



Pacific Harbor Line REPORT 2022

Message from Otis Cliatt II



News for Customers, Employees & Friends of the Pacific Harbor Line



The great PHL team is emerging stronger than ever before.

Tested by unprecedented events over the past two years, our train crews, maintenance-of-way crews, and management teams have demonstrated their commitment, resilience, and strength in countless ways.

For the first time since the onset of the pandemic, we have welcomed a class of new hires who are providing much-needed manpower to handle the burgeoning flow of global goods moving 24/7 on PHL. Plus, a second class started in December 2021. When their training is complete, we expect to have added a total of 20 new assistant engineers to our ranks.

Though we've kept the trains rolling with our seasoned staff, we are all looking forward to welcoming the new talent.

Going forward, we intend to continue the frequent and transparent communications with customers, ports, and connecting railroads that have been key to handling the uncertainties of the past two years.

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Good communications with PHL keep shipments moving through the West Basin Container Terminal.

At WBCT, It's Personal

The West Basin Container Terminal (WBCT) is a big and busy place, handling thousands of containers a day on its 300 acres, utilizing some 170 yard hustlers and 15 giant post-Panamax ship-to-shore cranes.

Efficiency is critical. According to WBCT managers, though, there is another key factor to its success—personal connections.

"Without them," says Terminal Operations Manager Chad Hyde, "we wouldn't have the excellent communications we enjoy with PHL. That's what keeps things moving efficiently here."

Hyde says that after years of collaborative effort, his team and PHL's team work together toward achieving their mutual goals of safe operations and customer satisfaction.

"It extends from PHL's managers right through to the engineers and train crews on the ground," he says. "They are always welcome to stop in for water or have lunch, and if we're having a terminal barbeque, we invite them in to enjoy some food with us."

Open communications have kept

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As conditions started to rapidly change in early 2020, we made a strategic decision to shift our focus from the management of what had been reasonably predictable volumes of freight to developing a deeper understanding of the operations of our customers. The detailed information that has been shared during frequent discussions with customers facilitated a fair and necessary series of service adjustments that were agreeable to all parties, and which resulted in minimized disruptions.

We became more responsive and efficient in the process.

Having experienced the tremendous difficulties and hardships of the pandemic, it has been reassuring to see how well our employees and customers pulled together. We look forward to more of the same ingenuity in 2022.

O.L. Cliatt II

Pacific Harbor Line

REPORT 2022

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things moving, even during the challenging times of the past two years.

"When there was any kind of disruption to our usual flow during the pandemic," he says, "we were able to reach out to PHL and work through to a solution because they are able to flex with our needs."

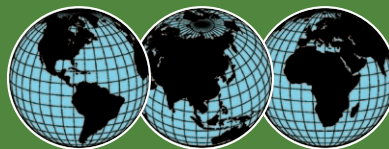
Throughout the difficult time of the pandemic, WBCT worked with maximum efficiency. It also installed new in-gate and out-gate optical character recognition (OCR) systems to speed trucks through. In addition to eliminating paperwork stops at the gates, the OCR cameras capture high-definition images of each container as it moves through,



Coordinating the teamwork that keeps WBCT in sync with our 24-hour-a-day rail operations are WBCT Terminal Operations Managers John Saari (L) and Chad Hyde (R).

which helps to resolve any later questions about shipment integrity.

"We typically release 250 containers in a day by rail, but there are days when we move 800 or 900 containers," Hyde says. "Regardless, we know we can count on PHL." ♦



Sustainability

by Peter Gilbertson
President, Anacostia Rail Holdings



We face a choice right now about the legacy we'll leave for future generations. We can step up and be part of the solution.

Last summer, I joined PHL customer Marty Muenzmaier—Cargill's Bioindustrial Sustainability and External Affairs Lead—in a presentation to the Minnesota Regional Railroads Association. The subject was "Sustainability as an Industry Opportunity."

Marty described Cargill's commitment to reduce emissions across its supply chain and to "increase awareness of the risk climate change poses to the business of agriculture, to farmers' livelihoods, and to food security."

What Marty was telling us is that climate change threatens the most essential of life's requirements—including food availability.

For that very reason, Anacostia has taken a leadership role on these issues. We are the first railroad holding company

to have each of its railroads join the U.S. Environmental Protection Agency (EPA) SmartWay® Transport Partnership.

We have also taken concrete steps with technology. For example, PHL was the first railroad to upgrade its locomotive fleet to Tier 3+, and in 2017 it led the way with the first lease of a Tier 4 unit. Across Anacostia railroads, we have adopted automatic shut-down devices on all locomotives.

For 2022, we will continue to seek opportunities, collaborations, and partnerships to remain at the forefront of emissions reductions progress.

But what is the best near and long term opportunity? Answer: shift from truck to rail.

