



APEX

2023

Message from Peter Gilbertson



News for Customers, Employees & Friends of Anacostia Rail Holdings



Welcome

Creating resiliency in global supply chains became a top priority with the onset of the pandemic and subsequent economic disruptions.

For our railroads, resiliency has long been a core strength. All our operations involve the movement of freight by multiple transportation partners, and often with additional stakeholders.

Our experienced, dedicated teams successfully manage rail and multimodal service options across the vast geography of North America. They also create solutions for diverse customers whose service needs range from coordinating intermodal trains with international medical supplies to keeping the heat on in Minnesota with propane rail terminal services.

By staying in close touch with customers, our managers and operating crews keep abreast of changing conditions and find solutions that keep supply chains running smoothly. ♦



KCO brings to Anacostia 900,000 sq. ft. of warehousing, 60 acres of yard capacity, high-volume crossdocking, a highly experienced team, and strategic Southeast locations.

A Deeper Bench for Rail Shippers

The Kearney Companies Expands ARH Resources

A talented, experienced, and creative team has been assembled for rail shippers with the acquisition of The Kearney Companies (KCO) by Precision Terminal Logistics (PTL), which is owned by Anacostia Rail Holdings (ARH) and Brown Brothers Harriman Capital Partners (BBHCP).

Operating as a coordinated network of rail shipping resources, KCO provides synchronized rail operations, terminal and transload services, warehousing, and third-party logistics capabilities—all

supported by robust financial resources.

The marketing and sales teams of KCO and PTL are cross trained to provide customers with a single point of contact. This makes it easier, more efficient, and environmentally responsible to ship by rail.

"Strong relationships with our Class I railroad partners allow Anacostia Rail Holdings to create seamless service packages quickly and efficiently," says Peter Gilbertson, president and CEO of ARH.

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Key Labor Agreements Inked

In the past two years, new five-year agreements were signed with three of our key labor organizations.

"We rely on our dedicated and highly skilled employees to provide safe and reliable operations," says ARH President and CEO Peter Gilbertson.

Last January, members of the Brotherhood of Locomotive Engineers and Trainmen (BLET) ratified a new collective bargaining agreement with NYA.

At PHL, the BLET also agreed to a contract covering PHL's nearly 200 employees. The new agreement includes wage increases, a matching 401K savings plan, a signing bonus, and no increases in employee health and welfare contributions for the life of the contract.

In early 2022, the International Association of Sheet Metal, Rail and Transportation Workers (SMART) entered into what its leaders described as a "win-win outcome for both sides" with CSS. The agreement covers 32 locomotive engineers, conductors, and brakemen. ♦

Continuing Support for Veterans and First Responders

ARH and its subsidiaries have been recognized by the U.S. Department of Defense, veterans' organizations, and the rail industry for a commitment to employing veterans. Approximately 15 percent of Anacostia employees have military service.

Anacostia's railroads are also strong supporters of local first responders.

"Our employees gladly donate time, talent, and dollars to support those who serve and protect us overseas and at home," said ARH Human Resources Director David Hankins, a U.S. Marine Corps veteran.

Here is a snapshot of some of those efforts:

CSS Every year in March, CSS remembers former employee Steve Staley by contributing to veterans' charities in his name. Staley was a decorated military veteran and Army reservist.

LIRC LIRC's record in hiring military veterans earned the railroad the Military Friendly® Employer designation for the past three years. LIRC provides rail service to Camp Atterbury, a 34,000-acre facility

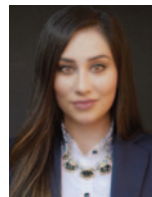
in Indiana for military deployments and trainings. Also, the railroad has been a strong supporter of the National Veterans Wheelchair Games.

NLR During the pandemic, each Anacostia railroad coordinated relief efforts best suited to serve their local communities. For NLR, it was donating funds to purchase meals for first responders in its Central Minnesota communities.

