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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36843

**WATCO HOLDINGS, INC.
— ACQUISITION OF CONTROL EXEMPTION —
GREAT LAKES CENTRAL RAILROAD, INC.**

PETITION FOR EXEMPTION – VERIFIED SUPPLEMENT

PUBLIC VERSION

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Dated: June 20, 2025

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On March 6, 2025, Watco Holdings, Inc. (“Watco”), a non-carrier, filed an individual petition for an exemption (the “Petition”) pursuant to 49 U.S.C. § 10502, seeking an exemption from the prior approval requirements of 49 U.S.C. § 11323 to acquire control of Great Lakes Central Railroad, Inc. (“GLC”), a Class III rail carrier operating entirely within the State of Michigan, by acquiring 100% of GLC’s common stock. The State of Michigan Department of Transportation (“MiDOT”) supplied a statement of support for the transaction, encouraging the Surface Transportation Board (the “Board”) to review and promptly approve the Petition. No shippers or interested parties (other than MiDOT) have responded to the Petition favorably or negatively.

¹ Certain bracketed text in this Verified Supplement and in certain of the exhibits appended hereto (all responsive to the Board’s recent request for supplemental information) have been redacted in this version of the filing to protect proprietary and commercially-sensitive information pursuant to a simultaneously-filed motion for a protective order under 49 C.F.R. § 1104.14(b).

On May 30, 2025, the Director of the Office of Proceedings served an order (the “May 30th Order”) instituting a proceeding on the Petition. The May 30th Order directed Watco to file by June 20, 2025² a verified supplement to the Petition addressing various items of interest to the Board. The Director explained in the May 30th Order that the agency required specific, additional information to be able to ascertain whether the proposed transaction would satisfy the alternative exemption criteria of 49 U.S.C. § 10502(a) that either the transaction or service is limited in scope or that regulation under the Board’s formal application processes is not needed to protect shippers from the abuse of market power. 49 U.S.C. § 10502(a)(2), and see May 30th Order at 2.

In full compliance with the May 30th Order, Watco hereby supplements its Petition as directed, demonstrating below (and in the attached exhibits) that its proposed acquisition of control of GLC not only satisfies the alternative Section 10502(a)(2) criteria, but also that the transaction will promote the public interest by strengthening interline service operating efficiencies, preserving existing GLC interline gateways in full cooperation with connecting line-haul carriers, and facilitating capital investment that depends upon Board approval, and subsequent implementation, of the transaction.

² The original May 30th Order served upon the undersigned counsel for Watco directed that Watco would have until *June 19, 2025* to file its supplement. Watco’s counsel has retained a copy of the original order. It appears that the May 30th Order was later corrected and re-posted without notice.

SUPPLEMENTAL BACKGROUND

As noted in the Petition, Watco could not avail itself here of the Board's class exemption procedures at 49 C.F.R. §§ 1180.2(d)(2) and 1180.4(g) (from the prior approval requirements of 49 U.S.C. § 11323) because GLC has an end-to-end connection with Ann Arbor Railroad, Inc. ("AA"), an existing Class III Watco holding. Accordingly, Watco availed itself of the individual petition for exemption procedures to secure Board authorization to acquire control of GLC.

GLC in detail – mileage, traffic, and gateways.

GLC is a longstanding short line carrier previously known as the Tuscola and Saginaw Bay Railway Company. GLC data shows that the railroad operates approximately 379.2 miles of railroad located entirely in the State of Michigan. See Description of GLC's Operating Properties at Exhibit A. Approximately 92% of the railroad lines over which GLC operates are state-owned, and are operated pursuant to modified certificates of public convenience and necessity under 49 C.F.R. part 1150, subpart C. *Id.* The vast majority of these now-state-owned lines faced prospective elimination following the bankruptcy of the Penn Central Transportation Company, when, in light of the various lines' marginal, low density characteristics, the United States Railway Association ("USRA") designated these lines as "available for subsidy" under the USRA's Final System Plan, and they were thus excluded from Consolidated Rail

Corporation.³ Of GLC's 379.2 route miles of railroad, approximately 33.18 miles of the system are inactive due to non-existent traffic demand. See *id.* These inactive line segments still possess tracks, and GLC has designated them as out of service for Federal Railroad Administration reporting purposes.

GLC's traffic mix consists largely of agricultural commodities, and the traffic it originates flows to and from three Class I line-haul partners – CSXT Transportation, Inc. ("CSXT"), Grand Trunk Western Railroad Company ("GTW"), and Norfolk Southern Railway Company ("NSR"). Carload GLC-CSXT interline traffic predominantly flows through the interchange at Howell, Michigan (see rail network maps at Exhibit B), while unit train traffic (consisting of grain shipments) tends to move in interline service via an intermediate AA bridge movement from Ann Arbor to an AA-CSXT interchange at Toledo, Ohio.⁴

GLC-GTW interline traffic flows through the interchange at Durand, Michigan. Although GLC-GTW interline traffic also could be routed via AA bridge service to the AA-GTW interchange at Toledo (Exhibit B), such GLC-(Ann Arbor)-

³ The lone exception is a roughly 22.5-mile portion of the state-owned lines (between Grawn and Williamsburg) acquired from The Chesapeake & Ohio Railway Company ("C&O") in 1981, after the Interstate Commerce Commission authorized C&O's abandonment of that line segment. See *Chesapeake and Ohio Railway Company – Abandonment – Between Manistee and Bay View, MI and Between Traverse City and Rennies, MI*, AB-18 (Sub-No. 33F) (ICC decided Nov. 24, 1981).

⁴ GLC-CSXT interline routings are dictated by CSXT operating circumstances. Watco understands that (for the time being, at least) it is more efficient, regardless of overall origin-destination route, for GLC-CSXT interline traffic to be exchanged with CSXT at Howell, due to CSXT carload handling capacity issues in the Toledo terminal area, whereas GLC-CSXT unit train movements are handled at the Toledo gateway (via AA bridge service). As such, the preponderance of existing GLC-(Ann Arbor)-AA-(Toledo)-CSXT traffic flows consist of unit trains.

AA-(Toledo)-GTW traffic movements seldom, if ever, take place, given the overall interline routing efficiencies associated with the Durand gateway. See *id.*

GLC does not connect directly to NSR, although a significant amount of GLC interline traffic moves to and from NSR. To access NSR, GLC depends upon AA bridging service via the GLC-AA Ann Arbor gateway (technically taking place at Osmer Yard north of Ann Arbor). See *id.*

GLC also interchanges with Class III Huron & Eastern Railway Company (“HESR”) at Owosso, and with Class III Mid-Michigan Railroad, Inc. (“MMR”) at Alma. See Exhibit B. GLC serves as a bridge carrier for HESR and MMR, routing traffic to and from its Class I interchanges with CSXT (Howell and AA/Toledo), GTW (Durand – for MMR traffic), and NSR (via AA/Toledo).

In contemplating its acquisition of GLC, Watco has no plans to divert GLC traffic from the Class I interline gateways through which it flows today; indeed, Watco has not entertained the possibility of interline gateway shifts for several reasons, not least of which is that GLC and AA would have insufficient market power to force interline gateway shifts over the objection of their customers and Class I interline partners. See Exhibit C Verified Statement of Zachary G. Boehme, Senior Vice President, Rail - Sales of Watco Companies L.L.C. (“V.S. Boehme”) at 4-5 (Mr. Boehme has verified all information set forth herein).

GLC/AA inter-carrier routing advantages (where they truly exist).

As the Exhibit B maps show, AA affords customers located anywhere on GLC’s system the most direct route available to and from Toledo, and to interline

connections located there. The Exhibit B maps also demonstrate that – strictly from a routing perspective⁵ – a GLC/AA interline route to the Toledo gateway (and to AA’s many connections there, including, especially, CSXT, NSR, and Wheeling & Lake Erie Railway Company) would afford GLC customers of the most direct route between points on the GLC system to origins and destinations in Ohio, and, more generally, the U.S. South, Southeast, Mid-Atlantic, and Northeast. See Exhibit B. Given GTW’s system characteristics, Watco readily acknowledges that a GLC-(Ann Arbor)-AA-(Toledo)-GTW interline routing would be inefficient for most line-haul movements, and that utilizing a GTW/Toledo interchange for GLC traffic would be sensible only for access to and from GTW-served customers in and around Toledo.

