



POWER TO MOVE

CONNECTING INDUSTRY – DELIVERING VALUE

VOLUME 2

WINTER 2008

CHICAGO SOUTH SHORE & SOUTH BEND RAILROAD



From Henry Lampe, President-Chicago South Shore and South Bend Railroad

Thank you for another successful year

2007 was a very successful year for Chicago South Shore and South Bend Railroad, and for that, a round of thank you's are in order.

- Thank you to our customers for having the confidence in this railroad to entrust us with their valuable products and raw materials.
- Thank you to our employees for helping turn around a culture that produced a safety record that far exceeds industry norms.
- Thank you to the governmental and community agencies who have supported our growth initiatives and taken a common-sense approach to resolving issues.
- Thank you to our owners who have allowed Chicago South Shore to invest capital in

In an effort to build on its past successes and maintain momentum into the future, the Chicago South Shore & South Bend Railroad will:

- Provide services which far exceed our customers' expectations and exceed levels our competitors are capable of offering.
- Provide a safe, stable environment for employees and their families to grow and prosper.
- Provide the communities we serve with safe, economic and environmentally friendly freight transportation.
- Provide steady financial returns to owners which exceed those of similar investments.

projects which enhance the safety of our employees and expand the franchise to better serve our customers.

We at Chicago South Shore have committed ourselves to a number of initiatives in 2008. Chief among them is improving customer service. An author recently coined the phrase "good to great," and taking our service from a good to great level of achievement is our primary goal this year.

We will be reorganizing staff functions to facilitate better communication/execution between customers and our operating management. Our operating plan will be adjusted and made more flexible to accommodate customer needs. A customer survey is being designed to better identify expectations and opportunities, and candid comments from customers are always appreciated.

Again, thank you for your support in 2007, and we look forward to an even more successful 2008.



Henry Lampe, president-Chicago South Shore and South Bend Railroad, is proud of and grateful for what was accomplished in 2007. He looks forward to surpassing those achievements in 2008.

Filling your transportation needs with flying color

Any railroad with a locomotive and some boxcars can transport goods, but you can count on Chicago South Shore Freight to do so with style.

Of the company's fleet of 10 locomotives, five have been painted and two more are scheduled for a new coat of paint during 2008. Additional plans for the year include repainting a second caboose in South Shore Freight's traditional orange and completing a \$100,000-engine rebuild on Locomotive No. 2001.

Thanks to the following Mechanical Department employees for their efforts and hard work, especially with the recent caboose-painting project: Adam Dozier, carman; Chad Ginther, carman; David Luchene, lead carman; and Josh Oshinski, carman.



Even in the fluorescent lighting of the Mechanical Department's shop, the orange on the newly painted Locomotive No. 2005 glistens and shines.



What better to follow up a freshly painted locomotive than a caboose with a brand new paint job?



Employees responsible for painting the first of two cabooses for Chicago South Shore Freight in its traditional orange include Adam Dozier, left, carman; Josh Oshinski, carman; Chad Ginther, carman; and David Luchene, lead carman.

Connecting Industry
**SOUTHSHORE
FREIGHT**
Delivering Value

Quality recognition

For more than nine decades, the Chicago South Shore & South Bend Railroad has been hauling freight diligently, expeditiously and safely. For this reason, the railroad was recently recognized for its many years of commitment to providing quality service.

Indiana Governor Mitch Daniels honored Chicago South Shore Freight for its longevity and community service during a Nov. 14 ceremony in the state house in Indianapolis during the annual Governor's Century and Half-Century Business Awards ceremony.

"Companies like this are the foundation of economic growth for our state," said Daniels. "Home-grown Indiana companies provide the stability and long-standing community involvement that typifies our traditional Hoosier values."

The Governor's Century and Half-Century Business Awards honor Indiana businesses that have remained in operation 50 or 100 years or more and have demonstrated a history of community service. More than 1,000 companies from across Indiana have been recognized during the 17-year history of the Awards.

Founded in 1908 to transport passengers, the Chicago South Shore & South Bend Railroad began hauling freight in 1916. The company was purchased by the Chesapeake & Ohio Railroad in 1967, then sold to the Venango River Corporation in 1984. The railroad's present owner, Anacostia & Pacific, bought the outfit in 1989 and has held the freight operation ever since.



Chuck Compton, center, vice president-Business Development, Chicago South Shore & South Bend Railroad, holds the certificate the railroad received for more than 50 years of providing quality service. It was presented by Mitch Daniels, left, Governor of Indiana, and Becky Skillman, Lieutenant Governor.

