TXPF Current Facts

**RESOURCES**
- **MILES**: 391
- **LOCOMOTIVES**: 28
- **CAPEX 2012 – 2016**: $67 M
- **CLASS 1 CONNECTIONS**: 3

**COVERAGE**
- **CAGR 2001–2015**: 21.2%
- **TON – MILES 2015**: 658M
- **TONS OF FRAC SAND MOVED 2012–2015**: ~6M
- **INDUSTRIES SERVED**: ~10
• TXPF is a Regional Railroad (over 350 miles / $40 MM)

• Grupo Mexico has a Lease and Operating Agreement with the TxDOT for 40 years (2001 a 2041) plus five consecutive 10 year renewal options.

• TXPF operates 380 Miles of track plus 11 miles more under trackage rights over the Union Pacific RR at Paisano Jct. for a total of 391 miles.

• The segment from San Angelo Junction (SAJ) to Fort Stockton (FS) with 240 miles (63%) is currently our operational segment (FRA class 2 of which 150 miles (40%) are CWR in good condition).

• The segment from FS to Presidio with 140 miles (37%) has not operated since 2008 for two reasons:
  1) No local customers have any bulk load to ship or large amounts of product to move and
  2) Even though it is a good option to cross to and from Mexico the international bridge was set in fire back in 2008 and 2009 (FRA excepted track)
TXPF General Information
• Features like the very dry West Texas weather and its flat geography (1.5% max grade) allow track materials to last longer; bad washouts happen though when rain comes, the line has 333 bridges and 396 at grade crossings (177/219).

• To date close to $100 M dollars have been jointly invested by the State of Texas and TXPF in track rehabilitation (88M) and capacity (12M) projects, and there are commitments to spend 22M more including the Presidio bridge reconstruction.

• 18% of the line ties have been replaced and 7% of the rail as well; however, further investment is still required to guarantee a safe and trouble free operation. Current line conditions render a capacity to displace 50,000 cars per year.

• FRA class 2 track allows freight train speeds of up to 25 mph and excepted track of 10 mph among other restrictions, depending on the demand growth between 150 and 250 additional millions of dollars will have to be invested (Tie replacement, Rail relay, Bridges, Accessories, Ballast, Drainage, Tamping and Leveling).
## FRA Track Classes

<table>
<thead>
<tr>
<th>Class</th>
<th>Track</th>
<th>Train Speed in MPH</th>
<th>Freight</th>
<th>Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excepted</td>
<td>10</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class 1 track</td>
<td>10</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class 2 track</td>
<td>25</td>
<td>30</td>
<td></td>
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<tr>
<td>Class 3 track</td>
<td>40</td>
<td>60</td>
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</tbody>
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Note: In excepted track no more than 5 Hazardous Materials loaded railcars can be moved in the same train.
Important growth during the last 5 years

TXPF Annual Carloads


Carloads: 0, 5,000, 10,000, 15,000, 20,000, 25,000, 30,000
With a wide expertise in the Oil and Gas sector, we will keep servicing this industry but also we are ready and willing to diversify.

- Frac Sand: 9%
- Crude Oil: 7%
- Grain: 8%
- Oversized: 9%
- Others: 4%
- TXPF Statistics: 73%
- 2Q 2016: 73%
- 2Q 2016: 90%
- 2Q 2016: 6%
- 2Q 2016: 1%
- Others: 3%
Regional Connection ensures diversification
On February 29, 2008 (south of U.S. side Rio Grande levee) and March 1st 2009 (north of the U.S. side Rio Grande levee) the timber bridges were practically destroyed by fire, the Mexican concrete side of the bridge did not suffer much damage.

To rebuild the bridge a stakeholder governmental entity defined a Presidential permit was required for the reconstruction of the bridge and an official consultation was sent to the U.S. Department of State early on 2011 by the TxDOT which was replied to early in 2012 stating that this bridge was “Grandfather” and no Presidential permit was required.

An initial design was then started and finished in early 2015, however, at this point in time the levees in the Rio Grande had been raised and opened allowing the designed bridge to be covered by the water.

A new design was carried out over 9’ above the original bridge and earlier this week all doubts had been cleared to start the permitting process with the different entities involved.
Presidio Rail Bridge

Original Situation 2008

Original levee
U.S. side

Original levee
Mexico side

Out of levee bridge
U.S. side (Timber)

Bridge within the river
U.S. side (Timber)

Bridge within the river
Mexico side (Concrete)

Old rail height

Current Situation early 2015

New height and location
of levee U.S. side
4 feet higher

New rail height

New height and location
of levee Mexico side
4 feet higher

Out of U.S. levee bridge
to construct 240 feet

Bridge within the U.S. river to
construct 400 feet

Concrete bridge Mexico side
200 feet existing

Missing portion of bridge to
construct 170 feet
The permitting entities include the Texas DOT, the International Boundaries and Waters Commission, the General Services Administration, the U.S. Coast Guard, U.S. Army Corps of Engineers, CBP, FHA, FRA, STB, FEMA, Rail Districts, EPA, U.S. Fish and Wildlife, TCEQ, Texas Historical Commission and Texas Parks and Wildlife.

Our current schedule foresees:
1. The permitting process to take 2 months (Sept and Oct 2016),
2. Concurrent with the permitting process the steel and concrete plans would be sent to suppliers for quotes to award them by Nov 1\textsuperscript{st}, assuming no changes are suggested in those concepts,
3. Development of bid documents can also take place concurrent with the permitting process to launch the bid in Nov 1\textsuperscript{st} as well with a deadline date of Dec 15, 2016,
4. Bid reviews and award contract by Feb 1\textsuperscript{st} 2017,
5. Mobilize and start construction March 1\textsuperscript{st} 2017,
6. Completion 12 months after March 1\textsuperscript{st} 2018.

There are geographic, governmental requirements and coordination considerations still to clear.