GLC and AA already actively partner in developing efficient interline traffic routings. See V.S. Boehme at 8-9. Clearly, Watco would prefer to see GLC interline traffic flow – where reasonable, efficient and possible – via AA’s Class I gateways. Such interline routings would earn AA more revenue, contributing, in turn, to Watco’s bottom line. Indeed the “straight line” GLC/AA routing interline

⁵ Each of Watco’s short lines is dedicated to aggressively pursuing traffic growth by seeking out interline route and service efficiencies that are most appealing to existing and prospective customers. But Watco also recognizes that “straight-line” routing efficiencies are only part of the equation. In addition, Watco short lines must coordinate closely with the Class I interline partners upon which it depends to understand and accommodate Class I operating efficiencies, operating plans and preferences, and terminal and gateway capacity considerations. In many cases, what may prove to be the most efficient and flexible option for a particular traffic opportunity might not be the shortest route from origin to destination. See V.S. Boehme at 5-6. An example of this is the pattern for GLC-CSXT interline traffic flows mentioned above, where GLC-CSXT carload traffic flows predominantly through Howell (regardless of CSXT origin or destination), while much of the GLC-CSXT unit trains traffic moves via AA to a CSXT connection at Toledo.

efficiencies to reach markets in various, distant parts of the U.S. are visibly apparent when examining the Exhibit B maps. But it is also evident that GLC/AA routings to Toledo do not result in “straight line” routing efficiencies for all interline traffic. That is especially true for practically all GLC/GTW interline traffic (except for GTW origins/destinations near Toledo) that benefits from efficiencies achieved via the Durand gateway, and for CSXT traffic destined to and from points to the west and southwest of Michigan (and for all carload traffic, given CSXT operational preferences, which stem from CSXT terminal capacity issues at Toledo).

GLC and AA are not competitors for traffic in the Ann Arbor area.

While GLC and AA are interline partners for certain traffic flows, the Board has posited that AA and GLC may also actively compete with one another for traffic opportunities, especially within the (undefined) “greater Ann Arbor area”⁶ (May 30th Order at 2). For that reason, the Board has directed Watco to “identify any industries served by both railroads in the greater Ann Arbor area, including via truck transload to points that may be served exclusively by one or the other carrier.” To begin with, as the Petition points out, GLC and AA do not both serve any industry directly, such that the proposed control transaction would not result in any “2-to-1” customers. Additionally, Watco is unaware of any situations today where GLC and AA compete for traffic from any industries in or near Ann Arbor.

⁶ Watco is not certain of the scope of the Board’s inquiry. But Watco presumes that, in this case, the term could refer to industries located in Ann Arbor itself plus its immediate surrounding communities and townships that are economically, socially, and geographically tied to the city. Even if the Board intended for a broader area, Watco’s discussion here would not change.

AA, for example does not compete with GLC for transload business in the greater Ann Arbor area. V.S. Boehme at 6-7.

In theory, of course, GLC and AA could compete for traffic opportunities in a number of ways. GLC and AA could, for example, compete with each other and with CSXT and NSR (who also serve the greater Ann Arbor area – See Exhibit B) to attract new rail-shipping industries and facilities considering locating in the area. GLC also could compete to attract traffic from industries located on (and served directly by) AA by offering a transload service alternative on GLC (and *vice-versa*) – “direct vs. transload” competition. And AA and GLC could compete against each other (and with CSXT and NSR, for that matter) for shipments from industries in the greater Ann Arbor area that are not located on either AA or GLC – “transload vs. transload” competition. Watco perceives the Board’s inquiry to be directed to (or primarily to) possible transload vs. transload competition between AA and GLC.

Regardless, to the best of Watco’s knowledge, AA and GLC have not engaged, and do not engage, in any “direct vs. transload” or “transload vs. transload” competition against each other.⁷ Specifically, Watco is unaware of any situation involving any industry in the greater Ann Arbor Area – (a) where that industry tenders or offers traffic to both AA and GLC via transload; or (b) for which

⁷ Mr. Boehme points out that, to the extent AA offers or has offered transloading services, those transload services traditionally have targeted the automobile manufacturing industry, which, to Watco’s knowledge (and due diligence) is not the sort of transload traffic that GLC has pursued. *Id.* at 7.

AA and GLC compete for traffic. *Id.* So, the short answer to the Board's information demand regarding Ann Arbor area industries for which AA and GLC compete for traffic is that there are none. *Id.*

GLC-AA interconnectivity is not a primary strategic motivation behind Watco's GLC acquisition plans.

Finally, it warrants noting that Watco has decided to acquire GLC (with MiDOT's support) because of – (a) the stand-alone traffic growth opportunities GLC presents, and (b) the service improvements that Watco intends to implement on GLC post-transaction to attract new business to its acquisition target. *V.S. Boehme.* More pointedly, Watco's interest in GLC as an acquisition target poised for future traffic growth has had little to do with developing and exploiting GLC-AA traffic routings, although such efficient routings should produce benefits to GLC customers. *Id.* at 8. Particularly given its experience with its other short lines in Michigan (and its familiarity with Michigan shipper dynamics), Watco would have sought to acquire GLC regardless of the AA connection. *Id.*

The efficiencies of GLC-AA interline routings are geographically self-evident, and GLC and AA already coordinate on this interline service route where it is appealing to customers and is encouraged by AA's line-haul connections at Toledo. *V.S. Boehme.* Watco expects that its proposed common control of GLC and AA will, of course, enhance GLC-AA service efficiency via the Toledo gateway, and it expects such efficiencies would promote GLC traffic growth while increasing competition with other railroads and with other modes of transportation. *Id.* But it is exceedingly unlikely that existing GLC traffic now moving over non AA-served

gateways would *or could* be diverted to a GLC-AA routing absent shipper and Class I concurrence. *Id.* at 4-5. Accordingly, GLC-AA interline connectivity was, at best, a secondary consideration for Watco when negotiating acquisition terms with GLC's owner. *Id.* at 8. Indeed, the focus on GLC-AA connectivity has, in practice, presented a more significant regulatory hurdle than a primary business driver.

**THE TRANSACTION SATISFIES BOTH OF THE ALTERNATIVE
EXEMPTION CRITERIA OF SECTION 10502(a)(2)**

1. Regulation is not needed to protect shippers from market power abuse.

As Watco understands this criterion in its current context, the Board must be satisfied that the proposed transaction (Watco's acquisition of control of GLC, a short line that connects with AA, an existing short line in the Watco corporate family) would not vest commonly-controlled GLC and AA, separately or collectively, with a combination of market power and economic incentive sufficient to engage commercial behavior harmful to railroad transportation customers. In fact, Watco's common control of AA and GLC would not vest either carrier or both with any appreciable market power, much less market power sufficient to engage in any of the following potential abuses posited in the May 30th Order (at 1-2):

- Forcing GLC interline traffic to move via a GLC-AA route by foreclosing or otherwise discouraging the use of non-AA interline gateways (where the use of such non-AA interline gateways, in some circumstances, may yield comparatively more efficient interline routes);
- Discouraging the flow of GLC-AA interline traffic to and from all but one favored interline connection (specifically, NSR at Toledo) due to contractual provisions between AA and NSR that the Board perceives may have such a post-transaction effect; or

- Reducing or eliminating AA-GLC origin or destination traffic competition, including “direct vs. transload” and “transload vs. transload” competition (if any were to exist).

Neither GLC nor AA separately or collectively will accumulate or be able to exercise market power sufficient to implement, and to require customers to use, comparatively less efficient GLC/AA routes, rather than existing GLC interchanges and routings with other carriers.

The Board’s May 30th Order appears to be premised on the notion that short lines – and particularly interconnecting short lines under common control under the circumstances here – could accumulate, and could exercise, market power sufficient to implement anticompetitive and inefficient routing and service practices in the interest of increased transportation revenues resulting from longer intra-corporate-family hauls. The notion that short lines (including those under common control that also interconnect) may reasonably be presumed to possess, or to be able to accumulate, appreciable market power sufficient to engage in shipper abuse conflicts with Watco’s extensive experience as a short line holding company. As Mr. Boehme explains, various intractable market forces would constrain a commonly-controlled AA and GLC from conspiring to close active GLC gateways to the detriment of routing and service efficiencies, or to force GLC traffic to an NSR interchange at Toledo (or to discourage GLC traffic flows with railroads other than NSR). *Id.* at 3-5. And as was discussed above, Watco has not uncovered evidence of *any* head-to-head AA-GLC competition (via transload or otherwise).

