A Multimodal Perspective

AASHTO Councils on Rail and Water Transportation

Customer First – Safety Always!
Customer First Foundation Principles

Customer First - Safety Always!

Value Our Customers
• Earn their business every day by providing Safe, Accurate, and Timely Service
• Create solutions that deliver value for our Customers and Watco over the long term

Value Our People
• SAFE Service, ALWAYS
• Be Honest and Fair

Safely Improve Every Day
• Always do the right thing and always try to find a better way
• Build a tremendous future by making decisions that protect our Customer, Team, Community, and Environment
Watco Timeline

1963 Dick Webb opens Watco’s original switching operation in Coffeyville, KS

1989 Rick Webb takes the helm as CEO

1998 Timber Rock Railroad and Stillwater Central Railroad begin operations

2001 Kansas & Oklahoma Railroad acquired by Watco

2002 KCS outsources five short line railroads to Watco

2003 Watco acquires Pennsylvania Southern Railroad

2004 Watco Acquires the Great Northern Railroad, Mission Mountain Railroad, and Kau River Railroad

2005 Stillwater Central Railroad begins operations

2006 Watco acquires Mansfield, LA & Green River, WY operations

2007 Austin Western Railroad begins freight operations on C&O Metra commuter line

2008 Watco acquires Transco Railroad

2009 Watco moves its first crude by rail unit train

2010 Watco acquires Kline Industries

2011 Watco purchases AM Logistics

2012 Stillwater Central Railroad awarded Service Award

2013 Watco purchases Nolin Rail

2014 Kansas River Railroad begins operations

2015 Watco purchases multiple Kinder Morgan terminals

2017 Jacksonville Port Terminal Railroad begins operations as Watco’s first Florida short line

Watco expands into Mexico through a partnership with KCS and WIC at Laredo Petroleum Terminal

Watco acquires transload facility in Oklahoma City and Tulsa Stevedoring at the Port of Catoosa

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Watco System Map

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Watco’s Unique Service Offerings

TRANSPORTATION

- 5,100 MILES OF TRACK
- 39 RAILROADS
- 1.1mm CARLOADS MOVED
- 32 CONTRACT SWITCHING OPERATIONS

TERMINALS & PORTS

- 87 TERMINALS & PORTS
- 2 SPECIALTY TERMINALS
- 35 MARINE TERMINALS
- 50 TRANSLOAD TERMINALS
- 31 CONTRACT FACILITIES
  - 31 of 87 dedicated customized bulk, break bulk, intermodal and material processing services

MECHANICAL SOLUTIONS

- 15 MECHANICAL FACILITIES
- 8 ANK CAR SHOPS
- 4 MOBILE MECHANICAL SITES

SUPPLY CHAIN SERVICES

- 25,000+ LICENSED MOTOR CARRIERS UNDER CONTRACT
- GLOBAL INTERNATIONAL AGENT NETWORK
- 13 LOCATIONS WITH NATIONWIDE COVERAGE

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Watco Overview

Commodity Mix

2017 YTD Transportation Freight Revenue

- Foods, 4%
- Crude, 2%
- Metals, 7%
- Other Commodity, 7%
- Coal, 7%
- Energy & Chemicals, 15%
- Lumber/Forest/Paper, 9%
- Frac Sand, 14%
- Minerals, 14%

2017 YTD Terminal and Ports Revenue

- Crude, 12%
- Energy & Chemicals, 21%
- Minerals, 2%
- Frac Sand, 8%
- Lumber/Forest/Paper, 2%
- Metals, 40%
- Coal, 9%
- Other Commodity, 5%

- “Heat and Eat” commodities – Commodities less affected by consumer discretionary spend account for 77% of Freight Revenues and 53% of WTPS Revenues
Transloading Commodities
Handling over 200 products: Sample of food grade to hazardous materials

**Liquids (Flammable)**
- Ethanol
- Jet Fuel
- Gasolines
- Diesel & Bio/DEF Additives
- Mineral Spirits
- Isopro Alcohol
- Asphalt