Today, Chicago South Shore Freight hauls the equivalent of nearly 250,000 truckloads each year, providing competitive and dependable service to customers while reducing traffic congestion, air pollution and saving the public millions of dollars in road and bridge repairs.

Nominated by individuals or organizations within the same community, the Governor's Century and Half-Century Awards honor Indiana's well-established companies and their outstanding contributions to the economy and prosperity of the state.

Projects to enhance service

In an effort to better serve both its long-term and newly acquired customers, Chicago South Shore Freight is prepared to spend nearly \$700,000 on maintenance, upgrades and improvement projects during the 2008 calendar year.

"Making investments on the infrastructure of the railroad will allow us to accommodate additional needs in Michigan City and better serve our local customers," said Jim Thompson, vice president-Operations.

Track rehabilitation between Chicago South Shore Freight trackage on the Northern Indiana Commuter Transportation District right-of-way and the Stillwell District is one of many projects in store to enhance and improve service to the railroad's many customers.

Perfect attendance recognized

When it comes to winning records, the following Chicago South Shore Freight employees achieved a year's worth of perfect attendance during 2007. Congratulations and thank you for your dedication to your job and your contribution to the success of the railroad.

South Shore Freight's most valuable players with 100 percent attendance include Frank Fraser, locomotive engineer/brakeman; Charlie McLemore, locomotive engineer; Chuck Stantz, locomotive engineer/brakeman; and Terry Sydow, conductor.



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WORKS FOR CLEAN
AND GREEN.**

FREIGHT RAIL WORKS FOR THE ENVIRONMENT.

A cleaner and greener America works for everyone. So America's freight railroads are constantly working to find new ways to be energy efficient and keep our air clean. As a result, today we can move a ton of freight 423 miles on just one gallon of fuel. Which is good news, since we're hauling more freight than ever before. That's how freight rail works for the environment. It's how freight rail works for you and me. Visit FreightRailWorks.org and learn more.

Freight employees boast impressive safety

Despite the excitement and stress over holiday festivities and gatherings, the dawning of a new year and a handful of demonstrations of Mother Nature's dominance, Chicago South Shore Freight employees have worked without a personal injury since October.

The work group has persevered through the cold and snow-filled winter months with diligence, focus and a genuine commit-

ment to safety for themselves and their co-workers. No matter the task at hand, it remains critical to always keep your head in the game, avoid shortcuts and maintain the safest possible work environment and habits.

To every Chicago South Shore Freight employee, regardless of specific job, department or number of years of service, congratulations, thank you and keep up the good work!

Employees reflect upon years of military experience

Despite varying opinions on the war in Iraq or how this year's political elections pan out, hundreds of thousands of troops have dedicated years of their lives to this country, and that deserves acknowledgement. Two of these individuals, Josh Oshinski and Steve Staley, are Chicago South Shore Freight employees.

In 2000, when he was 19 years old, **Josh Oshinski** made one of his longtime dreams a reality: He enlisted in the United States Marine Corps.

"It was something I'd always wanted to do," he said. "I wanted to see the world and serve my country because I was raised to be patriotic."

With grandfathers, uncles, cousins and other family members in the service, Oshinski also wanted to continue the family legacy.

Once the paperwork was complete and his commitment was official, Oshinski headed to boot camp at San Diego's Camp Pendleton in September 2000. He relocated

shortly thereafter to his main duty station for the next four years—Camp LeJeune in North Carolina.

In December 2002, Oshinski was called up to active duty. He had three months to prepare before flying overseas to Kuwait Feb. 14, 2003.

"There's so much to do, from legal matters to vaccines and saying goodbye to friends and family," he said. "I was kind of excited and scared to go at first, but when we got there and reality set in, there was no time to be scared. You do what you're trained to do, but you always have to expect the unexpected."

Oshinski and the 40 soldiers with him in his platoon of the 8th Engineer Support Battalion spent five weeks in Kuwait before traveling throughout Iraq. As a combat engineer, Oshinski assisted in providing security to convoys moving supplies such as fuel and food between camp sites and various other locations.

"The best part about it was the camaraderie and brotherhood that developed,"

Oshinski said. "Sometimes you didn't know who or where the enemy was, but you always knew who your friends were."

After returning from his deployment, Oshinski's August 2004 active duty discharge date came and went, symbolizing his transition into inactive reserve duty.

That period is up March 23, at which point he will have no further commitment unless he decides to reenlist.

"It was a great experience and it helped me out a lot, but I've got other things going on now," he said.