NYA The railroad has a long commitment to hiring veterans and aiding organizations that help local people in need. NYA also hosts trainings for first responders, and at the start of the pandemic sent a local ambulance unit a cash donation and 400 personal protective equipment suits.

PHL More than ten years ago, PHL initiated a program to include military veterans as 25 percent of its workforce. It is still going strong and has been expanded with efforts that support employees deployed in the military reserves. PHL has received awards at the state and federal level for its program. ♦

Stronger Than Ever



Since our inception, central tenets of Anacostia Rail Holdings have been long-term focus and strategic vision. This supports our primary commitments to safety, customer satisfaction, industry reputation, and the well-being of our team.

Throughout the pandemic and subsequent supply chain disruptions, our company maintained health from a safety, labor, and business standpoint. Success can be credited to our service model of flexibility and creativity in times of turmoil. We continue to pursue growth opportunities as evidenced in the acquisition of The Kearney Companies by our PTL unit (covered in this newsletter).

Our strong performance would not have been possible without the tireless, occa-

Anacostia 'On the Move'

*by Kimia Khatami
Senior Director of Business Development
Anacostia Rail Holdings*

sionally heroic, work by the people of ARH. Despite having concerns about health and family, our crews showed up for work every night and day moving millions of carloads of freight, in all kinds of weather, and even when many other workers were sheltering at home.

When our Class I railroad partners, ports, terminals, and carload customers were challenged, they relied heavily on our flexibility and additional services to help alleviate congestion and keep their shipments moving.

Anacostia's essential workers successfully supported America in an historic time of global crisis. Thank you, all! ♦

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**News from
Anacostia Rail Holdings**

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Our Planet, Our Role

Railroads are the most environmentally friendly and least GHG emitting method of transporting ground freight. At ARH, we make an environmental commitment every day by doing all we can to increase rail market share.

We are taking action:

- 1 All the ARH railroads have become certified partners of the U.S. Environmental Protection Agency (EPA) SmartWay® Transport Partnership. SmartWay is a collaborative framework involving industry stakeholders and environmental groups to track and reduce emissions and fuel use. We are the first railroad holding company to certify all our railroads with SmartWay.
 - 2 ARH and its subsidiaries have made significant investments in modernizing services with lower emissions locomotives.
 - 3 PHL was the first railroad to update its locomotive fleet to Tier 3+, and again led the way in 2017 with one of the first leases of a Tier 4 unit. Today, PHL is researching the optimal balance of emissions reductions and operating performance.
- It is also working with Progress Rail, a Caterpillar company, to be the first railroad in the U.S. to test an EMD® Joule battery electric locomotive with zero-emission and zero-idle. Delivery is expected in mid-2023.
- We continue to seek opportunities, collaborations, and partnerships to remain at the forefront of emissions reductions programs. ♦



LIRC on the Ohio River Bridge

FOCUS ON CUSTOMER SUCCESS

Anacostia Railroads

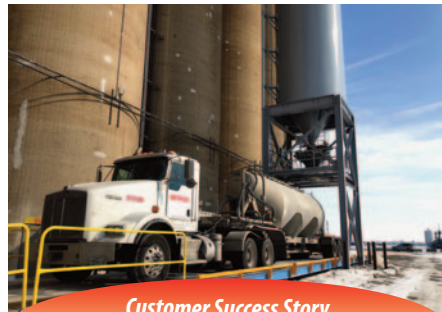
The challenges of recent disruptions to the supply chain have kept Anacostia's railroads busy adapting and changing. Here's just a glimpse of what's happening.

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CSS PRESIDENT Todd Bjornstad
LOCATION Chicago & NW Indiana

CSS collaborated with U.S. Steel, CN, and NS to provide significant rail service improvements at the Portage, IN mill. In addition, the Northern Indiana Commuter Transportation District has launched a double track project to lay 17 miles of second track between Gary and Michigan City which will provide greater operational flexibility.



