

The SWITCHING NEWS

News and happenings from the Rail Enterprise Group system of railways

Exploring exciting new ways to better serve the needs of rail shippers



Dear Friends,

It has been a busy four months since we last updated you about the Rail Enterprise Group. Thanks to our on-going marketing efforts, new customers have already started utilizing our new rail logistics operations in Tennessee and Iowa for transloading and loaded storage-in-transit. We're continuing to explore exciting new ways that the infrastructure can be developed to best serve the regions where they are located. The main story highlights one of these ambitious new efforts: developing the Milan Commercial Complex into a logistics hub and inland port serving the growing trade corridor between Mexico and the Mid South. This effort will provide much needed capacity in a strategic location and is gaining support from key rail partners and representatives from Mexico's ports.

While much of our focus is on the new railroads, we have not forgotten our existing operations in New Jersey and Pennsylvania. Both properties have continued to see significant growth, with increased carload volumes and new cross dock customers. As we move forward, one of our primary goals will be to promote the connectivity that we can offer between all of the REG rail logistics operations.

I encourage you to contact me at any time if you have questions or would like to learn more about our rail logistics operations and how they can improve your supply chain. I thank you all for your continued business.

Sincerely,
Eyal Shapira, President



ANCHORING A KEY TRADE CORRIDOR

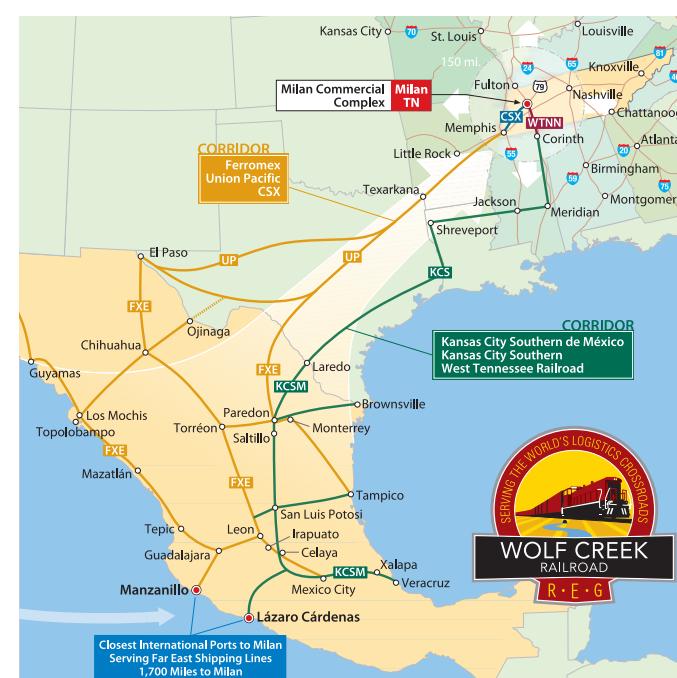
Our New Milan Operation Links Mexico to the Mid South

The Rail Enterprise Group has undertaken an exciting new marketing initiative aimed at adding much needed logistics capacity for the rapidly growing trade routes stretching from Mexico to the United States. Almost \$78 billion dollars worth of goods are shipped along rail corridors to and from Mexico and the Mid South region every year. The Wolf Creek Railroad and the Milan Commercial Complex, a 22,000-acre facility and registered Foreign Trade Zone, are ideally situated to help expand this flow of goods. We are actively working with major shippers, rail industry partners, and key Mexican ports to develop this valuable new logistics resource.

Our operation is strategically located along multiple rail corridors that stretch between the automotive and manufacturing heartlands of both countries. The infrastructure within the Milan Commercial Complex can handle all of the types of goods currently moving along the corridors. These include plastics and non-hazardous bulk products, agricultural products, paper and forest products, food products, motor vehicle parts/finished vehicles, and machinery/heavy equipment. The center's FTZ status also positions us to act as an inland intermodal port for Far East containers traveling to the U.S. from Mexico's Pacific Coast ports.

We will be ready to handle this freight utilizing over 1 million sq. ft. of existing cross dock and warehouse space, 500 acres of transload/reload/laydown areas, 86 miles of rail and 4,500 car spots. The Milan Commercial Complex also features a site that is ideal for the development of an intermodal terminal featuring a container unloading area, finished vehicle ramps, and storage lots.

Contact us for more information about the initiative. We will send you our latest brochure highlighting the corridors, our infrastructure, and the extensive manufacturing and agricultural base located within 150 miles of the Milan Commercial Complex.