Oshinski's current interests include his career as a Chicago South Shore Freight carman, a job he acquired in January 2007. He also enjoys spending time with his girlfriend, Kate; playing guitar in his metal band, Omerta; working out, and writing lyrics and poems.



Josh Oshinski

Seeing his father come home in his U.S. Army uniform made **Steve Staley** proud. It also encouraged and motivated him to enlist in the military right after high school.

"The way he carried himself and the dedication he had to his country was something I admired and wanted to experience for myself," said Staley, a Chicago South Shore Freight trainmaster and 24-year member of the U.S. Army National Guard. "I have two brothers in the Army and one in the Marines, and I'm honored to carry on the family tradition."

As a First Sergeant E-8 with the 113th Battalion out of Gary, Ind., Staley manages the unit and takes care of schooling, medical, pay and personal issues for the 140 soldiers in it. He likens his job to that of a railroad superintendent, which is a fitting analogy considering the parallels between the two fields.

"The most obvious similarities of the railroad and the military are their structures and the challenges, especially with manpower issues," Staley said. "Most successful railroads have been run or organized by military veterans, so it makes sense. It's a common association."

Because he is dedicated to both his railroad and military careers,

Staley appreciates the former being accepting and supporting of the latter. He says the railroad understands and is behind him 100 percent, whether pertaining to his one weekend per month and two weeks of the year for training or a considerably longer deployment.

"I am lucky and grateful for the support I get from the railroad, as well as that which I get from my family," Staley said. "My wife, Christine, is very tolerant and considerate of my commitments, and I can't thank her enough for that."

Staley returned Feb. 14, 2007, from his most recent deployment in Afghanistan, where he spent 18 months leading troops in the establishment and maintenance of forward operating bases for 1,000 soldiers. Previously, he served one year in Gary, Ind., where he provided security for the airport and armories in northern Indiana. In December 2003, he went to Bosnia for a one-year peace-keeping mission, during which he built and reestablished roads for local communities.

"They were rewarding experiences, and ones that I'll never forget, but I don't plan on going anywhere anytime soon," Staley said.

Staley has earned 21 commendations and medals for the ambition and loyalty he has demonstrated throughout his 24-year military career. Most recently, Staley received a Bronze Star, Meritorious Service and Army Commendation medals for his efforts in Afghanistan.



Steve Staley



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Once the weather clears up, the bulldozer will complete the rest of the grading, the ties will be installed and a new interchange will be in place in the Stillwell District in LaPorte, Ind., resulting in a more efficient route around the congested Chicago Terminal rather than through it.

Improved route and service

When it comes to improved service, Chicago South Shore Freight employees make it a top priority. This means they strive to ensure their own personal safety, as well as that of their co-workers and customers. It expands beyond that, however, to member of the communities through which the railroad passes.

The Chicago South Shore Freight has begun work on an interchange, using the Stillwell District as a more efficient route around the congested Chicago Terminal rather than traveling through it. Reducing railcar miles traveled reduces emissions as well.

According to Jim Thompson, vice president-Operations, work on the project began last fall, at which point Chicago South Shore Freight representatives entered into negotiations on terms of utilizing the Stillwell interchange with other railroads. Thompson said construction should be complete and the interchange should be in operation by May 1.

“This is a substantial investment and a major step for a short line to do something of this magnitude,” he said. “Improved service is paramount, so we’ll do what is necessary to improve it.”

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A better appreciation

In addition to the Stillwell interchange construction, the Chicago South Shore Freight is further demonstrating its support of safety by sending a railroad employee and a Michigan City firefighter to HazMat training at the Transportation Technology Center in Pueblo, Colo., for the second year in a row. Steve Staley, Chicago South Shore Freight trainmaster, and the firefighter will attend the 40-hour training in April. Last year, Arnold Niederer, trainmaster, and Larry Butcher, firefighter, took part.



Arnold Niederer, trainmaster, peruses the workbook he received at last year’s HazMat training at the Transportation Technology Center in Pueblo, Colo.

“I can now better appreciate what the responders do and the skills they have to learn,” Niederer said. “It’s good to have the information, but hopefully we’ll never have to use it.”

Niederer says he and Butcher were joined by other railroad and civil entity representatives, as well as military personnel, employees from an oil company and two Canadian chemists. Each participated in exercises and activities such as plugging holes in leaking tank cars, identifying hazards of various derailments and working with a team of four to complete an obstacle course inside two pitch-dark boxcars.

“The exercises were interesting and beneficial in many ways,” Niederer said. “The most important thing I learned was how to avoid accidents, especially the human-factor type, and how to react to a situation that would necessitate a response like this. The training also reiterated the importance of adhering to rules and regulations.”