Watco will not use the connection between AA and GLC to foreclose efficient, existing GLC joint line routes with unaffiliated carriers – Watco’s existing gateway commitment.

Critically, Watco hereby specifically commits to keeping all currently active GLC and AA gateways open on commercially competitive terms commensurate with future traffic volumes, shipper demand, and subject to the cooperation of third-party interline partners in facilitating traffic movements via such existing gateways. Watco expects that the Board will hold Watco to this representation in granting the Petition. This may strike the Board as a significant (and expected) concession, but given the lack of market power that GLC and AA would possess to constrain interline traffic flows through any currently active gateway (typical of the limited market power that any short line that Watco knows of would possess), the commitment is essentially self-executing. *Id.* at 7-8.

AA’s interchange commitment with NSR (arising from AA’s lease of roughly 3.7 miles of railroad) is exceedingly limited in scope, and it does not and will not incentivize Watco to direct GLC to route traffic to NS via AA instead of to connections with other carriers.

The May 30th Order notes the terms of a recently-revised and renewed AA-NSR line lease agreement (which contains an interchange commitment), and questions whether those interchange commitments terms would prompt Watco to discriminate against non-NSR line-haul connections with respect to GLC traffic. The lease transaction upon which the Board has seized involves two short, NSR-owned line segments in Toledo (the “Toledo Segments”), consisting of a total of 3.69 route miles of railroad (out of AA’s roughly 82 route mile system). *See Ann Arbor Railroad, Inc. – Lease Renewal and Operation Exemption with Interchange*

Commitment – Norfolk Southern Railway Company, FD 35729 (Sub-No. 1) (STB served Apr. 5, 2024). As detailed below, the subject interchange commitments in favor of NSR is inconsequential in scope (given AA’s existing interchange volumes with NSR) and for that and other practical reasons would not incentivize Watco to so discriminate post-GLC control.

As the Board’s highly confidential records indicate,⁸ the Toledo Segments lease agreement contains {{ [REDACTED] }}
[REDACTED]
[REDACTED]
[REDACTED] }} See Exhibit D (excerpts from AA-NSR amended lease, taken from AA’s class exemption filing in FD 35729 (Sub-No. 1)). The {{ [REDACTED] }} are *intended* to encourage to interline certain traffic volumes originating or terminating on the Toledo Segments with NSR, but would also encourage traffic growth on the Toledo Segments by {{ [REDACTED] }}. [REDACTED] }}.

See *id.* For purposes of context, in 2024 AA interchanged over {{ [REDACTED] }}
[REDACTED]

⁸ In keeping with the Board’s requirements for lease transactions that involve an interchange commitment, AA provided the STB with a complete, unredacted copy of the applicable lease terms under seal as an attachment to its FD 35729 class exemption filing. It is unclear whether the Board had consulted the contract terms from the FD 35729 transaction in the course of this proceeding to date, although it will certainly benefit the agency to do so now.

[REDACTED]

Watco understands the { [REDACTED] }
[REDACTED]
[REDACTED] } However, the lease's terms do not explicitly limit its application to { [REDACTED] }
[REDACTED] }. Rather, the { [REDACTED] } would appear to make any and all carload traffic interchanged with NSR eligible for { [REDACTED] }
[REDACTED] }. Id. But does the Toledo Segments lease interchange commitment, in actual application, work to curb interline traffic flows to and from other AA line-haul connections, and would it affect GLC shippers desiring to move traffic to and from non-NSR interchanges post-transaction?

No, and the data supplied above indicates why. The Toledo Segments { [REDACTED] } is very limited in scope, and { [REDACTED] }
[REDACTED]
[REDACTED] }. And once the modest [REDACTED]
[REDACTED]
[REDACTED] }, AA would have no financial incentive or disincentive whatsoever to route GLC interline traffic via AA to NSR to the detriment of alternative interline gateways with carriers other than NSR. In fact, to best promote GLC and AA traffic growth now and going forward, it is imperative

to Watco that both short lines be able to demonstrate to customers that traffic can be routed more freely and without discrimination to each and every open gateway, and to leverage interline competition to attract new customers and to maximize exiting customer use of railroad transportation.

2. The proposed transaction (Watco's intended acquisition of control of GLC) is of limited scope.

The Board's May 30th Order invited additional information to show that the proposed transaction would be of limited scope, observing that GLC's route mileage, GLC's Class III railroad status, and its location in a single state are not separately or collectively determinative. Watco respectfully submits that the following additional facts, taken together, demonstrate that this transaction indeed meets the "limited scope" criterion under 49 U.S.C. § 10502(a)(2).

The history of these lines is itself a revealing starting point. Approximately 350 miles of GLC's rail network have long been owned by the State of Michigan, and are operated by GLC pursuant to the Board's streamlined modified certificate procedures. These state-owned lines have a demonstrable history of marginal commercial viability. Following the bankruptcy of the Penn Central Transportation Company, and in light of the various lines' marginal, low-density characteristics, the United States Railway Association ("USRA") designated nearly all of the state-owned lines now operated by GLC as "available for subsidy" under the USRA's Final System Plan, and they were thus excluded from Consolidated Rail

Corporation (Conrail).⁹ Had the State of Michigan not intervened to acquire these lines, it is most likely that some or all of them would have been abandoned and the track salvaged. The State of Michigan acquired these lines to preserve rail service, and GLC has since managed to keep the great majority of this track operable and available to serve customers. This challenging history and the ongoing nature of operating lines that were deemed commercially unviable by prior market forces directly underscore the inherently limited commercial scope and traffic density of the rail assets now subject to this proposed control transaction.

But the GLC system backstory is just one factor militating in favor of a limited scope finding. GLC's traffic data for the last few years also directly supports a finding that Watco's control of GLC will be of limited scope. Carload figures provided by GLC show total annual movements as follows:¹⁰

- 2022: {{[REDACTED]}}
- 2023: {{[REDACTED]}}
- 2024: {{[REDACTED]}}
- 2025: {{[REDACTED]}}

When measured against the 379.2 total route miles that GLC operates, GLC averaged approximately {{[REDACTED]}} carloads/mile in 2022, {{[REDACTED]}} carloads/mile in

⁹ The lone exception is a roughly 22.25-mile line segment that the state acquired in 1981 following ICC authorization for the C&O to abandon it, as is discussed in the foregoing "Supplemental Background" section of this filing.

¹⁰ GLC's fiscal year runs from April 1 through March 31; traffic figures for 2025, for example, reflect total carloads from April 1, 2024 through March 31, 2025.

2023, {█} carloads/mile in 2024, and {█} carloads/mile in 2025, or an average of {█} carloads/mile/year over the last four years.

While there is limited direct precedent for carload density metrics in control exemption petitions, comparing GLC's {█} annual carload average against a few of Watco's other short lines provides useful perspective on the limited nature of this operation. For example, Watco's Eastern Idaho Railroad, L.L.C., another Class III carrier operating a railroad comparable in size to GLC (roughly 365 route miles), moved {█} carloads in 2024, and {█} carloads in 2023, for a two-year average of {█} carloads per year, or an average of approximately {█} carloads per mile per year, far in excess of GLC's {█} figure. Watco's even larger Class III subsidiary, the South Kansas and Oklahoma Railroad, LLC (593.7 route miles) averaged {█} carloads per route mile per year between 2023 and 2024, and a significantly smaller Watco short line, the Birmingham Terminal Railway, L.L.C. (approximately 76 route miles), averaged {█} carloads per mile per year over the last two calendar years.

GLC's annual revenues further reinforce the limited scope of the proposed transaction. GLC's most recent calculation of revenues from all sources shows that it earned {█} in FY 2023 and {█} in FY 2024, and {█} in FY 2025. These annual revenue numbers place GLC far short of the Board's most recent (2023) Class II threshold of \$47,299,851.¹¹ GLC's secure

¹¹ *Indexing the Annual Operating Revenues of Railroads*, EP 748 (STB served May 23, 2024).

status as a Class III rail carrier highlights the limited nature of the scope of Watco's proposed transaction. Indeed, AA operates far less miles of track (82.3 miles) than GLC, but generates more annual revenue than GLC does in operating 379.2 miles of track, underscoring GLC's comparatively low traffic densities.