In this issue...

First customer in Middletown Iowa



Loaded plastic rail car storage



Franklin Logistics reload sees major growth



PLASTIC TRANSLOAD OPENS IN MIDDLETOWN, IOWA

First Shipments for a Major Chemical Company Arrive!

This past March REG's Iowa & Middletown Railway spotted a covered hopper for its first new customer at the plastic transload facility in the Commerce Center of Southeast Iowa. Our newest transloading partner, WW Transport of West Burlington, Iowa, was on-hand to move the load of pellets to the end-user. WW Transport is a local, family-owned business that specializes in handling dry and liquid bulk, aggregates, cement, and other specialized shipments. The new facility will continue to receive carloads throughout the spring. Working with WW Trucking, and utilizing the extensive car storage capabilities on-site, REG expects to quickly expand the transload to handle the growing needs of the industries in the surrounding region.



photo courtesy WW Trucking

Azteca Milling Opens 50,000 s/f cross dock facility in Raritan Center

Azteca Milling, the world's largest supplier of corn masa flour, has leased two cross dock and warehouse buildings in Raritan Center totaling 50,000 s/f of rail-served space. Azteca Milling is utilizing the new Northfield Ave. facility to transload bagged corn masa flour from boxcars to trucks for delivery to corn-based chip, taco, and tortilla manufacturers throughout the area. The facility is just minutes from I-95 exit 10, I-287, Routes 1, 440, and 9, providing quick trucking times to New York City, Philadelphia, and more.



The Raritan Central Railway is providing Azteca Milling with up to three switches per day (providing the cross dock with three times the siding capacity) to ensure that their needs are met.



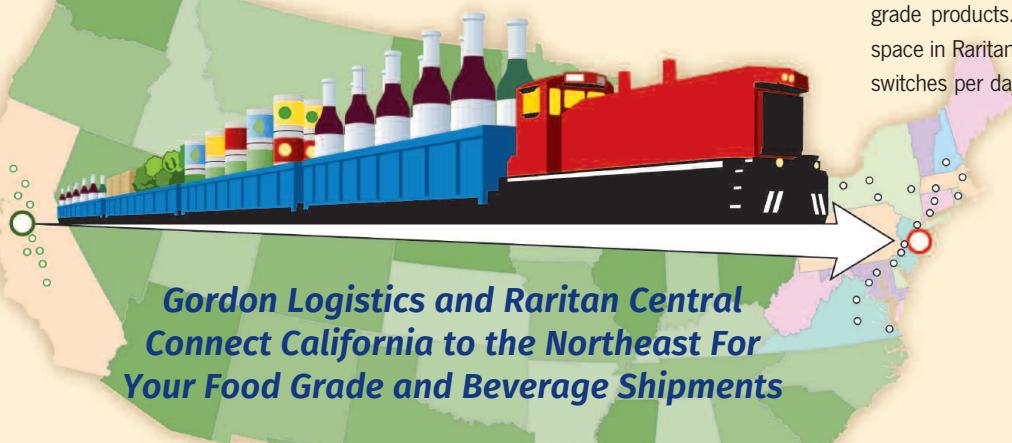
The Wolf Creek Railroad welcomes a new 3PL trucking partner

Rail Enterprise Group has been working hard to expand the 3PL offerings at our new properties in Milan, Tennessee and Middletown, Iowa. Customers utilizing the rail services at the Wolf Creek Railroad in Milan can now count on one of our newest logistics partners, Tri-State Trucking, to provide comprehensive over-the-road haulage from our transloads and

reloads in the Milan Commercial Complex. Tri-State specializes in flatbed trucking services and can provide bulk and dry van transportation as well. The addition of the trucking services will help to support our efforts to expand the reload facilities to handle a wide variety of materials, including steel, lumber and building supplies, equipment, pipe and more.



CROSS COUNTRY CROSS DOCK



Gordon Logistics and the Raritan Central Railway can provide complete coast-to-coast rail transportation and cross dock services for food grade and beverage shipments moving between California and the Northeast. Gordon Logistics is an experienced logistics provider that is fully permitted and licensed to move, store, and add value to alcoholic beverages and food grade products. It has over 300,000 sq ft of cross dock and warehouse space in Raritan Center. The Raritan Central Railway can provide up to three switches per day giving the facility a daily capacity of up to nine railcars.