**Liquids (Gas)**
- Propane
- Butane
- Argon
- CO²
- Acetylene

**Liquids (Acid)**
- Hydrogen Peroxide
- Hydrochloric
- Sulfuric
- Muratic
- Phosphoric

**Liquids (Non-Haz)**
- Veg Oil
- Used Oil
- Pit Sludge
- Terathane
- Glycols
- Nitrate Solutions
- Lignin Liquor
- Wax
- Yellow Grease
- Ferrous Chloride
- Ferric Chloride
- Leachate / Waste Fertilizers

**Bulk**
- Plastics
- Soda Ash / Caustic
- Limestone
- Fly Ash
- Frac Sand
- Cement / Aggregates
- Grain/Beans
- Dry Fertilizers
- Scrap

**Breakbulk**
- Steel Coil / Plate
- Rebar / Wire Rod
- OD Project Cargo
- Bar/Structural Lumber
- Palletized GC
- Logs
- Crane Mats

**Food Grade**
- Flour
- Syrups/Fructose
- Corn Starch
- Other Grains
- Pharmaceuticals

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Watco Terminal & Port Services
Commodity Images and Terminal Breakout

Liquids
Oversize / Heavy Lift

Hazardous
Steel

Lumber
Bulk - Rail
Bulk - Barge

WTPS Terminal Types

Deepwater
Other
Switching
Crude/Energy
Container/In-Plant
Barge
Transload

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Watco & The Ohio River

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Customer First
– Safety Always!
Columbus, MS

Terminal Specifics:
- 1 barge dock
- Commodities: Carbon scrap, pig iron, HBI, DRI, and ferro alloys

Transportation Modes:
- Delivering Rail Carrier: BNSF, KCS
- Tenn-Tom Waterway (mile marker 331)

Major Features:
- Harbor Boat
- E-Crane Various Buckets
- Maintenance Shop
- Front End Loader

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SW Brooklyn MTS

Terminal Specifics:
- 72 Container Storage spaces on pier
- 1 loading berth, 1 barge storage berth
- Supports Waste Management and NYC Sanitation Department with the export of Brooklyn, NY’s solid waste by providing the city with empty containers and loading full containers onto barge for export to Elizabeth.

Transportation Modes:
- Marine transportation via tug/barge

Major Features:
- 2 Kuenz rail mounted gantry cranes
- 1 loading berth, 1 barge storage berth
- 4 shuttle cars

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Elizabeth MTS - NJ

Terminal Specifics:
- 196 Container Storage spaces on pier
- 78 Container Storage spaces on secondary pad for empty containers.
- 2 barge berths
- Supports Waste Management and NYC Sanitation Department with the export of Brooklyn, NY’s solid waste by transferring loaded containers to truck transport and loading barge with empty containers.

Transportation Modes:
- Marine transportation via tug/barge
- Outbound containers via truck transported to rail yard.

Major Features:
- 2 Kuenz rail mounted gantry cranes
- Taylor Reach Stacker, CAT 938
- 1 loading berth, 1 barge storage berth

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Brooklyn Junction, WV

Terminal Specifics:
- 46 car spots
- Commodity – Quick Lime
- 1 barge dock
- Barge fleet area for 15 barges

Transportation Modes:
- Delivering Rail Carrier: CSX
- Ohio River (mile marker 129.5)

Major Features:
- Fuller Kovako Vacuum Unloader
- RBT conveyor
- Tug Boat (Betty Lou)

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**New Johnsonville, TN**

**Terminal Specifics:**
- 17 railcar spots
- Origin/destination service on Customers property
- Commodities: Titanium ores, Pet-Coke, Rock Salt, Liquid Caustic Soda

**Transportation Modes:**
- Inbound ore railcars
- Inbound barges via TN, River (mile 100)
- Inbound trucks
- HWY 70 Humphreys Co. / nearest Interstate I-40

**Major Features:**
- Fuchs MHL 380
- Manitowoc 3950 D
- Sennabogen 870
- 2-Volvo L-150 front-end loaders
- Conveyor belts

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**Hamilton MTS - Brooklyn**

**Terminal Specifics:**
- 72 Container Storage spaces on pier
- 1 loading berth, 3 barge storage berths
- Supports Waste Management and NYC Sanitation Department with the export of Brooklyn, NY’s solid waste by providing the city with empty containers and loading full containers onto barge for export to Elizabeth.