Finally, "limited scope" analysis should include consideration of the proposed transaction's impact on the target carrier, competition, and other elements of the rail network. Watco therefore understands that the limited scope analysis should, and presumably does in appropriate circumstances, measure the size of the railroad *per se*. Determining whether a control proceeding will be of limited scope is inherently intertwined with the assessment of whether the proposed transaction threatens anticompetitive abuse. As demonstrated above, this proposed transaction would not vest GLC or AA, acting separately or collectively, the sort of market power that would threaten shipper abuse. Section 10502(a)(2)'s criteria nominally function as alternatives for which a favorable finding on either criterion necessitates granting an exemption. But a Board determination that regulation of a proposed transaction is unnecessary to protect shippers from market power abuse itself would inform the Board's alternative consideration of scope.

THE GLC STOCK PURCHASE AGREEMENT

The Board's May 30th Order (at 3) closes by stating that "Watco should also provide the Board with a copy of the purchase agreement(s) that sets forth the terms of its acquisition of control of GLC." An unredacted copy of that agreement is supplied under seal designated as highly confidential Exhibit E pursuant to the

terms of a simultaneously-filed motion for a protective order covering the unredacted agreement and other proprietary information included in the present supplement to Watco's Petition. A redacted, "public" version of the stock purchase agreement is also offered as public Exhibit E. Although the Board offered no context for this particular information request, Watco submits that the agreement has no provisions that would shed doubt on Watco's consistent assertions, supported by supplemental evidence, that the proposed transaction is neither designed to, nor would it, subject shippers on GLC or elsewhere to market power abuse.

THE TRANSACTION WILL BENEFIT THE SHIPPING PUBLIC

As the foregoing supplemental evidence shows, the proposed transaction meets the alternative (but intertwined) elements of Section 10502(a)(2)'s criteria. GLC and AA, separately or collectively, will not accumulate appreciable market power as a consequence of a transaction that, rather, will foster under Watco's leadership closer integration of inter-railroad service between GLC and AA (without any head-to-head competitive impacts). Furthermore, as discussed, GLC and AA under common control have no practical ability to *abuse* such Board-hypothesized market power. And while that – along with MiDOT's support of the transaction and the absence of any other public comments at all in response to the Petition – could be the end of the analysis, it warrants observing that Watco's proposed acquisition of GLC will facilitate inter-carrier coordination with AA, permitting Watco to unlock significant operational and competitive benefits for railroad transportation consumers in northern and central Michigan.

This transaction represents Watco's strategic commitment to strengthening Michigan's rail network and enhancing service for shippers.

Under Watco control, GLC and AA will be able to more easily explore and implement streamlined GLC-AA routing efficiencies, particularly for traffic that shippers and connecting railroad carriers alike desire to be transported to and from AA's various Toledo gateways. V.S. Boehme at 8-9. GLC and AA already coordinate where appealing to customers, but Watco common control will eliminate transactional friction, allowing for a seamless, integrated approach to interline service, ultimately benefiting GLC customers seeking the most direct routes to key markets across Ohio, the U.S. South, Southeast, Mid-Atlantic, and Northeast. *Id.* These geographically self-evident efficiencies are designed to optimize rail movements and bolster competitiveness of rail transportation in the region.

Beyond bolstering existing GLC/AA inter-carrier routing efficiencies, GLC will gain immediate access to Watco's highly experienced marketing and operating teams. These professionals, with a proven track record across Watco's extensive short line portfolio, are intent on thoroughly exploring every avenue for GLC service improvements. Their expertise will be leveraged to identify new traffic opportunities, develop tailored logistics solutions, and ensure that GLC's operations are as responsive and efficient as possible for its customers. This infusion of specialized talent is critical to unlocking GLC's full potential for growth. *Id.* at 9.

Watco is committed to substantial GLC system capital improvements following acquisition. At the outset, the company intends to invest approximately

\$3.7 million in the rail network, demonstrating a tangible commitment to its long-term viability and operational safety. This investment includes (id. at 10):

- \$1.2 million dedicated to critical tie replacement and surfacing on GLC's Cadillac Subdivision (Cadillac to San Yard/Owosso – roughly 124.45 miles), addressing track integrity and ride quality.
- \$2.0 million allocated for comprehensive rehabilitation of the Middleton Subdivision (Ashley to end of track at Middleton – roughly 12.45 miles), with the specific goal of elevating the track from its current FRA excepted status to FRA Class 1 condition. This upgrade will significantly improve operational capabilities and efficiency on this vital segment.
- \$500,000 targeted for grade crossing signal upgrades, enhancing safety for both railroad operations and the communities GLC serves.

These planned investments underscore Watco's dedication to modernizing GLC's infrastructure, improving service reliability, and ensuring safer operations for years to come. The collective impact of enhanced routing efficiencies (where achievable), a dedicated management and sales team, and significant capital infusion positions GLC for robust growth and continued vital service to Michigan's economy. Watco submits that these public benefits are among the reasons that the State of Michigan actively supports Board approval and prompt subsequent effectuation of the proposed control transaction.

CONCLUSION

Watco has fully complied with the May 30th Order, providing comprehensive supplemental information to demonstrate the proposed GLC acquisition satisfies the alternative Section 10502(a)(2) exemption criteria. As detailed herein and supported by the Verified Statement of Zachary G. Boehme, this transaction will not result in an abuse of market power, and it is of limited scope.

Significantly, the Michigan Department of Transportation has already expressed its strong support for this transaction, and notably, no other party has filed comments critical of the Petition or expressed concern regarding the proposed transaction.

Prompt and favorable Board action on the Petition is essential to realizing the public benefits inherent in this transaction. Delay would forestall Watco's capital investments, inhibit critical service improvements, and hinder the expansion of rail transportation options for Michigan shippers. Therefore, Watco respectfully urges the Board to grant the Petition for Exemption expeditiously, thereby facilitating the immediate and long-term economic and operational advantages for the shipping public that this acquisition is designed to deliver.

Respectfully submitted,

/s/ *R. A. Wimbish*

Robert A. Wimbish

Thomas J. Healey

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ATTORNEYS FOR WATCO HOLDINGS, INC.

June 20, 2025

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36843

**WATCO HOLDINGS, INC.
— ACQUISITION OF CONTROL EXEMPTION —
GREAT LAKES CENTRAL RAILROAD, INC.**

PETITION FOR EXEMPTION – VERIFIED SUPPLEMENT

**EXHIBIT A
GREAT LAKES CENTRAL RAILROAD, INC.
DESCRIPTION OF GLC’S OPERATING PROPERTIES**

Description of GLC's Operating Property

GLC currently operates approximately 379.2 route miles located entirely within the State of Michigan. The core of GLC's rail system is a north-south main stem, commencing at its southern terminus at GLC's only connection with AA in Ann Arbor, and proceeding north to the end of track at Petoskey. Several GLC rail lines extend from the main stem:

- A branch connecting Walton Jct. to Traverse City, with branches from Traverse City to both Grawn and Williamsburg;
- A branch from Cadillac to Yuma;
- A short branch in Clare;
- A branch from Ashley to Middleton; and
- A branch from Owosso to approximately Fergus Road (north of Chesaning).

All GLC's rights on the various tracks were acquired under GLC's prior corporate name, Tuscola and Saginaw Bay Railway Company, through the Board's modified certificate procedures and agreements with the lines' owner, the State of Michigan, Department of transportation, with the following exceptions:

- GLC owns 4.96 miles of track in Owosso, 12.45 miles of track between Ashley and Middleton,¹ and 2.6 miles of track at Clare; and
- GLC exercises operating rights over portions of the route between Durand and Owosso using 3.5 miles Grand Trunk Western Railroad Company track and 8.5 miles of track owned by Huron and Eastern Railway Company.

Additionally, as reflected in GLC's timetable, certain track segments which were once covered by modified certificate are no longer an element of GLC's rail system, including:

- Bay View to Charlevoix;
- Approximately Fergus Road to Swan Creek; and
- Yuma to west of Thompsonville.