Gordon Logistics' wide range of services are tailored to meet a customer's individual needs, including: compliance services, import/export, inbound logistics (including freight consolidation from one case on up), LTL/TL, dedicated store delivery, specialized storage and distribution solutions, kitting, reverse logistics, and much more. Visit www.gordonlogistics.com to learn about all that Gordon Logistics offers.

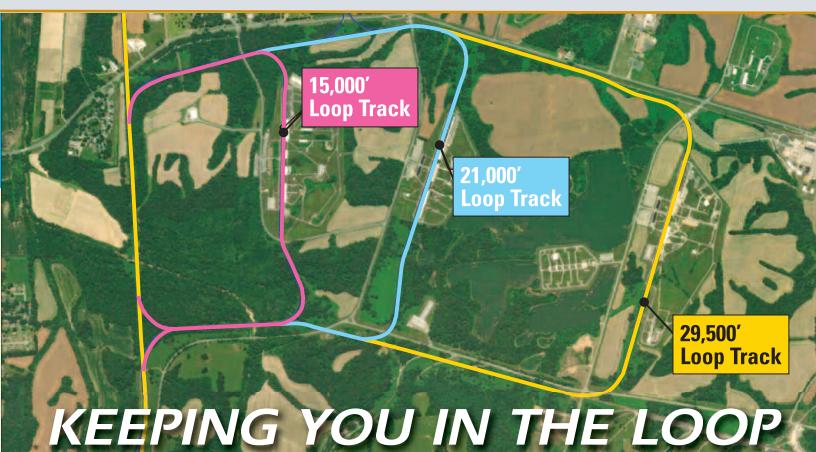
Franklin Logistics' Chambersburg Reload Sees a Major Increase in Rail Car Volume

Franklin Logistics, south-central Pennsylvania's leader in warehousing and transloading, has seen an exponential increase in the number of rail shipments moving through its expanded reload in the Cumberland Valley Business Park.



The Franklin Logistics reload, one of the largest in the Mid-Atlantic region, includes acres of outside storage, 40,000 sq ft of covered storage, and additional in-park warehousing space. The facility utilizes a fleet of equipment with a lifting capacity of up to 27,000lbs, and can accept boxcars, flatcars, centerbeams, gondolas, and hopper cars. Franklin Logistics can handle a wide variety of products, including lumber and building materials, plate and bar steel, paper, rebar, roofing products, consumer products, and more. Franklin Logistics is also able to provide customers with an extensive suite of 3PL and value added services.

Reloading operations are performed a minimum of five days per week and are backed by daily rail switching by the Pennsylvania & Southern Railway. It is centrally located along the I-81 corridor in south-central Pennsylvania, allowing for quick and easy access to all major manufacturing centers and metropolitan markets from Baltimore to New York City. For more information visit the Franklin Logistics website: franklinlogistics.com.



KEEPING YOU IN THE LOOP

Unit Train Storage and Transload Solutions at the Wolf Creek Railroad in Milan, Tennessee

If you need a convenient Mid South/Mid-West location to temporarily store loaded, non-hazardous unit trains (coal, grains, autos, etc.) look to the Wolf Creek Railroad. The Wolf Creek has three three loop tracks: one 15,000', one 21,000', and one 29,500', that allow us to keep loaded unit trains up to 120 cars in length tied together and provide quick in/out interchange capabilities. For certain products we can also unload trains as a unit, reducing switching and delays. The Wolf Creek interchanges with CSX and West Tennessee Railroad (NS/KCS/CN connections) and is only 60 miles from the Mississippi River.



Only
\$4.50/
day!

Store Your Loaded and Empty Cars with REG

Rail Enterprise Group has one of the lowest railcar storage rates in the nation - starting at only \$4.50/day! All four of our strategic locations feature transloading and bulk trucking services for just-in-time needs, railcar repair, and cleaning capabilities. Our railroads in Milan and Middletown can handle up to 120 car unit trains using loop tracks up to 29,500ft long.

Milan, Tennessee – 4,500 railcar spots

CSX & West Tennessee Railroad connections • 20,000-acre site • Fully fenced and secured

Middletown, Iowa – 2,500 railcar spots

BNSF connection • 20,000-acre site • Fully fenced and secured

Chambersburg, Pennsylvania – 800 railcar spots

CSX connection • 1,200-acre site • Fully fenced and secured

Edison, New Jersey – 150 railcar spots for Plastics

CSX and NS connections • 2,350-acre site • 15 miles from the Port of NY/NJ



Find out more

To learn more about our operations, contact our team today! We specialize in tailoring our services to meet your individual needs.

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Remembering those who
served and sacrificed all