Customer Success Story
Omni Materials

Quote "It's been fantastic."
Challenge Convert significant shipment volume to more efficient rail as Omni's supply chain became more complex.
Solution CSS developed a seamless process for delivering multiple product grades, moving across several Class I railroads, to a multimodal terminal on our lines. Volume has reached nearly 700 annual carloads.



LIRC PRESIDENT John Goldman
LOCATION Southern Indiana & Louisville, Kentucky area

As its customer base grows, the LIRC focuses on capital improvement projects for safe and efficient operations. In 2020, the massive bridge that carries LIRC trains over the Ohio River near Louisville was improved to preserve safety and reliability—ensuring the 104-year-old bridge will continue to be a viable north-south gateway. In the more rural areas, vehicle and rail traffic have been separated and signal crossings upgraded.



Customer Success Story
Voss Clark

Quote "LIRC is helping us attract and retain customers."
Challenge Maintain excellent customer service while business surged.
Solution As business boomed when pandemic restrictions eased, LIRC supported rising production volumes by providing reliable deliveries of the steel coils used to produce most of the company's products.

We've Been Working on the Railroad(s)

We take pride in keeping our six railroads in tip-top condition. Safe and reliable service requires constant attention. ARH renewed thousands of tons of ballast, installed thousands of new crossties, and laid miles of rail.

At PHL, the critical Badger Bridge, which handles dozens of container

trains every day, is receiving significant upgrades. These include continuous welded rail and replacing Conley joints with new mitered rail joints for reduced maintenance and higher reliability.

Over the past several years, LIRC has made reliability improvements to the lift span of the 104-year-old bridge that carries trains across the Ohio River. This work was done to ensure that the structural integrity of the bridge remains strong.

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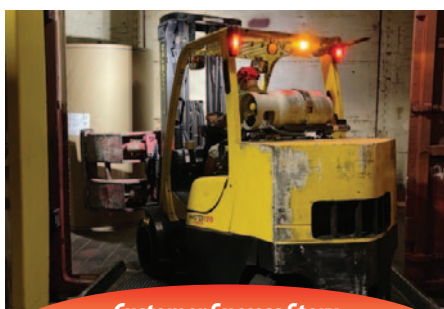


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NYA PRESIDENT James Bonner
LOCATION Nassau & Suffolk counties; Brooklyn; & Queens, NY

NYA continues to invest in its track and equipment to ensure excellent service. In the past three years, the railroad completed four major rail renewal projects and the rebuilding of four locomotives. Service improvements focused on new last-mile delivery coordination to reduce truck congestion at customer facilities, and meet customer need for increased e-commerce sales.



Customer Success Story
ELM Global Logistics

Quote "It's a very fluid operation that meets the requirements of our customers."

Challenge Establish and operate an additional major warehouse location as demand for paper skyrocketed.

Solution NYA rapidly established new service at a half-million square foot warehouse opened to meet the exploding demand for paper needed to make cardboard boxes. NYA coordinated and delivered rail shipments over multiple long-haul railroads.

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We are also in the process of replacing bridge timbers and walkways.

NYA—which operates over a busy New York commuter railroad—completed implementation of Positive Train Control on its locomotives. It also continued to renew track and grade crossings across its system.

Work on CSS includes upgrades for 10 locomotives, installation of 3,000 crossties, and two grade crossing projects.



PHL PRESIDENT Otis L. Cliatt II
LOCATION Serves Port of Los Angeles & Port of Long Beach

In the past two years PHL increased its labor force, addressing an urgent need to handle the burgeoning flow of goods moving 24/7 through the Ports of Los Angeles and Long Beach. The ever-changing ocean cargo situation starting with the pandemic created an impetus for implementing better service and communication systems, enabling a consensus process for service adjustments that has minimized disruptions.



Customer Success Story
SA Recycling

Quote "Their involvement was critical."