**Transportation Modes:**
- Marine transportation via tug/barge

**Major Features:**
- 2 Kuenz rail mounted gantry cranes
- 1 loading berth, 3 barge storage berths
- 4 shuttle cars

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**Blytheville, AR**

**Terminal Specifics:**
- 731 acres
- 50 car spots
- 1 barge dock
- 40,000 sq ft storage capacity
- Tank storage 410,000 BBLs
- Commodities: Ammonium, polyphosphate, bulk fertilizer, coal, steel, injection carbon and grains

**Transportation Modes:**
- Delivering Rail Carrier: BNSF
- Mississippi River (mile marker 810.6)
- State Highway 18, Interstate 55

**Major Features:**
- Fertilizer System

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**Louisville, KY**

**Terminal Specifics:**
- 4 acres
- 1 barge dock
- Commodities: Scrap metal

**Transportation Modes:**
- Ohio River (mile marker 602)
- Connecting highways I-65, I-64 & I-71

**Major Features:**
- Scraper chute
- Manitowoc crane
- 9310 American crane
- Skid steer
- 13K forklift

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Cincinnati, OH - Steel Warehouse

Terminal Specifics:
- 40,000 sq ft
- Commodities: Steel and break bulk products

Transportation Modes:
- Ohio River (mile marker 474.5)

Major Features:
- Direct transfer operation
- 200 ton mobile crane
- USACE Dock Ready Site (No current dock)

Terminal Services:
- Truck transload
- Warehouse

Cahokia Terminal - Sauget, IL

Terminal Specifics:
- 84 acres
- 350 car spots
- Inside storage 20,000 sq ft
- Outside storage 80 acres
- 120,000 BBLS liquid storage
- 4 barge docks
- Commodities: Chemicals, coal, copper, steel, cement, and iron
- 32,000 ft track capacity

Transportation Modes:
- Delivering Rail Carrier: KCS, UP
- Mississippi River (mile marker 178.2)

Major Features:
- Coal/bulk handling system
- Certified truck scale
- Cranes and forklifts

Terminal Services:
- Transloading, trucking, barge, rail

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Cincinnati, OH – River T

Terminal Specifics:
- 6 railcar spots
- 11 Tanks – 238,704 BBL capacity
- 2 Barge docks – 1 liquid – 1 bulk
- Terminal is 4 feet above flood stage (Cincinnati)
- Commodities: Bulk salt, petroleum, and chemicals

Transportation Modes:
- Rail Carrier: CSX
- Rail Ohio River (mile marker 479.4)
- Access to Interstates 71, 74 and 75

Major Features:

LIQUIDS:
- 8 Truck racks (in & outbound)
- 3 Rail racks (in & outbound)
- 1 Barge dock (in & outbound)
- Tank heating & mixing
- 1 Truck scale

BULK:
- Telescagger
- Conveyor systems
- Direct transfer (outbound)
- 3 Front end loaders
- 3 Truck scales

Terminal Services:
- Barge, truck, rail

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Chicago, IL – Chicago Ferro

Terminal Specifics:
- 3.5 acres outside storage
- 20 railcar spots
- 243,000 sq ft inside storage
- 1 barge dock (Ferro Site)
- 2 Lake Vessel Berths/docks (A-West Site)
- Commodities: Ferro-alloys

Transportation Modes:
- Delivering Rail Carrier: IHB & NS
- Seaway via Lake Michigan & Illinois River (mile marker 328.3)
- Interstate Highways 55, 57, 65, 80, 90, 94 and 294

Major Features:
- Ferroalloy crush, screen, and bag
- Overhead Cranes
- State of the Art Dust Collection System