Finally, 33.18 miles of GLC's 379.2-mile rail system (19.6 miles between west of Cadillac and Yuma, 8.0 miles from south of Traverse City to Grawn, and 5.58 miles between south of Chesaning and approximately Fergus Road) are reflected in GLC's current timetable as out of service ("OOS"),² due to an absence of demand for rail service. While Watco believes the rail still exists in the OOS segments, it is unknown to Watco whether the OOS segments are operable at this time. Very likely, these segments would need additional maintenance before they could be returned to service.

¹ This trackage was purchased from Grand Trunk Western Railroad Company after that railroad abandoned this track segment in *Grand Trunk Western Railroad Company; Abandonment in Montcalm and Gratiot Counties, MI*, Docket No. AB-31 (Sub-8) (ICC served Feb. 10, 1984).

² All three OOS segments are operated under modified certificate.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

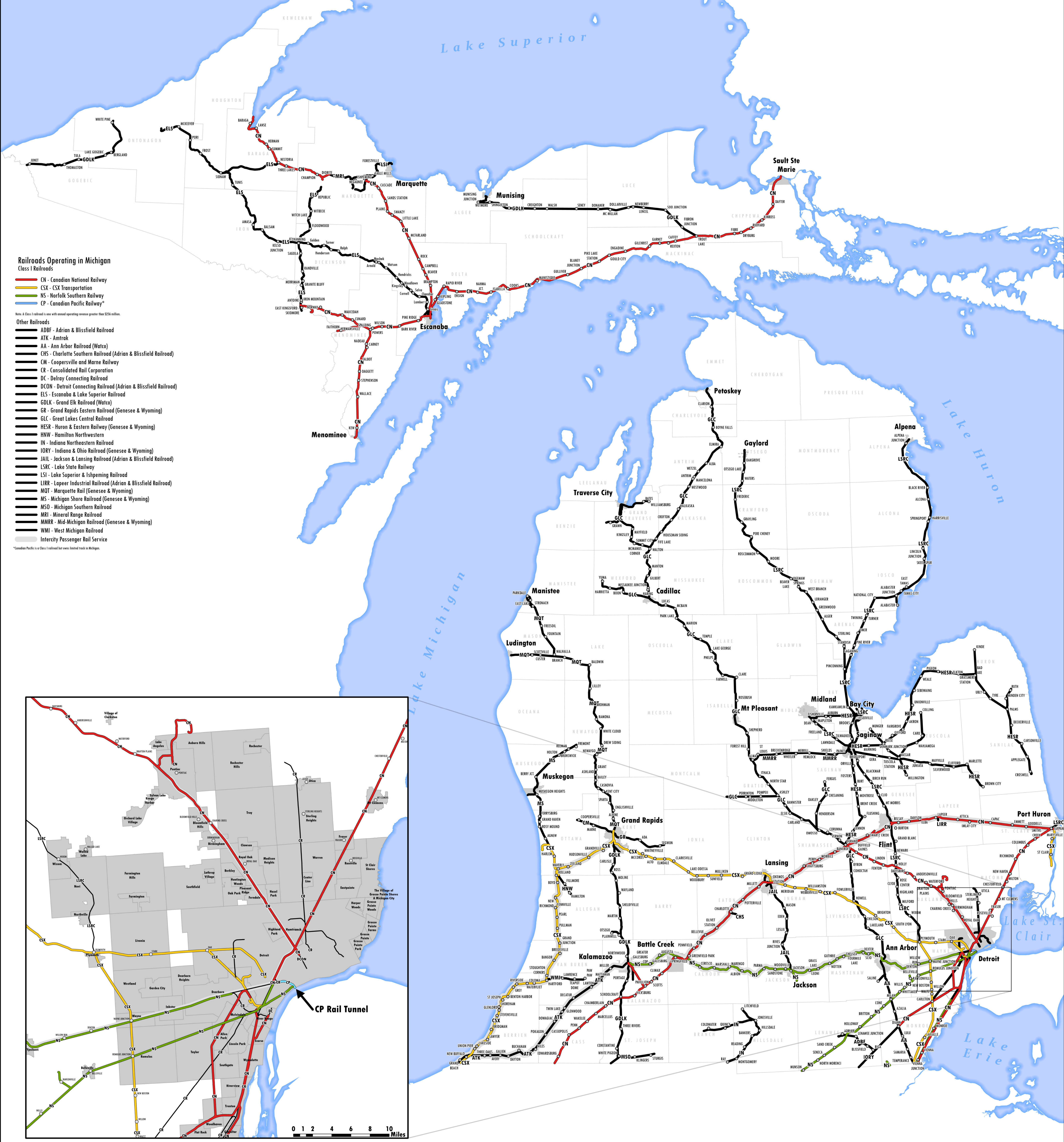
FD 36843

**WATCO HOLDINGS, INC.
— ACQUISITION OF CONTROL EXEMPTION —
GREAT LAKES CENTRAL RAILROAD, INC.**

PETITION FOR EXEMPTION – VERIFIED SUPPLEMENT

**EXHIBIT B
SUPPLEMENTAL MAPS OF GLC, AA AND
OVERALL SERVICE AREA**

Michigan's Railroad System



Railroads Operating in Michigan

- Class I Railroads**
- CN - Canadian National Railway
 - CSX - CSX Transportation
 - NS - Norfolk Southern Railway
 - CP - Canadian Pacific Railway

Note: A Class I railroad is one with annual operating revenue greater than \$250 million.

Other Railroads

- ADRF - Adrian & Blissfield Railroad
- ATK - Amtrak
- AA - Ann Arbor Railroad (Watco)
- CHS - Charlotte Southern Railroad (Adrian & Blissfield Railroad)
- CM - Coopersville and Marne Railway
- CR - Consolidated Rail Corporation
- DC - Delray Connecting Railroad
- DCON - Detroit Connecting Railroad (Adrian & Blissfield Railroad)
- ELS - Escanaba & Lake Superior Railroad
- GDLK - Grand Elk Railroad (Watco)
- GR - Grand Rapids Eastern Railroad (Genesee & Wyoming)
- GLC - Great Lakes Central Railroad
- HESR - Huron & Eastern Railway (Genesee & Wyoming)
- HNW - Hamilton Northwestern
- IN - Indiana Northeastern Railroad
- IORY - Indiana & Ohio Railroad (Genesee & Wyoming)
- JAIL - Jackson & Lansing Railroad (Adrian & Blissfield Railroad)
- LSRC - Lake State Railway
- LSI - Lake Superior & Ishpeming Railroad
- LIRR - Lapeer Industrial Railroad (Adrian & Blissfield Railroad)
- MQT - Marquette Rail (Genesee & Wyoming)
- MS - Michigan Shore Railroad (Genesee & Wyoming)
- MSO - Michigan Southern Railroad
- MRI - Mineral Range Railroad
- MMRR - Mid-Michigan Railroad (Genesee & Wyoming)
- WMI - West-Michigan Railroad
- Intercity Passenger Rail Service

