer service from CSS," he says. "They are available to us by phone 24 hours a day, and the fact that their headquarter offices are located about 18 miles away is also a plus. We stay in constant touch." ♦



Extra!

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South Shore Freight: The Right Location

Most of us see CSS from the ground, but a flight along our right-of-way reveals an entirely new perspective.

Seen from the air, this railroad is impressive!

That's why there is a new video drone tour coming soon that shows all the opportunities available to manufacturers, distributors, shippers, and others who need access to one of the world's most dynamic business markets—Chicago and Northwest Indiana—the third largest economic region in the United States.

CSS connects markets and delivers value, providing reliable service, daily Class 1 interchanges, and unique partnerships with capable transloaders and warehouses.

Our lines connect directly with the six largest North American rail carriers. We parallel interstate highways and the inland waterways. Our 182-mile regional railroad has a continental reach—and, it's the right place for growing businesses.

Businesses—including Scrap Metal Services and manufacturer Unifrax—have recently located their operations along the South Shore, attracted by the availability of quality service and reliable access to mid-east markets.

Frequent, fast, and reliable rail service that connects the Chicago–Gary region and the rest of North America creates value that keeps our customers competitive.

South Shore Freight is the regional railroad that will support the profitable growth of your company for decades to come.

For a closer look...

Contact Greg Dougherty at gdougherty@anacostia.com





Illinois International Port District



Interstate Highway Access



Michigan City Shops



Ground Storage

South Shore Freight is the Regional Railroad with a Continental Reach

We're here to support the profitable growth of your company for decades to come.

- Starting at the Illinois International Port District, we provide waterway access and truck/rail terminals that can handle metals, lumber, grain, and food products just to name a few.
 - Foreign Trade Zone (FTZ)
 - 120 acres
 - Warehouse, ground storage

- Moving east to the nearby Burnham Rail Yard is an ideal site cleared and ready for a rail/truck terminal, and just a few minutes from the Interstate ramps.
 - Rail/truck terminal potential
 - 100-car capacity
 - 120 acres

- The Gary Transload Track for rail-to-truck bulk product transfers is just over the state line. This location also provides a direct interchange with CN.
 - US12 & I-90/I-65 Interchange
 - 18-car transload capacity
 - Warehouse, ground storage
 - 50-car interchange capacity
 - 3.7 acres

- Michigan City Yard is at the heart of our system, where CSS is busy moving freight, and ready to handle more.
 - State Route 12
 - 250-car capacity

- Michigan City Shops feature another yard and our maintenance shops are where CSS locomotives and equipment are serviced. Here you can see the pride we have in our railroad and our people.
 - 4 tracks
 - 285-rail car yard
 - CSS HQ

- Our operations are focused on serving customer locations, such as the Michigan City GAF facility, which relies on CSS to bring in raw materials and then efficiently move its roofing shingles to market.
 - Roofing shingle manufacturer
 - 12-car loading track
 - 6 days per week switching

- Further east, La Porte, Indiana is the first of several industrial zoned areas, where the Space Center is ready for a variety of business opportunities.
 - 137 acres
 - Industrial development potential

- At a nearby tollway-served location, there are more opportunities.
 - 107 acres
 - Industrial development potential

- Also at LaPorte, a multi-commodity ground storage facility is already serving customers.
 - 15.5 acres
 - 28-car capacity
 - Plastics, chemicals, aggregates

- At Kingsbury, the Indiana Industrial Park—with excellent highway access—is ready for development.
 - 1,000 acres
 - Truck/rail terminal potential

- Near the railroad's east end—in New Carlisle, Indiana—is another node of four industrial properties, ready for an expedited transaction. There, customers like Five Star Sheets rely on rail service to support their manufacturing.
 - Greenfield sites
 - 105 & 36 acres
 - Rail facility potential
 - 250,000 sq. ft. manufacturing
 - 5 day per week switch

Power To Move **Extra!**

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