Watco is a single-source transportation and supply chain services company
Any Mode, Any Material, Any Market

Transportation  
Material Handling and Storage  
Repair and Maintenance  
Logistics  
Design and Development
Serving Diverse Industries

- Agriculture
- Wind Energy
- Aggregates
- Chemical
- Retail
- Construction
- Waste
- Oil/Gas
- Automotive
- Coal
- Lumber
- Steel
Our Foundation Principles

Value Our Customers

Value Our People

Safely Improve Every Day
Investment Overview

Project Summary
• Canadian National (CN) is selling ~670 miles of active track serving the Upper Midwest and Northern Ontario
• Watco will purchase the track and real estate of the Wisconsin Central (WCR) and Algoma Central (ACR) rail lines through an asset sale and enter into a 75-year agreement with CN with options for renewals after initial agreement termination
• Watco invested $12M in startup capital and has or is hiring 86 Team Members
• Watco will handle ~70,000 carloads and acquire 14 active line segments

Customers
• Watco will provide service to over 90 Customers with diversified end markets in the packaging & paper, forest products, chemicals & fuel, metals & minerals, building materials, and agriculture industries.
• Key Customers include Algoma Steel, PCA, 3M, Louisiana Pacific, GreenBay Packaging, Biewer Lumber, P&G, and United Co-Op. Customers in bold indicate existing Watco relationships.
Strategic Opportunity

- **Geography**: A material amount of the for-sale property is in Wisconsin and Upper-Michigan, which represents a market Watco knows well from our WSOR experience with strong industrial products shippers in growing rail centric commodities like brown paper, lumber/logs, plastics, chemicals, etc.

- **End Markets**: With no interchange commitments, WSOR is looking to expand end markets with CN and its connecting partners. Watco, an entrepreneurial privately owned short line knows, respects, and understands the WCR history and would look to reinvigorate creative rail shipping solutions through expanded service, additional equipment investment, and other opportunities to allow online customers to grow.

- **Right Service, Right Price**: The plan is simple and fully dependent on frequent, consistent service and operational flexibility (ex: extra switches) performed at reasonably economical rates versus the current service.

- **Proven Success**: Growth and expansion under this right service, right price model is proven through multiple success stories where we have grown volumes 25% above pre acquisition levels accomplished based off a simple operating and commercial plan that have both been successfully executed. While this is new territory for Watco, none of the operating and commercial execution is different from where we have been successful before.

- **Rail Friendly Environment**: In addition to the financial, commercial and operating benefits outlined in this presentation, Watco and the online shippers and communities can additionally benefit from Watco’s relationships with WisDOT
Operational Overview

- We have a proven track record of successfully executing our operating plan for short line spin offs
- Operating plan-built line by line at the Customer level by experienced Watco operations Team
- No unique characteristics of these lines that present unfamiliar operating challenges for our Team
- High degree of confidence in our operating plan
  - Established presence and experience in Wisconsin regional market
  - Established relationships with multiple shippers on the WCR
- Including corporate overhead estimates to support both Canadian and US operations
- Watco provides the local service, then CN provides the long-haul transit to either the traffic’s destination or to another rail carrier
- There are no equipment restrictions, and while customers can use existing fleets provided by CN, Watco can and will provide additional equipment to help aid car supply with specific focus areas in log cars and box cars
- Watco is prepared to spend capital to upgrade lines to 286K, repair bridges, and put out of service lines back into service either by itself or with the aid of WisDOT, MDOT, etc.
Oshkosh Transload Terminal

Primary Commodities
Watco moves any commodity, and at this site, we handle primarily dry bulk, breakbulk, and liquid bulk materials, along with machinery materials and machinery, military vehicles, oils, grain, feed ingredients, roofing granules, fertilizer, and industrial products.

Key Features
- **Access**
  - Rail: BNSF, CN, CP, CSX, NS, UP via WSOR
  - Road: Interstate 41
- **Capacity**
  - Railcar Spots: 55
- **Material Handling and Storage**
  - Transloading (truck to rail)
  - Outside storage
  - Concrete end ramps
  - Crane-accessible
Madison Transload Terminal

Primary Commodities
Watco moves any commodity, and at this site, we handle primarily dry bulk and breakbulk materials including salt, fertilizer, steel, lumber, grain, machinery, industrial products, and plastic.

Key Features
• Access
  • Rail: BNSF, CN, CP, CSX, NS, UP via WSOR
  • Road: I-90, I-94, U.S. 151, Wisconsin 113

Capacity
• Railcar Spots: 50

• Material Handling and Storage
  • Rail-truck transloading
Cudahy Repair and Maintenance Terminal

Services Offered
- M-1003 freight car repair
- Light cleaning
- Paint touch-up and stenciling
- Mobile repairs

Car Capacity
- 60

Servicing Railroad
- UP
Discover the
DIFFERENCE