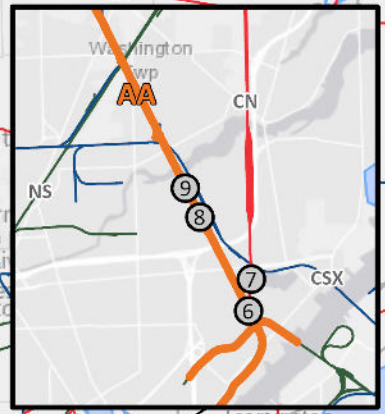
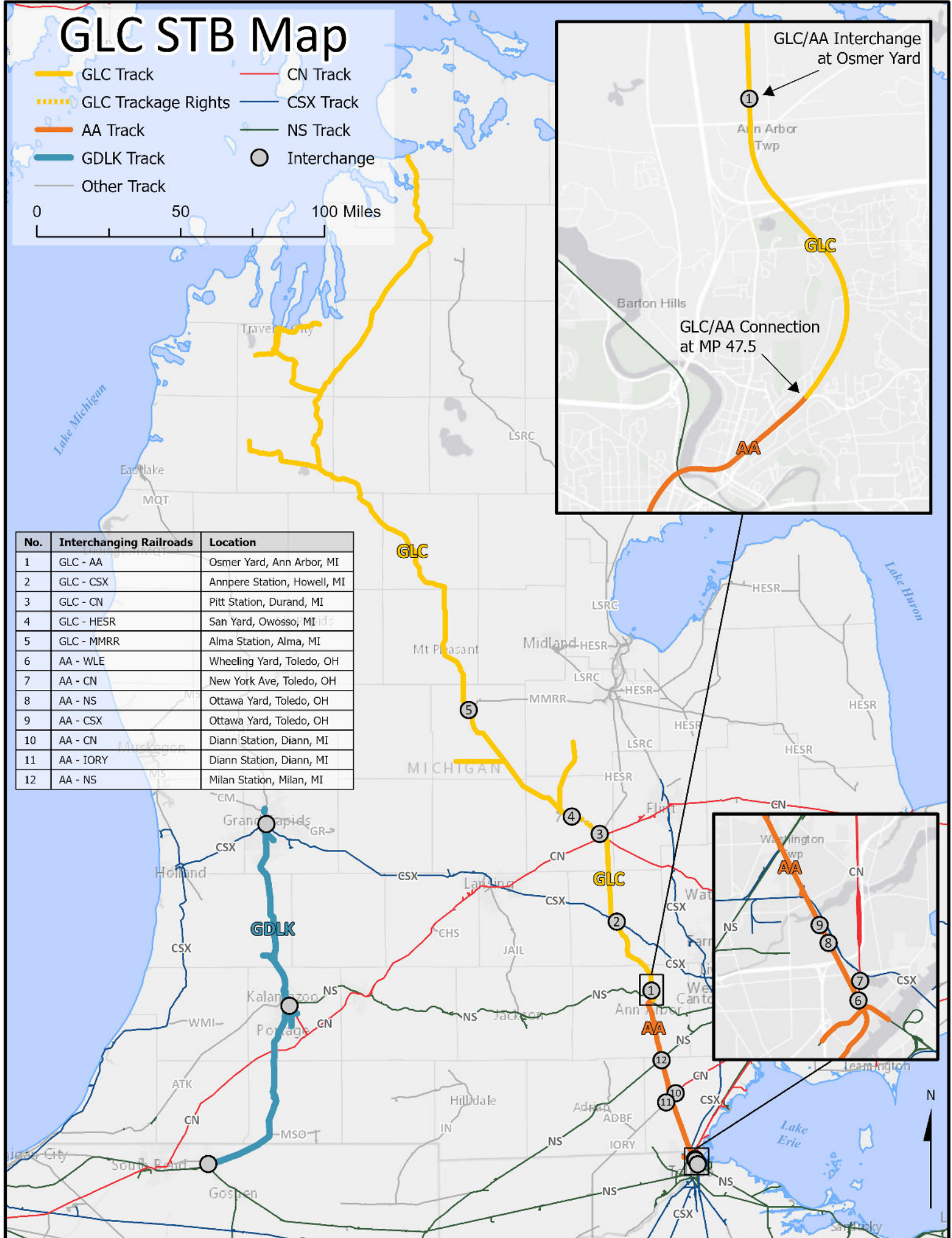
*Canadian Pacific is a Class I railroad but does not track in Michigan.

GLC STB Map

- GLC Track
- AA Track
- GDLK Track
- Other Track
- CN Track
- CSX Track
- NS Track
- Interchange
- ⋯ GLC Trackage Rights



No.	Interchanging Railroads	Location
1	GLC - AA	Osmer Yard, Ann Arbor, MI
2	GLC - CSX	Annpere Station, Howell, MI
3	GLC - CN	Pitt Station, Durand, MI
4	GLC - HESR	San Yard, Owosso, MI
5	GLC - MMRR	Alma Station, Alma, MI
6	AA - WLE	Wheeling Yard, Toledo, OH
7	AA - CN	New York Ave, Toledo, OH
8	AA - NS	Ottawa Yard, Toledo, OH
9	AA - CSX	Ottawa Yard, Toledo, OH
10	AA - CN	Diann Station, Diann, MI
11	AA - IORY	Diann Station, Diann, MI
12	AA - NS	Milan Station, Milan, MI



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36843

**WATCO HOLDINGS, INC.
— ACQUISITION OF CONTROL EXEMPTION —
GREAT LAKES CENTRAL RAILROAD, INC.**

PETITION FOR EXEMPTION

EXHIBIT C
VERIFIED STATEMENT OF ZACHARY G. BOEHME

BEFORE THE SURFACE TRANSPORTATION BOARD

**WATCO HOLDINGS, INC.
—ACQUISITION OF CONTROL EXEMPTION—
GREAT LAKES CENTRAL RAILROAD, INC.**

FD 36843

VERIFIED STATEMENT OF ZACHARY G. BOEHME

I, Zachary G. Boehme, being duly sworn, hereby state as follows:

1. My name is Zachary G. Boehme. I am the Senior Vice President, Rail - Sales of Watco Companies L.L.C. My business address is 315 W. 3rd Street, Pittsburg, Kansas 66762.
2. In my role as Senior Vice President, I hold commercial oversight for all railroads controlled by Watco Holdings, Inc. (“Watco”) in North America. This includes developing and advancing partnerships between Class I railroads and the dozens of short line and regional railroads within the Watco corporate family, including the Ann Arbor Railroad, Inc. (“AA”), which Watco currently controls.
3. I was promoted to my current role in 2023 after joining Watco as Vice President of Rail Sales in 2022. My railroad career began in 2013 as a conductor for the Toledo, Peoria & Western Railway, a Genesee & Wyoming short line. Over the subsequent nine years, I held roles of increasing responsibility. Prior to railroading, I worked in the agribusiness sector. I was named to Railway Age’s 2022 Fast Trackers list for the top 25 railroad

professionals under the age of 40. I hold a bachelor's degree in business administration and management from the University of Illinois-Springfield.

4. I have personal knowledge of the facts stated in this Verified Statement. This knowledge is derived from my review of Watco's business records, discussions with relevant Watco personnel, my extensive experience in the railroad industry, and my direct involvement with the proposed acquisition that is the subject of this Verified Statement.
5. This Verified Statement is submitted in support of Watco's supplement to its Petition for Exemption (the "Petition") filed on March 6, 2025, in the above-captioned proceeding. This statement responds to specific requests for additional information made by the Surface Transportation Board (the "Board") in its May 30, 2025, Order (the "May 30th Order"), specifically pertaining to Watco's request for Board authorization to acquire control of Great Lakes Central Railroad, Inc. ("GLC"). Furthermore, this Verified Statement verifies the data and assertions set forth in the Petition's supplemental narrative.

**WATCO'S LACK OF MARKET POWER AND ABSENCE OF
INTENT TO FORCE TRAFFIC DIVERSION**

6. Watco's fundamental business strategy is to foster traffic growth by offering the most efficient and appealing routes and services to customers, not by compelling or dictating routings. I understand that rail service efficiency extends beyond mere route mileage; it inherently involves close coordination

with Class I interline partners to align with their operating efficiencies, network plans, and terminal capacities.

7. Watco has no intent to divert GLC traffic from its current Class I interline gateways to routes served by the AA. Should Watco be granted authority to acquire control of GLC, even if one were to hypothesize that Watco could generate increased revenues by coercing longer GLC-AA interline routes, significant practical and competitive constraints would preclude us from doing so. This is predicated on the inherent lack of market power that short line railroads, even those which may become commonly controlled like GLC and AA, possess, coupled with prevalent shipper preferences and the operational realities of interline freight transportation.

Systemic Lack of Short Line Market Power

8. My experience in the railroad industry demonstrates that short lines do not possess the type of market power that would facilitate an abuse of shippers. I will explain why this is the case, based on the fundamental structure of the U.S. freight rail network and common industry dynamics:

- o **Last Mile / First Mile Dependence:** Short lines typically operate segments characterized by lower traffic densities. Their primary function is to collect or distribute traffic from local industries, interchanging this freight with a Class I railroad for the predominant, long-haul segment, or vice-versa. Consequently, the vast majority of short line traffic is interline traffic, necessitating a connection with a Class I carrier (or multiple Class Is) to reach its ultimate origin or destination.
- o **Revenue Split Disparity:** Class I railroads consistently command the lion's share of revenue for interline shipments, given their responsibility for the longest and most profitable portions of the haul.

Short lines receive a comparatively smaller division of revenue for their segment. Negotiating more favorable revenue splits with Class I carriers remains a persistent challenge for short lines.