Terminal Services:
- Lake Vessel/Barge
- Rail/Truck/Container
- Warehouse to/from barge

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Dravosburg, PA

Terminal Specifications:
- 4 acres
- 243,000 BBL liquid storage
- 2 barge docks
- 35 tanks
- 4 railcar spots
- Commodities: Chemicals and petroleum

Transportation Modes:
- Delivering Rail Carrier: NS
- Monongahela River (mile marker 16)

Major Features:
- Cranes with 200 ton capacity
- Flat bed delivery
- Certified Truck Scale


Cora Terminal - Rockwood, IL

Terminal Specifications:
- 480 acres
- 600 railcar spots
- 1,250,000 tons open storage
- Unit train loading capable
- Commodities: Coal, grain, and pet coke

Transportation Modes:
- Delivering Rail Carrier: UP
- Mississippi River (mile marker 99.7)

Major Features:
- Rotary Dump
- Two loop tracks
- Four unit train capacity
- JBL sampler systems
- Certified scales and belt management


Ghent, KY

Terminal Specifications:
- Single Barge Dock
- Commodities Handled: Scrap, ferro alloys, steel slabs, break bulk, and various bulk products

Transportation Modes:
- Ohio River (mile 33.5)
- Servicing Railroad: CSX
- Major Roadways: Interstate 71

Major Features:
- Crane lift capacity up to 150 tons
- Bulk product handling via excavator(s)
- Various front end loaders and fork trucks
- Access to truck scale
- Short term outdoor storage


Decatur, AL – Ferro & River Port

Terminal Specifications:
- 5 railcar spots
- 12.56 acres
- 1 acre outside storage
- 133,500 sq ft inside storage
- 1 barge dock
- Commodities: Steel coils, steel plates, pig iron, ferro alloys, coke, cottonseed, grain, other bulk materials

Transportation Modes:
- Delivering Rail Carrier: NS
- Tennessee River (mile marker 299)

Major Features:
- Cranes with 20 ton capacity
- 65,000lbs forklift
- Bagging Operations
- Crushing/Screening operations
- Flat bed delivery
- Certified truck scale

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Houston, TX - Ferro

Terminal Specifics:
- 10,000 sq ft warehouse space
- 98,000 sq ft open storage
- One barge dock
- Commodities: Ferro alloys, pig iron, non-ferrous metals, steel, aggregates, fertilizer

Transportation Modes:
- Houston Ship Channel
- Servicing Railroad: UP
- Major Roadways: State Hwy 225, Interstates 10, 610, and 45, and U.S. Hwy 59

Major Features:
- Excavator for bulk material handling
- Various front end loaders
- Truck Scales
- Crushing and screening equipment for ferro alloys
- Packaging of ferro alloys

Terminal Services:
- To and from barge, truck, rail, and/or storage

Industry, PA

Terminal Specifics:
- 15 railcar spots
- 435,000 sq ft covered storage
- 200,000 sq ft improved outdoor storage
- Two barge docks
- Commodities: Ferro alloys, pig iron, gypsum, non-ferrous metals, break-bulk

Transportation Modes:
- Ohio River (mile 33.5)
- Servicing Railroad: Norfolk Southern
- Major Roadways: PA 60 and Interstates 70, 76, 79, 80 and 276

Major Features:
- Crane lift capacity up to 100 tons
- Bulk product handling via excavator(s)
- Various front end loaders and fork trucks
- Truck scales

Terminal Services:
- Transfers from barge, rail, and truck either direct or through storage
- Crushing and screening of ferro alloys
- Packaging ferro alloys
- Bonded warehousing

Grand Rivers, KY

Terminal Specifics:
- Direct rail to barge loading
- 105 acres outside storage
- 505 railcar spots
- 1,000,000 tons open storage on asphalt
- Blended unit train capable
- Railcar repair capabilities
- Commodities: Coal, petcoke, fertilizer, grains, iron/ore products, limestone, tire chips, and wood products

Transportation Modes:
- Rail Service: BNSF, UP, CSX, CN, NS via P&L RR
- Tennessee River (mile post 22.7)