On average, this results in a 75 percent reduction in greenhouse gas emissions. Railroads account for roughly 40 percent of U.S. long-distance freight volume, but account for just 2.1 percent of transportation-related emissions.

Shippers, let us help meet your environmental goals now. ♦

Beyond the Perfect Storm

“The complex events that confronted us during the past two years went beyond ‘the perfect storm,’” says PHL president, Otis Cliatt II.

“That’s why I am so proud of our internal team, our Anacostia Rail Holdings corporate parent, our port and railroad partners, our customers, and everyone associated with overcoming the immense twin challenges of Covid-19 and the ensuing supply chain turmoil,” he says.

At the onset of the pandemic no one knew what was in store because, as Cliatt notes, “The world hadn’t faced something like this in 100 years.”

As challenges arose, PHL took the offensive utilizing a tactical approach which included strategically designed contingency plans which allowed us to take on each issue, one-by-one, knowing that our job—keeping the global economy’s food, medical supplies, and essential goods moving—simply had to be done,” Cliatt says.

Though there are still challenges to be faced, it’s now possible to look back with some perspective on the breathtaking events of the past two years, and to appreciate what we have experienced and learned.

Through quick implementation of our contingency plans, PHL was primed to defend against the “once-in-a-lifetime” challenges that surfaced:

- The development of a worldwide pandemic that would, temporarily, bring to a halt most of the world’s regular activities;
- Domestic civil unrest that would affect the people and operations of our railroad with highway shutdowns, an increased law enforcement presence, and even the need to issue special consent letters authorizing our employees to travel to and from work;
- Unprecedented disruptions in global manufacturing that, at times, left the

supply chain empty and at other times created an overwhelming surge of shipments; and

- Tragic illness and death in our communities—and sometimes for the ones closest to us—that left us sad and sometimes afraid.

We have much to celebrate

After having coped with these challenges, there are things for the PHL family to celebrate.

“We pride ourselves on our flexibility,” says Vice President Stephane Perri, “and that is the strength that made it possible for us to meet the challenges and to succeed in accomplishing our mission of serving as the gateway to the world.”

For example, even with many urgent priorities facing the company and its workforce, we were able to negotiate and sign a new five-year labor agreement with the Brotherhood of Locomotive Engineers and Trainmen (BLET). Without the union’s

willingness to bargain in good faith, this important accomplishment would not have been possible.

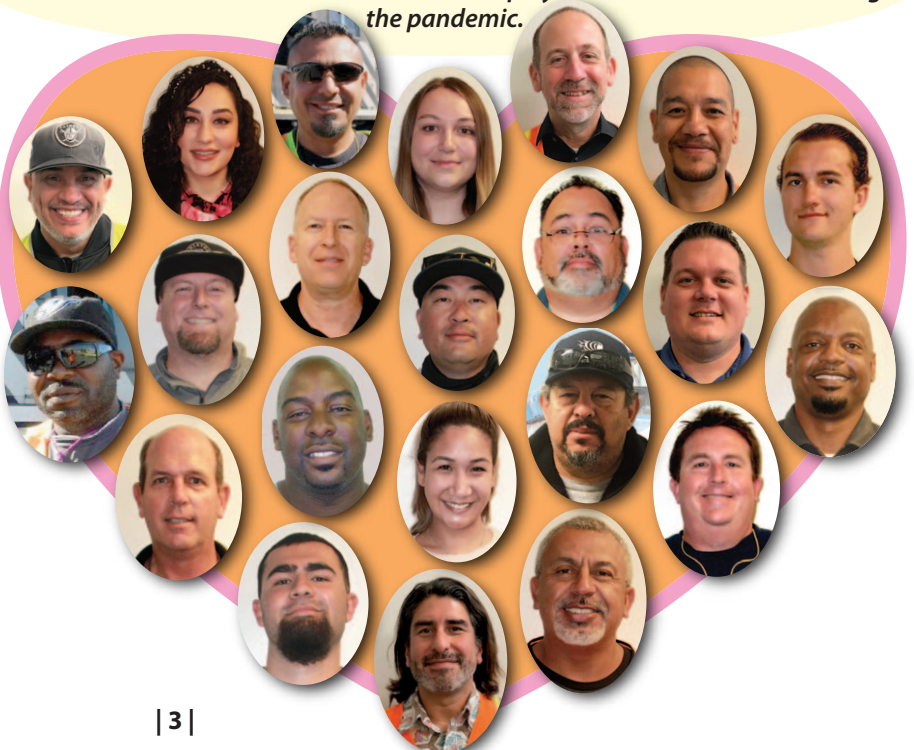
We are hiring new employees, investing in our infrastructure, and continuing to handle record volumes. Challenges remain, but PHL has emerged in good shape to meet them.