- **Operational Demands and Class I Priorities:** Class I railroads, particularly under Precision Scheduled Railroading (PSR) methodologies, prioritize the movement of highly efficient, long-haul unit trains and large carload blocks. Individual carload traffic or smaller volumes, which constitute the core business of many short lines, are inherently less appealing to Class Is. This often results in Class Is having diminished incentive to prioritize a short line's unique operating needs if those needs do not align with their broader network-wide efficiency objectives.

Impediments to Forced Traffic Diversion

9. Beyond the inherent lack of short line market power, several specific factors would prevent Watco from forcing inefficient interline routes or traffic diversions. Here are two such factors:

- **Class I and Customer Resistance and Cost Shifting:** If a short line were to attempt to force longer, less-efficient hauls for a speculative revenue increase (as the Board has posited), its Class I connections would typically resist such traffic diversion, as would the short line's customers. Most likely, the Class I would demand the same interline transportation revenue regardless of the short line's proposed alternative gateway. This maneuver would result in plainly inefficient routing at higher overall transportation costs, which would ultimately be borne by the shipper. While longer (and less efficient) GLC-AA routings might theoretically generate more revenue for Watco in some isolated cases, they would inevitably deter or prohibit traffic growth, erode shipper confidence, undermine the short line's overarching commitment to service, and, in the process, diminish Watco's reputation in a highly competitive industry where we are continuously seeking new short line opportunities, including the operation of publicly-owned railroad infrastructure, such as in this case.
- **Preservation of Class I Relationships:** Watco's portfolio of short lines partners with each of the six Class I systems operating in the U.S. Many of our operations involve leasing and operating lines owned by these Class I partners. Were Watco – via commonly-controlled AA and GLC – to attempt to force inefficient interline routes with any of our

Class I partners, it would jeopardize our favorable standing with those larger carriers. This could imperil our short line operations elsewhere within the Watco family where the affected Class I could threaten to terminate an otherwise-favorable line lease arrangement or some other commercial arrangement favorable to a different Watco short line. Therefore, a short-sighted maneuver to extend haul for GLC-AA routings would likely inflict lasting damage across Watco's broader short line interests. Forcing route inefficiencies in Michigan, despite a theoretical near-term revenue gain, could do lasting harm to other Watco short lines that lack any such leverage or bargaining power.

10. In summary, short lines are inherently dependent upon Class Is to provide the long-haul connectivity that makes rail a viable option for their customers. As such, any modifications in short line-Class I services are contingent upon collaboration and accommodation of Class I operating preferences and network planning. Watco's short lines would not succeed and grow without the support and cooperation of our Class I partners. Consequently, Watco is acutely attuned to the operating and pricing expectations of our Class I connections, as well as the critical service and pricing concerns of our customers and prospective customers.

REFINING THE CONCEPT OF RAIL SERVICE EFFICIENCY

11. While the shortest physical distance between two points is often assumed to define efficiency, for freight railroads, efficiency is a much more intricate and operationally driven metric than simple linear mileage. Rail service efficiency is about optimizing the entire logistics chain to minimize overall transit time and cost, maximize asset utilization, and provide reliable, predictable service.

12. To illustrate why efficiency extends beyond mere route mileage, I offer the following operational considerations:

- **Network Capacity and Congestion:** The physically shortest route may traverse highly congested rail hubs, yards, or single-track segments. Opting for a slightly longer route that circumvents these choke points can result in significantly faster and more predictable transit times by avoiding protracted delays.
- **Terminal Operations (Rail Yards):** Rail yards are fundamental to the network, serving as points for train building, breakdown, and car classification. A physically short route that directs traffic through an exceptionally large or congested yard could add hours or days to a shipment's transit. Conversely, a longer route that bypasses such a yard, minimizes in-transit handling, or leverages a less congested alternative, can dramatically enhance overall efficiency.
- **Infrastructure Condition:** A track segment that appears shorter on a map may be subject to severe speed restrictions due to its physical condition. Operating over a slightly longer route on well-maintained, higher-speed track can demonstrably yield faster transit times and greater operational efficiency.
- **Customer Needs and Service Reliability:** Ultimately, shippers prioritize reliable and consistent service with predictable transit times. A route that is marginally longer in mileage but offers superior reliability, avoids operational pitfalls, and consistently meets a customer's specified delivery window is often the preferred option.

13. In essence, efficient freight railroad service is defined by network optimization. It necessitates strategically choosing routes that avoid systemic bottlenecks, leverage efficient classification and interchange facilities, and facilitate seamless transitions between rail partners, even when such choices result in additional mileage.

ABSENCE OF HEAD-TO-HEAD COMPETITION BETWEEN AA AND GLC

14. Watco is unaware of any existing situations where GLC and AA currently compete for traffic from any industries located in or near Ann Arbor, Michigan, or the broader "greater Ann Arbor area."

15. First, GLC and AA do not directly serve any common shipper facilities;

therefore, the proposed transaction will not result in any “2-to-1” customers.

16. Second, to the best of my knowledge and based on Watco's due diligence, AA

and GLC do not engage in “direct vs. transload” or “transload vs. transload”

competition against each other. For example, AA's transload services have

traditionally targeted the automobile manufacturing industry, which does not

align with the type of transload traffic that GLC has historically pursued.

17. While, in theory, GLC and AA, as well as CSXT Transportation, Inc.

(“CSXT”) and Norfolk Southern Railway Company (“NSR”) who also serve the

region, could compete for new rail-shipping industries or through transload

services, no such head-to-head competition currently exists between AA and

GLC to my knowledge.

COMMITMENT TO OPEN GATEWAYS

18. Critically, Watco hereby specifically commits to keeping all currently-active

GLC and AA gateways open on commercially competitive terms. This

commitment is contingent on future traffic volumes and shipper demand, and

it requires the cooperation of third-party interline partners in facilitating

traffic movements via such existing gateways.

19. Watco expects that the Board will hold us to this representation in granting

the Petition. Given the limited market power that GLC and AA, even if

commonly controlled, possess, which is typical of short lines operated by

Watco, this commitment is essentially self-executing. Our business model

fundamentally relies on attracting and retaining customers by offering flexible and efficient routing options, not by restricting them.

PRIMARY MOTIVATION FOR GLC ACQUISITION AND EXPECTED BENEFITS

20. Watco's plan to acquire GLC (with MiDOT's support) is driven by the stand-alone traffic growth opportunities and the service improvements Watco intends to implement should it acquire control of GLC. My experience with other Watco short lines in Michigan, and our familiarity with Michigan shipper dynamics, firmly confirms GLC's potential for traffic growth.

21. More pointedly, Watco's interest in GLC as an acquisition target was not principally focused on developing and exploiting GLC-AA traffic routings. Watco would have sought to acquire GLC (whose owners were seeking a motivated purchaser) regardless of the AA connection. GLC-AA interline connectivity was, at best, a secondary consideration for Watco when negotiating acquisition terms. The historical experience suggests that GLC-AA connectivity is proving more of a superficial regulatory concern than a primary business driver for this acquisition.

Enhanced Routing Efficiencies Under Common Control

22. Should this transaction be authorized and GLC and AA come under common Watco control, Watco will be able to more readily explore and implement streamlined GLC-AA routing efficiencies. This is particularly relevant for GLC traffic that shippers and connecting railroad carriers desire to be transported to and from AA's various Toledo gateways. While GLC and AA

already coordinate where such routing is appealing to customers and our Class I partners, future common control under Watco will eliminate transactional friction and enable a more seamless, integrated approach to interline service. This will ultimately benefit GLC customers seeking the most direct routes to key markets across Ohio, the U.S. South, Southeast, Mid-Atlantic, and Northeast. These geographically evident efficiencies are designed to optimize rail movements and bolster the competitiveness of rail transportation in the region.

23. Improved inter-carrier coordination, as a direct result of the proposed transaction, will yield significant operational and competitive benefits for railroad transportation consumers in northern and central Michigan.

Watco's Dedication to Attracting New Traffic and Improving Service

24. Beyond the enhanced GLC/AA inter-carrier routing efficiencies, GLC will gain immediate access to Watco's highly experienced marketing and operating teams upon acquisition. These dedicated professionals, with a proven track record across Watco's extensive short line portfolio, are committed to thoroughly exploring every avenue for GLC service improvements. Their expertise will be used to identify new traffic opportunities, develop tailored logistics solutions, and ensure that operations are as responsive and efficient as possible for its customers. This infusion of specialized talent is critical to unlocking GLCs full growth potential.

