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## Michigan Shore Railroad Wins Prestigious Industry Award

**VASSAR, Mich. (June 1, 2009)** – The Michigan Shore Railroad (MSR), a RailAmerica property, has won the *Rail Business* 2009 Win-Win Award. The award honors the best railroad-shipper partnerships in the industry. Winners will be recognized at the North American Rail Shippers Association conference on May 27 – 28.

“Shippers and carriers work together every day, often hammering out creative solutions that lead to better service, better rates and other mutually beneficial improvements,” said Abby Caplan, editor of *Rail Business*, a weekly publication for the railroad industry. “But for years, these ‘win-win’ innovations went virtually unnoticed, except in small circles. That’s why we instituted the annual Win-Win Awards in 1998.”

MSR was recognized for its role in developing a partnership that enabled its customer, the Sargent Sand Company, to transform an idle sand deposit into a now thriving business. Just one year ago, Sargent’s Ludington, Michigan, sand deposit was completely dormant. The company, which had processed and sold sand for glass polishing since the 1920s, had declined severely since the 1980s, when new German technology for making and polishing glass rendered its sand obsolete.

However, in the 1990s, through the use of a new technology, oil and natural gas companies began drilling new wells and recharging old wells to recover residue oil and natural gas. The new technology, called “fracing” (rhymes with “cracking”), involves forcing water and sand at very high pressure into wells to break rock and release gas or oil. The sand in Ludington met the specifications precisely for this application. The markets for the sand were located in the Southwest and Northeast.

As Sargent’s management began analyzing the opportunity, they faced two major challenges – the Ludington sand deposit was no longer rail-served, nor did the company possess the equipment to process the sand, including drying, screening out impurities and sizing the sand. Sargent’s management approached Mike Bobic, commercial manager for RailAmerica’s Michigan properties (including MSR), for help in spring 2008.

“This was a significant challenge,” said Bobic. “Sargent had the perfect product for fracing, but needed to find competitive, cost-efficient ways to process and get their product to market.”

One morning at 2 a.m., Bobic said “a light bulb went off.” Bobic developed a solution that Sargent’s management immediately described as “genius.” At the time, MSR served a long-time direct competitor of Sargent – Nugent Sand, a sand supplier in western Michigan. Nugent sold industrial sand, used mainly in automotive casting and manufacturing, which did not meet the specifications needed for frac sand. However, Nugent possessed the equipment Sargent needed to process its sand, and Nugent had capacity for additional processing.

Bobic facilitated introductions and assisted in negotiating an agreement between the two companies for Sargent to truck its sand from Ludington to Muskegon, Michigan, where it would be processed, loaded onto railcars, and shipped to end users.

Bobic then turned his attention to Sargent's equipment needs. He reached out to MSR's class-I partner CSXT, which had a surplus of the necessary equipment (covered hoppers) available. Bobic once again facilitated introductions and helped negotiate an agreement for CSXT to supply approximately 350 railcars for the operation.

Today, just one year after Sargent's Ludington sand deposit sat completely unused, it is now a bustling business. Thanks to Bobic's and MSR's innovative solution, Sargent Sand is a competitive supplier of frac sand. Its first shipments began July 16, 2008, and have increased ever since. Annual projections exceed 3,000 carloads. Nugent and Sargent – former competitors – are working together in a successful partnership, and MSR and CSXT are collaborating seamlessly to fulfill the venture's transportation needs.

“This is a perfect example of a shipper and rail carrier developing a creative solution that provides opportunities and benefits for everyone involved,” said Jim Thomas, RailAmerica's assistant vice president of sales – Midwest Region. “Mike is a true customer advocate for Sargent. He focused on their challenge and didn't stop until he found an option that worked.”

#### **About RailAmerica, Inc.**

RailAmerica is a leading owner and operator of North American regional and short-line railroads, including the Michigan Shore Railroad, located on the shore of Lake Michigan with two CSXT interchanges. Headquartered in Jacksonville, Fla., RailAmerica operates railroads in 26 states and three Canadian provinces, with more than 8,000 miles of track. RailAmerica is owned by funds managed by affiliates of Fortress Investment Group, a leading global alternative asset manager with approximately \$34.3 billion in assets under management. For more information, visit [www.railamerica.com](http://www.railamerica.com) and [www.fortress.com](http://www.fortress.com).

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