“In the railroad industry we are classified as a short line,” says Cliatt. “Yet, we are unique in that arena because we dispatch scores of mile-long trains daily; coordinate our operations with two of the world’s largest ports, and two of the largest railroads; and utilize some 200 highly skilled employees who work around the clock—safely and efficiently—regardless of the circumstances.”

All of this is why we have been successful in the face of an unprecedented two-year challenge, and it’s why we are confident in our capabilities to handle other challenges as they come. ♦

COVID HEROES

Here are just a few of the people who keep your business rolling at PHL. We salute—and thank—all our dedicated employees for their hard work during the pandemic.





CAPEX: Keeping PHL at Peak Performance

PHL's physical infrastructure and operating footprint spans two of the world's busiest ports, and it builds trains for two of North America's largest railroads. It's not surprising that our track must be maintained to the highest standards.

Leading that effort is Chief Engineer Monte Stokes. He will pass his first anniversary at PHL with a host of completed improvements, as well as plans for additional work in 2022.

In 2021, Stokes and his 14-strong Maintenance of Way (MoW) crew notched these achievements:

- Replaced 1,200 feet of rail, installed two new switch points and stock rails, and a new #10 frog at CP Foote;
- Installed six rail lubricators to reduce train wheel friction for extended rail life, adding to four lubricators already in place;
- Renewed two at-grade road crossings by replacing the asphalt surface with concrete panels that are screwed to the crossties for easier road and track maintenance.

Next year's budget will support another robust MoW program, including:

- Significant upgrades to the critical Badger Bridge, replacing jointed rail with continuous welded rail, and installing mitered rail joints to replace more maintenance-intensive Conley joints;
- Removal of hand-throw switches at CP Dominguez with CTC remote controlled power switches, eliminating the need for train crews to stop and manually operate switches at this busy location; and
- Replacement of Pier S lead turnout that handles SA Recycling traffic, including daily unit train movements. ♦

Port Leaders Honored

Congratulations from everyone at PHL to the leaders of the Port of Long Beach and Port of Los Angeles!

Gene Seroka, executive director, Port of Los Angeles received the prestigious Connie Award from the Containerization & Intermodal Institute (CII) last fall.

"His strength of character and resilience as well as his innovative approach to solutions have been demonstrated through his career, but never more so... as the world struggled to navigate the challenges presented by Covid-19," said Steve Blust, CII President.

Mario Cordero, executive director, Port



Gene Seroka



Mario Cordero

of Long Beach was inducted into the Class of 2021 Honorees at the annual A Few Good Men gala on December 2, 2021.

The gala's honorees were recognized for their "generous philanthropic contributions to the communities they serve and beyond," according to the event's organizers. The event benefits the Long Beach Ronald McDonald House. ♦

TEAM PHL

Customer and Employee Support Staff Give It Their All



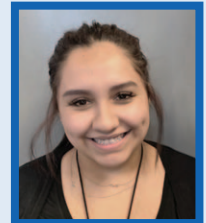
Kimia Khatami



Diana Turubanova



Kalena Guimary



Samantha Torres

The first friendly faces that greet customers and employees as they arrive at the PHL offices are the talented staff in the front office who lead the marketing/sales, HR, and administrative departments.

"They are the glue that holds everything together," says President Otis Cliatt. "We can't thank them enough for meeting the needs of both customers and employees."

In 2021, after more than six years with PHL, Kimia Khatami was promoted to Corporate Senior Director of Business Development at Anacostia headquarters in Chicago, and Diana Turubanova was on-boarded as the new manager of Sales and Customer Service.

Turubanova has extensive experience in coordinating export logistics and has jumped in to learn the rail side of the equation. She previously worked for American Trading International and

Hellmann Worldwide Logistics in Minsk, Belarus.

In her new corporate role, Khatami oversees large commercial development projects for Anacostia's six railroads, and works alongside the executive team on corporate strategic planning and resource investment.

Another key member in the PHL front office is newly promoted Kalena Guimary, who is now manager of Administration and Human Resources. Guimary joined PHL in 2015. She enjoys helping her fellow employees—whether it's navigating the HR forms, organizing Family Fun Day, or planning a large-scale vaccination clinic in conjunction with the Port of Long Beach and the Los Angeles County Department of Public Health.

New hire Samantha Torres joins Guimary as the assistant manager of Administration. ♦



PHL Supports Military Vets in Workforce

President Otis Cliatt says one of the key resources that keeps PHL operating and delivering even under the most difficult challenges has been its core of employees with military service.

"As a veteran myself," he says, "I knew I could count on our team to always develop a solution—no matter how daunting the problem."

In 2012, PHL initiated a program to include military veterans as 25 percent of its workforce.

Less than two years later, the California Employer Advisory Council named PHL as Veterans Employer of the Year for its "exemplary contribution in hiring our American heroes, our veterans." Additionally, it has received multiple Patriotic Employer Awards from the Employer Support of the Guard and Reserve (ESGR), and was also honored by the U.S. Department of Defense for support of employees who are serving in the military reserves.