Challenge Reinvent an idled iron ore supply chain when demand suddenly returned.

Solution PHL provided the know-how to synchronize a Class I railroad, a short line, and a rapidly growing stream of unit trains with a precision plan that included tight off-load and turn-around at one of the world's largest ports.

NLR improved drainage near tracks to preserve the condition of ballast, ties, and rail. It also installed new mainline and switch ties, along with rebuilding switches.

All this is just a snapshot in the big picture. We'll keep working on our railroads to make sure our customers' freight moves safely and on time. ♦



NLR PRESIDENT Justin Chalich
LOCATION Central Minnesota

NLR continues to support its customers' growth with flexible, high-quality service. Primary commodities moved by train are: stone, minerals, chemicals, lumber, construction material, polymers, paper products, and steel/metals. NLR staff are experts in creating flexible transload options to help their customers ship and receive at locations across North America.



Customer Success Story
CHS Inc/Rockville Propane

Quote "It's people's lives."

Challenge Maintain adequate propane inventories in the face of wide demand fluctuations.

Solution Expand or contract capacity rapidly by using cars in its rail yard for short-term surges, rather than in fixed tanks. This is critical when seasonal demands swing rapidly.



PRESIDENT Leigh Walters
LOCATION Houston, Texas

GCS operates and performs the track maintenance for Union Pacific Storage in Transit (SIT) yards in Dayton and Angleton, Texas. The railroad handles an annual volume of 30,000 plastic hopper cars on 40 miles of track. It is also a SIT facility for many of the local chemical plants in the Houston area. ♦



SAFETY: Always the Top Priority

Despite the significant challenges of maintaining best practices during the pandemic and ongoing supply chain disruptions, our employees continued to make safe operations their top priority.

Anacostia's railroads have some of the best safety records in the industry. In the past two years, the American Short Line and Regional Railroad Association (ASLRRA) has honored PHL, CSS, and NLR with its top safety awards.

CSS had an injury-free year in 2021 and minimized incidents in 2022 as a result of its ongoing strong safety culture and training.

At PHL—which recently won the ASLRRA President's Award for safety—every Maintenance of Way worker participated in full-day sessions on roadway and worker rules, including changes to regulations from FRA, OSHA, and CPUC.

LIRC extends its safety training into the communities it serves by hosting courses for local emergency responders. Over the past two years, several hundred staff from local fire departments have attended. The railroad also sponsors tours of The Firefighters Education and Training Foundation's "Smoke House" boxcar.

NYA invites fire departments and emergency responders in the New York and Long Island area to drill on its property to gain first-hand knowledge for safe and effective response in and around railroad equipment. ♦



LIRC hosted rail safety training for local emergency responders



NLR crews train continuously for safe operations.

Safety Leadership Continues as We Welcome Herman E. Crosson

A smooth transition for ARH safety leadership is underway as Herman E. Crosson moves into his new role as Chief Safety and Compliance Officer.

Thomas Leopold, an industry leader who led a wide variety of safety initiatives over his 16 years with the company, retired at the end of 2022.

Crosson is focused on improving individual safety performance, safety action plans, regulatory compliance, training and education standards, and environmental performance.

He has 24 years of industry experience, most recently as a VP with Patriot Rail Company. Additionally, he will continue as the South Carolina National Guard's 59th Troop Command, Brigade Commander. ♦



Deeper Bench

Continued from page 1

Customers of KCO and PTL—who are already served at dozens of U.S. locations—now have more rail logistics options, including:

- major KCO warehouse and terminal facilities at multiple locations in New Orleans and Savannah, Georgia providing specialized services to some of America's largest companies;
- nearly 30 PTL terminal and transload locations for efficient and flexible multimodal options to shippers across the East, South and Midwest; and
- six ARH railroads serving urban and rural customers with responsive and flexible service.