Major Features:
- 4-way blending ability
- JBL Sampler Systems
- Certified scales & belt magnet

Terminal Services:
- Transloading, trucking, barge, rail

Guntersville, AL

Terminal Specifics:
- 15 railcar spots
- 5 acres outside storage
- 12,000 sq ft on-site space
- 2 barge docks
- 2 liquid docks
- Commodities: Caustic soda, coke, wire rod, tin plate, steel coils, plate, rebar, pig iron, alloys & non-hazard

Transportation Modes:
- Delivering Rail Carrier CSX
- Tennessee River

Major Features:
- Two Caustic Soda Tanks
- One Direct Truck Dump
- 100 Ton Crane

Terminal Services:
- Transloading, trucking, barge, rail
Memphis, TN (Port)

Terminal Specifics:
- 20 railcar spots
- 2 barge docks
- Commodities: Steel, fertilizer, grain, alloys, general cargo, caustic soda, scrap, DDG’s, vegetable oil and pig iron

Transportation Modes:
- Delivering Rail Carrier: CN, UP, BNSF
- Mississippi River (mile marker 725)

Major Features:
- Transfer station to receive bulk from inbound rail to storage

Terminal Services:
- Transloading, trucking, barge, rail

Jeffersonville, IN

Terminal Specifics:
- 10 railcar spots
- 2.25 acres
- 132,000 sq ft warehouse space
- 2 barge docks
- Commodities: Steel, products, aluminum products, and steel scrap

Transportation Modes:
- Delivering Rail Carrier: CSX and NS via Louisville & Indiana RR
- Ohio River (mile marker 597.2)

Major Features:
- Crane with a 150 ton lift capacity
- Front end loaders
- Fork lifts

Terminal Services:
- Transloading, trucking, barge, rail

Omaha, NE

Terminal Specifics:
- 22 acres
- 40,000 Sq. Ft. Break Bulk Warehouse
- 30 railcar spots
- 6 Storage Domes for Bulk Products
- Commodities: Steel, pipe, rebar, coils, fertilizer, feed products, bagged salt, ethanol, lumber, palletized products

Transportation Modes:
- Delivering Rail Carrier: Union Pacific
  - Open to: BNSF, CN
- Missouri River (mile marker 725)
  - Potential Barge Access (Dock Construction Required)

Major Features:
- RBT Conveyors
- End Loaders
- Multiple Forklifts
- Crane
- Railcar Dump Pit / Conveyor Load-outs

Terminal Services:
- Transloading, barge, trucking, rail

Louisville, KY (River Road)

Terminal Specifics:
- 26,000 sq ft storage capacity
- 4 railcar spots
- 2 barge docks
- Commodities: Coal, salt, fertilizer, and other bulk products

Transportation Modes:
- Delivering Rail Carrier: CSX
- Ohio River (mile marker 601)

Major Features:
- Transfer station to receive bulk from inbound rail to storage
- Dock upgrades to be complete in 2018

Terminal Services:
- Transloading, trucking, barge, rail
Houston – Texas Terminals

Terminal Specifics:
- 29 acres
- 155,000 sq ft covered storage
- 7 acres outside storage
- Commodities: Break-bulk steel, ferro alloys

Transportation Modes:
- Houston Ship Channel-Buffalo Bayou: 270 LF Barge Dock
- Servicing Railroad: UP railroad at 2 locations; 13 total railcar spots
- Major Roadways: State Hwy 225, Interstates 10, 610, and 45, and U.S. Hwy 59

Major Features:
- Multiple overhead cranes in inside storage space
- 150 ton and 250 ton crawler cranes
- Multiple Forklifts in varying sizes and capacities

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Owensboro East - Hawesville, KY

Terminal Specifics:
- 58 acres
- 208,000 sq ft warehouse space
- 16 railcar spots
- Commodities: Aluminum products, alloys, and other bulk commodities

Transportation Modes:
- Delivering Rail Carrier: CSX
- Ohio River (mile marker 727)

