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NEW RAIL SERVICE LAUNCHED AT PORT SAN ANTONIO

Watco Companies to expand lines, provide full component of railcar handling services bolstering growth at East Kelly Railport

SAN ANTONIO—With the robust growth of Port San Antonio customers relying on rail cargo, today the Port and Watco Companies announced the launch of a comprehensive new rail service at the Port's East Kelly Railport.

Kansas-based Watco will occupy approximately 20 acres on the northern and eastern edges of the 350-acre Railport. In 2012 the firm will invest in significant additional infrastructure to meet the growing demand of rail business by building approximately 15,500 feet of new track on the land—adding to the existing 20,000 feet at the Railport. The new infrastructure will enhance the handling of railcars on behalf of Railport customers, which include warehousing, distribution, transloading, manufacturing and trucking operations.

Furthermore, Watco will maintain all other rail infrastructure within East Kelly Railport and provide interchange of customers' railcars into the Railport from Union Pacific and BNSF Railway connections adjacent to the property. The new partnership comes at a time when the Railport is experiencing a sharp increase in activity. Volume grew considerably in the past year, from 2,600 railcars served in FY 2010 to 4,600 railcars in FY 2011.

"Port San Antonio is pleased to partner with Watco Companies to ensure the success of our customers who require rail service to their front door," said Bruce E. Miller, President and CEO of Port San Antonio. "We have seen impressive growth in recent months. There are also promising opportunities in the region that, with Watco's expertise, will add to the Railport's value as a strategic transportation hub for San Antonio."

"Port San Antonio is an ideal platform to establish our South Texas operations and showcase the range of Watco services—from rail development and maintenance to supporting customers' day-to-day operations," said Amy Parady, Watco's Vice President of Sales and Marketing, Gulf Region. "We are

excited about our new partnership with Port San Antonio to help develop East Kelly Railport to its full potential.”

Inaugurated by Port San Antonio in 2007, East Kelly Railport is an important regional logistics center. As the only site inside San Antonio with available rail-served facilities and land sites with switching service off the BNSF Railway and Union Pacific lines, it has attracted an array of firms handling non-hazardous products, including consumer goods and bulk cargo that support many industries.

Among the first arrivals at East Kelly Railport were RLI Logistics, a transload firm which has grown significantly as it supports energy exploration and extraction projects tied to the Eagle Ford Shale; Fiesta Warehousing and Distribution, one of the region’s largest logistics firms handling consumer and bulk products for area retailers and manufacturers; and The Greenbrier Companies, which repairs and refurbishes railcars. Between 2008 and 2009 developer RREEF built over 600,000 square feet of rail-served warehouses at the Railport, which are now almost fully occupied.

Companies that established new operations at the Railport in 2011 include Cornell Carriers, a trucking firm serving Eagle Ford Shale projects, and Logistix Recycling, a division of Port customer OpTech, which uses warehouse space at the railport to store and distribute recycled cardboard products.

In addition to Watco’s new services, the site’s connections to the region’s two main rail lines and quick access to Interstate Highways 10, 35 and 37, another key advantage of East Kelly Railport is its abundant room for growth to accommodate customers requiring rail-served properties. The Railport has land sites ranging between five and 100 acres for the development of new build-to-suit facilities. East Kelly Railport is contained within Port San Antonio’s foreign-trade zone (FTZ #80-10).

For additional information about Port San Antonio visit www.portsanantonio.us.

For additional information about Watco Companies visit www.watcocompanies.com.