"The initial investment by PTL in KCO, coupled with PTL's access to capital, ensures that we are poised for immediate expansion in our existing markets," says David Kearney, president, KCO.

With the addition of networks that extend PTL's reach, President Ray Nixon says, "Our geographic expansion offers clients additional resources and creative logistics solutions." ♦



Commercial Team Focused on Customer Success



Tony Kazakevicius



Katie Sackett



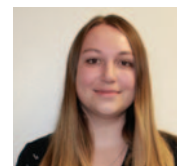
Chuck Samul



John Gleeson



Amy Louk



Diana Turubanova

Chief Commercial Officer Eric Jakubowski says Anacostia is fortunate to have a top-notch team that helps customers develop rail-based supply chain solutions.

"Not only do they bring new customers online, but they also look for new opportunities for current customers to make greater use of the safe and efficient North American rail network," says Jakubowski.

The commercial team includes: **Tony Kazakevicius** was appointed Director of Sales and Marketing at CSS in

2020. He has 20-plus years of diverse rail marketing experience in Midwest markets.

Katie Sackett, Senior Director, Sales & Marketing, has been with LIRC for six years, and in 2020 took on the same role for NLR.

At NYA, longtime Director of Sales and Marketing **Chuck Samul** is retiring in early 2023. His replacement is **John Gleeson**, who comes to NYA with nearly 20 years of experience in the customer and supplier side of the railroad industry.

The NYA team is rounded out by Manager of Administration and Marketing Support **Amy Louk**.

Diana Turubanova joined PHL as Manager of Customer Service in 2021. Her logistics background is in domestic and international export and import services. She replaced **Kimia Khatami**, who was promoted to Corporate Senior Director of Business Development at Anacostia headquarters after more than six years with PHL. ♦



ARH Creates Advisory Board

To assist the company in meeting its strategic objectives, ARH created an Advisory Board in 2021 made up of individuals with extensive leadership experience in the railroad industry.

The members of the Advisory Board include:

- **Ronald L. Batory**—45 years of industry experience, most recently as the 14th Federal Railroad Administrator.
- **Rodney Case**—30 years of industry experience, most recently as lead partner in charge of operations on six continents for Oliver Wyman.
- **Andrew Fox**—50 years of industry experience, including serving as president of PHL, then CSS.
- **Dean H. Wise**—40 years of industry and consulting experience, most recently as vice president, network strategy, BNSF.

"We are privileged to have this talented group of railroad executives assist us in strategic thinking about rail safety, revenue growth, and technology," says President and CEO Peter Gilbertson. "They have diverse backgrounds and reputations as thought leaders." ♦

Media Spotlight on the Best of Anacostia

In the past two years, ARH has received favorable media attention both for its rail operations and for its people.

- **ARH** "SmartWay Signs On More ARH Short Lines" *Railway Age*, May 2021
- **ARH** Peter Gilbertson's CEO Perspective *Railway Age*, March 2022
- **ARH** Trevor Pusch named 2022 Rising Star *Progressive Railroading*, April 2022
- **CSS** Andrew Fox's "South Shore Freight Centennial: Life After Coal" *First & Fastest*, Winter 2021
- **GSC** "Little Railroad, Big Challenge" *Railway Track & Structures*, July 2021
- **LIRC** "LIRC Earns 2022 Military Friendly Employer Designation," *Railway Age*, November 2021
- **NLR** "North by Northern Lines" feature *Trains Magazine*, April 2021
- **NYA** "My Life in Rail: James Bonner" *Railway Gazette International*, February 2021
- **NYA** "FDNY's Rebreather Task Force Conducts Full-Scale Rail Tunnel Emergency Exercise," *Fire Engineering*, May 2021
- **NYA** Amy Louk honored in "2021 Women in Rail" edition *Railway Age*, November 2021
- **PHL** "Developing the EMD Joule Battery Locomotive" *International Railway Gazette*, April 2021