Major Features:
- Foreign Trade Zone (FTZ) location
- Certified Truck Scale
- Ohio River access
- CXT rail service
- 208,000 sq ft warehouse
- 250-ton cranes, 12 forklifts
- Shuttlewagon railcar mover
- Front end loader

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Port of Pine Bluff, AR

Terminal Specifics:
- 25 acre facility
- 25 railcar spots
- 80,000 sq ft general warehouse storage
- 20,000 sq ft fertilizer storage
- 248,000 sq ft officials warehouse
- 300 ton grain storage tank
- One barge dock
- Commodities: Grain, fertilizer, steel, break-bulk

Transportation Modes:
- Arkansas River (mile marker 70)
- Servicing Railroad: BN and UP

Major Features:
- 20 ton overhead crane
- (2) 80 ton crawler crane
- Various fork lifts and front end loaders
- Pneumatic grain probe
- Four barge winch system
- Truck scale
- Track mobile

Terminal Services:
- To and from vessel, barge, truck, rail, and/or storage

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Vicksburg, MS - Port

Terminal Specifics:
- 20 railcar spots
- 11 acres
- 120,000 sq ft inside storage; additional storage may be available depending upon need
- 2 Barge Docks
- Steel, break-bulk, and various bulk products

Transportation Modes:
- Mississippi River (LMR 437)
- Servicing Railroad: Vicksburg Southern (KCS connection)
- Major Roadways: Interstate 20 and 55

Major Features:
- 15 ton overhead crane
- 125 ton crawler crane
- Various fork lifts and front end loaders
- To and from barge, truck, rail, and/or storage
- Local truck delivery
- Precision barge stowage and handling

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Watco-Owned & Operated Ports
Tuloma/Tulsa Terminal
Catoosa, OK

Terminal Specifics:
• 30,000 sq ft warehouse
• 20 railcar spots
• Commodities: Pipe, steel coils, plates

Transportation Modes:
• Rail Service: BNSF, SKOL
• Port of Catoosa

Major Features:
• Coal/Bulk Handling System
• 120,000 liquid storage

Terminal Services:
• Barge, truck, rail, and/or storage
Port Birmingham, AL

Terminal Specifics:
• 184 acres
• 140 railcar spots, unit train capable
• 5 barge docks
• Commodities: Coal, coke, break-bulk, ores and metals

Transportation Modes:
• Black Warrior River
• Rail Service: Birmingham Terminal Railway (NS, CSX, and BNSF)

Major Features:
• 25 ton and 23 ton gantry crane with bulk and break bulk capabilities
• 100 ton derrick crane
• Conveyor system for rail/truck in of bulk products either direct to barge or to storage
• Unit train capacity loop track system

Terminal Services:
• To and from barge, truck, rail, and/or storage

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### Rail and Barge Benefit – Economies of Scale

1 Railcar = 4 Truckloads  
60 Truckloads = 15 Railcars = 1 Barge

<table>
<thead>
<tr>
<th></th>
<th>Truck</th>
<th>Rail</th>
<th>Barge</th>
</tr>
</thead>
<tbody>
<tr>
<td>100k tons export “product” from Port Birmingham &gt; Port of Mobile</td>
<td>$800 per truck</td>
<td>$2,500 per railcar</td>
<td>$15/PNT</td>
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<tr>
<td>Assets Required:</td>
<td>3850 trucks</td>
<td>1000 Railcars</td>
<td>67 Barges</td>
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<tr>
<td>Total Costs:</td>
<td>$3,080,000*</td>
<td>$2,500,000*</td>
<td>$1,500,000*</td>
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</tbody>
</table>

* Estimated cost

Barge = 50% savings vs Truck  
Barge = 40% savings vs Rail.

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Greens Port Industrial Terminal

Customer First – Safety Always!
Acres: 735
Mile of track: 31
Railcar spots: 1,300
Access to Class I railroads: 3

Liquids racks: 4
Deep water berths: 7
Barge spots: 9
Sq. ft. warehouse space: 3,300,000
Team members: 250
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Thank you and Questions

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