

FOR IMMEDIATE RELEASE
June 6, 2005

**CEDAR AMERICAN RAIL HOLDINGS, INC.
ANNOUNCES CHANGES IN
MARKETING DEPARTMENT**

ANDERSON NAMED SENIOR VICE PRESIDENT - MARKETING

(Sioux Falls, SD) - Cedar American Rail Holdings, Inc., which operates the Dakota, Minnesota & Eastern Railroad (DM&E) and the Iowa, Chicago & Eastern Railroad (IC&E), announced that Mr. Lynn A. Anderson has been promoted to Senior Vice President - Marketing.

In making the announcement, Cedar American Rail Holdings, Inc. President and Chief Executive Officer Kevin V. Schieffer said, "Lynn was one of the original founders of the DM&E Railroad in 1986 and has been extremely instrumental in its growth and success. He has led our marketing efforts to greatly expand our business levels and has excellent relationships with our customers and supporters and with regulatory and political personnel in our territory. Through his efforts, many businesses have located or expanded along our railroad, which has also resulted in significant job and tax growth in our area."

Anderson began his railroad career in 1971 with the Chicago and North Western Railroad in Chicago. He is a graduate of Iowa State University in Ames, IA.

In other changes within the Marketing organization, Kenneth A. Thoendel has been promoted to Assistant Vice President - Marketing, Minerals, Cement and Aggregates; and Douglas A. Conway has joined the group as General Manager - Marketing.

"Ken has been an outstanding performer in our Marketing efforts and has contributed greatly to our success," said Schieffer. "We are also very pleased that Doug Conway is joining our team. He will be working to realize continued growth in our combined railroads."

Thoendel joined the DM&E Railroad in 1986 from the Chicago and North Western Railroad, where he began his railroad career in 1974. Thoendel has a degree in Education from Chadron State College in Chadron, NE., along with graduate studies at Wayne State College in Wayne, NE.

Conway joins Cedar American Rail Holdings from the Union Pacific Railroad, where he began his railroad career in 1991 and most recently was Senior Business Manager - Chemicals. Conway has a degree in Logistics from the University of Missouri

– Columbia, and has also completed core course work in the MBA Program at Maryville University, St. Louis.

The DM&E and IC&E Railroads combined in 2002 to form the longest regional railroad system in the United States. They operate 2,500 miles of track in eight states in the upper Midwest, including Chicago to Wyoming and from Minneapolis to Kansas City, annually handling 250,000 carloads of freight.

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