One of the challenges is that PHL employees who are still in active status as part of the National Guard or Reserve must leave their jobs for trainings and deployments. And during the pandemic, they were called up to serve in public health events, fighting forest fires, and other public safety emergencies.

When military duty calls, PHL stays connected with the deployed employees and their families to keep them up to date on training, benefit changes, and other employment issues. ♦



Working Hard to Keep Each Other Safe

Did you know that U.S. freight railroads have lower employee injury rates than most other major industries, such as trucking, airlines, agriculture, manufacturing, construction—and even grocery stores?

That's not to say railroad work isn't potentially hazardous. But the industry—and PHL—focus intensely on making sure everyone returns home to family and friends after every shift.

We often remind one another to "have a safe day," we carefully observe work rules, and we all engage in periodic refresher safety courses and seminars. Just this past November, each and every one of our Maintenance of Way workers participated in annual full-day sessions on roadway and worker rules, including changes to regulations from FRA, OSHA, and CPUC.

We are rightly proud of industry awards and recognitions we received for our safe operations here at PHL.

Most important to all of us, though, is that we work together to keep one another safe. ♦

Alternative Fuels Explored for PHL's Future

PHL is proud of its role as an industry leader for environmental sustainability. We were the first railroad to upgrade our locomotive fleet to Tier 3+, and in 2017 we led the way with the first lease of a Tier 4 unit.

Today, we are identifying the best alternative fuel solutions for our fleet. This is why we are researching the optimal balance of emissions reductions and operating performance. Right now we are working with Progress Rail to be the first railroad in the U.S. to test a heavy duty battery locomotive.

The choices are many, including battery, hydrogen, renewable diesel, and Liquefied Natural Gas (LNG). The fuel that

works best in one situation, isn't necessarily best in different circumstances. This is why we are determining the optimal balance of emissions reductions and operating performance in our high-volume, high-tonnage, short-haul operations that serve the Ports of Los Angeles and Long Beach.

Evolving Fuel Landscape

The good news is that rapid advances are being made across a range of alternative fuels.

"Making an effort to utilize safe energy



alternatives should be one of the highest priorities of any transportation company today. Anacostia has been a decades-long supporter of testing new technology and products in the energy sector, and we are finally reaching a point where they may become feasible to use in our fleet," said Kimia Khatami, senior director of business development for Anacostia Rail Holdings.

"We recognize that performance must be improved, and we are committed to maintaining our leadership in sustainable operations," she said. ♦



2021 Employees of the Month



January
Mike Fitzgerald



February
Robert Paz



March
Chad McIlwain



April
Jason Bengal



May
Robert Ramirez



June
Fernando Macias



July
Chris Hale



August
Pedro Granados



September
Sergio Beltran



October
Juan Saldana



November
Robert Stone



December
Devan Dunn

Milestones

PHL employees celebrated these milestones in 2021

We thank you for your service

Anniversaries

20 Years

Gabriel Calderon	Frank Gutierrez	James Rodriguez
Devan Dunn	Henry Henriquez	Juan Serrano

15 Years

John Carper	Donovan Davila	Richard Mendoza
Osbaldo Contreras	Michael Fuentes	Stacey Russell
Jose Covarrubias	Guillermo Guerra	Stuart Spears

10 Years

Josh Graffam	Pedro Granados	Thomas Quinzel
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5 Years

Ian Brown	Joseph Gonzales	Matthew Mendoza
Carlos Fernandez	Amado Madrid	John Sanchez

Promotions

Dan Anderson, Assistant Trainmaster

Carlos Fernandez, Assistant Trainmaster

Kalena Guimary, Manager of Administration & Human Resources

Juan Jurado, Assistant Trainmaster

New Hires

The following employees joined the PHL Team in 2021:

Miguel Barba	Patrick Leach	Monte Stokes
Adonay Caloca	Moises Lopez	Grant Tanaka
Isaih Castillo	Armando Meza, Jr.	Robert Terrazas
Marquis Collins	Jacob Mier	Samantha Torres
Sean Daly	Eliseo Ortiz	Diana Turubanova
Alejandro Delgado	Dwight Parker	Craig Webster
Aaron Emerick	Joseph Pilato	Jared Wilson
Phillip Fearence	Evan Rivas	Victor Yoder
Santos Garcia	Jonathan Rodriguez	
Dewayne Lacy	Gustavo Santiago	

Eagle Eye Honors for 2020-2021

Jason Bengal	Michael Gearhart	Thomas Quinzel
Antonio Flores	Joseph Gonzales	Stuart Spears
Moreno	Mario Maciel	Robert Stone
Eric Fernandez	Richard Magallenes	Steven Wallace