WHAT IS A SHORTLINE RAILROAD?

- Defined as a Class 3 railroad, annual operating revenue of less than $37.4M
- Most were once branch lines of larger railroads, abandoned or spun off
- Entrepreneurial in truest sense, small businesses focused on customer service and cost control
- First and last mile of the freight journey - interface between customers and Class 1 railroads
  - providing services that are not profitable for a higher cost, large company
- Reduce public tax and infrastructure burden for roads
SHORTLINE RAIL INDUSTRY

United States

- More than 560 shortline railroads
- Employing over 18,300 people
- Operating 50,000 miles of track in 49 states - 38% of rail network
- Serving over 12,000 shippers, that employ over 1,000,000 people
- Paying nearly $1B in taxes, average of 20% of revenue
- Infrastructure built and maintained with private funds
- Vital role linking rural America to the Class 1 rail network

*source ASLRRA 2014 facts/figures
TEXAS SHORTLINE FACTS

• 41 shortline railroads, 20% of rail network
• Employ almost 1,000 people
• Handle over 387,000 carloads of freight
  • Takes 1,024,000 trucks off the road
  • Savings of an estimated $45M in pavement damage
• Infrastructure built and maintained with private funds
• Pay significant taxes on property and earnings
• Often the life blood of small towns and shippers
• We bring jobs, tax base, vitality and growth

*source ASLRRRA 2014 facts/figures
TNW CORPORATION

- Railroad and Transportation Logistics focus
- Long-term, grow and hold investment strategy
- A Texas company - Corporate offices in Dallas, Tx
- Founded in 1982
- Privately owned by Murchison Capital Partners
TNW CORPORATION

- **3 Shortline Railroads**
  - Offering complete scope of rail services
  - Great customers, large and small
  - Diverse commodities and markets served

- **3 Logistics Centers**
  - Offering storage capacity of over 13,000 railcars
  - Transloading, warehousing, ground storage
  - Excellent highway and rail access
TNW CORPORATION

• Strong, Experienced Leadership and Employee Team
• Here to Serve
  • Investing in our customers - $8.5M capital invested in track/structures in 2015
  • Tailored Standard Operating Procedures for every customer
  • 24 Hour Customer Hotline
• Partnership Driven
  • Customers, Class 1 Railroads
  • Communities
  • Economic Development
TNW CORPORATION

• A place to work and grow
  • Employees come first - Culture of Respect and Engagement
    • Great pay and industry leading benefits
    • Profit sharing for all employees
    • Training, strengths based development, and promotion from within
OUR CORE VALUES

- **Integrity** - “We will act with truth and honesty”
- **Safety** - “We believe all accidents and injuries are preventable”
- **Servant Leadership** - “We will lead by example to empower each other”
- **Quality** - “We strive for excellence in all that we do”
Texas Northwestern Railway - began operations in 1982.

Sunray, Tx - North of Amarillo in panhandle

Largest private car storage facility in United States

10 miles of mainline track

Class 1 interchange with BNSF

Commodities include: asphalt, grain, fertilizer, and chemicals

Customers include Valero, Gavilon, and Continental Carbon
- 640 acre facility
- Railcar Storage
  Capacity of almost 10,000 cars for both short and long-term needs.
- Transloading services
- Ground storage
- Excellent Highway and Rail access
- Zoning and Utilities
- Warehouse options
Texas Rock Crusher Railway founded in 1998
Brownwood, Tx
13 miles of mainline track
Class 1 interchange with BNSF
Commodities include aggregate, asphalt, grain, chemicals, porcelain, and glass
Customers include Vulcan Materials, Kohler, Chevron Phillips, Wright Asphalt, and VRC
Brownwood Industrial Park
- Anchored by Kohler and 3M
- Growing! 3 new shippers in 2015
- Exclusively Served by the TXR Railway
- Development sites available
- Excellent highway and rail access
- Car storage options
Texas Gonzales and Northern Railway, founded in 1992

- Harwood, Tx - off I-10 - Heart of the Eagle Ford Shale
- 15 miles of mainline track
- Class 1 interchange with Union Pacific
- Commodities include: crude oil, grain, sand, animal feed meals, and metal products
- Customers include Halliburton, Holmes Food, Jimco, Purina, Strataflex, and Wildcat
- 500 acre facility
- Rail car storage for 3,500 cars
- Loop track - full unit trains
- Transloading and Ground Storage
- Major interstate and rail access - I-10, TXGN/UP
- Industrial sites available
- Special Services:
  - Rail car washing
  - Rail car scrapping
  - Sand transloading and storage
  - Truck weighing
NEED

• Recognition of the value shortline railroads bring
• Economic Development programs to help with new construction costs for sidings and new industry service
  • tied to new jobs and tax base
• Increased funding and support for road crossing and signalization maintenance
• Programs to encourage private infrastructure investment
  • Tax benefits
  • State backed rail finance options for 286K and Bridges
WE NEED YOUR HELP

• More focus on shortlines at future events like Southwest Rail Conference
• Stronger TxDot Rail Division
• An educated legislature
• State economic development leadership that engages with shortline railroads
• Supplier and contractor voice

Shortline Railroads bring jobs, tax base, vitality and growth!