Watco's Capital Improvement Plans for the GLC System

25. Crucially, Watco is committed to substantial capital investments on the GLC system immediately upon acquisition. The company intends to invest approximately \$3.7 million in the rail network, demonstrating a tangible commitment to its long-term viability and operational safety. This investment includes:

- \$1.2 million dedicated to critical tie replacement and surfacing on GLC's Cadillac Subdivision (Cadillac to San Yard/Owosso – roughly 124.45 miles), addressing track integrity and ride quality.
- \$2.0 million allocated for comprehensive rehabilitation of the Middleton Subdivision (Ashley to end of track at Middleton – roughly 12.45 miles), with the specific goal of elevating the track from its current FRA excepted status to FRA Class 1 condition. This upgrade will significantly improve operational capabilities and efficiency on this vital segment.
- \$500,000 targeted for grade crossing signal upgrades, enhancing safety for both railroad operations and the communities GLC serves.

26. These planned investments underscore Watco's dedication to modernizing GLC's infrastructure, improving service reliability, and ensuring safer operations for years to come.

PUBLIC BENEFITS AND SUPPORT FROM THE STATE OF MICHIGAN

27. The collective impact of enhanced routing efficiencies (where achievable), a dedicated management and sales team, and significant capital infusion positions GLC for robust growth and continued vital service to Michigan's economy. I affirm that these public benefits are among the reasons the State

of Michigan actively supports Board approval and prompt subsequent effectuation of the proposed control transaction.

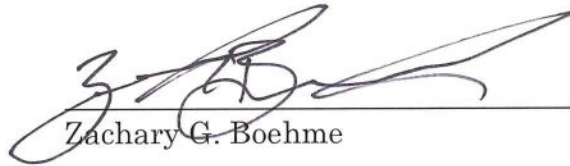
CONCLUSION

28. Based upon the foregoing, I respectfully submit that the proposed acquisition of control of GLC will result in no competitive harm, that a commonly-controlled GLC and AA will not accumulate appreciable market power, much less market power to abuse customers. Also, this transaction will promote the public interest by strengthening interline service operating efficiencies, preserving existing GLC interline gateways, and facilitating capital investment crucial for the region's rail infrastructure.

29. I respectfully submit that the prompt authorization of this transaction by the Board is essential to realize these benefits without undue delay. Any deferral in granting Watco control of GLC would, regrettably, only forestall the immediate implementation of critical capital improvements, the activation of enhanced service efficiencies, and the vigorous pursuit of new traffic growth opportunities. These advancements are vital for the long-term economic health of the GLC rail line and for improving rail service for the customers and communities it serves.

VERIFICATION

I, Zachary G. Boehme, hereby verify under penalty of perjury that I have read the supplemental filing (the "Supplement") on behalf of Watco Holdings, Inc. ("Watco") to which my verified statement ("Statement") on behalf of Watco is appended. I further verify that I have read the immediately foregoing statement (the "Statement") in support of Watco's Supplement, that I know the contents of the Supplement and the foregoing Statement, and that the contents of each are true and correct to the best of my information and belief. Further, I certify that I am qualified and authorized to file this statement on behalf of Watco.


Zachary G. Boehme

Executed on June 19, 2025

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36843

**WATCO HOLDINGS, INC.
— ACQUISITION OF CONTROL EXEMPTION —
GREAT LAKES CENTRAL RAILROAD, INC.**

PETITION FOR EXEMPTION

EXHIBIT D

PUBLIC - REDACTED

**INTERCHANGE COMMITMENT PROVISION FROM
THE ANN ARBOR – NORFOLK SOUTHERN RAILWAY
COMPANY LEASE TRANSACTION AUTHORIZED
PURSUANT TO FD 35729 (SUB-NO. 1)**

LEASE AGREEMENT

THIS LEASE AGREEMENT (“Agreement”) is made this 14th day of June, 2013, by and between **ANN ARBOR RAILROAD, INC.** (hereinafter referred to as “AARR”), and **NORFOLK SOUTHERN RAILWAY COMPANY**, including its subsidiaries and affiliates, a Virginia corporation (hereinafter referred to as “NSR”).

WITNESSETH:

WHEREAS, NSR is the owner of the lines of railroad in Toledo, OH, known as the Cherry Street Line from milepost CS 1.26 to milepost CS 2.65 and the Galena Yard Track from milepost GY 85.40 to GY 87.70 as described in **Attachment A** (the “Line”); and

WHEREAS, NSR desires to lease the Line to AARR; and

WHEREAS, AARR desires to lease the Line from NSR in accordance with the terms stated herein; and

WHEREAS, AARR acknowledges that the Line is being leased to it only because AARR is willing to make such capital and maintenance expenditures on the Line as are necessary to provide rail service for customers that may locate on the Line and AARR can make such expenditures and construct any necessary interchange with NSR without assistance or subsidy from NSR; and

WHEREAS, in connection herewith, NSR and AARR will be assuming the terms of the already existing Interchange Agreement (providing for the interchange of traffic between the parties) that exists between the two railroads for interchange at Ottawa Yard; and

WHEREAS, AARR desires to enter into a separate ISS Agreement designating applicable divisions with NSR; and

WHEREAS, [REDACTED]
[REDACTED]
[REDACTED]; and

WHEREAS, [REDACTED]
[REDACTED]
[REDACTED]

NOW, THEREFORE, in consideration of the premises, the mutual covenants, and the other good and valuable considerations set forth herein, AARR and NSR agree as follows (this

agreement and all of the attachments hereto sometimes referred to hereinafter as the “Agreement”):

1. PROPERTY COVERED

(a) NSR hereby leases to AARR, effective on the Commencement Date stated in Section 24, on an exclusive basis, subject to the rights retained by NSR herein, the line of railroad and related facilities described in **Attachment A** (the “Line”), all in (except to the extent provided otherwise in this Agreement) “AS IS, WHERE IS” CONDITION AND WITHOUT ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE and subject to all existing easements and other impediments to the title of NSR, whether or not this Agreement provides actual notice thereof. AARR acknowledges that it has inspected the Line to the extent it deems necessary for its operations on the Line for the term of this Agreement and accepts it in its current condition.

(b) It is understood and agreed that AARR has neither the right nor the option to purchase the Line and that certain property rights enumerated in Section 30 are reserved unto NSR.

(c) In addition, AARR shall not have the right to grant trackage rights or operating rights of any nature, including haulage, over the Line to any third party, except as expressly agreed in writing by NSR.

2. RIGHT TO POSSESSION.

(a) On the Commencement Date provided for in Section 24 of this Agreement, NSR will deliver to AARR possession of the Line for AARR’s lease, sublease and operation; provided, however, that NSR shall have ninety (90) days after said Commencement Date in which to remove, at its sole expense and without interference with AARR’s operations, all track material, equipment, locomotives, and other rolling stock of NSR located on but not affixed to the Line as of the Commencement Date.

(b) To the extent it is necessary for either party to enter onto the Line in furtherance of any of its rights or obligations contained in this Agreement, or pursuant to any other legal obligation or settlement agreement, the party in possession of the Line agrees to allow the other to enter onto the Line for such purposes, with prior written notice and subject to the execution of a standard right of entry in the form attached hereto as Exhibit 5 (a “ROE Agreement”) in the event of entry by a party other than NSR. The execution of the Right of Entry form shall not be required where a court of competent jurisdiction orders entry to be permitted without execution of the “ROE Agreement.”

3. TERM.

(a) Unless otherwise terminated pursuant to Section 3(b), 3(c) or 3(d) below, this Lease shall be for a term of ten (10) years from the Commencement Date (the “Term”). Unless

efforts to work with NSR to maximize the electronic flow of information. To the extent AARR acts as a switching carrier for NSR, AARR shall participate in NSR's EDI program that requires AARR to transmit electronically to NSR all switching settlement data. AARR may, at its own cost, elect to use the services of a third party provider.

12. LEASE RENTALS.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13. MAINTENANCE AND SERVICE STANDARDS.

(a) AARR acknowledges that it has been given the opportunity to make as detailed an inspection of the Line as it desired.

(b) AARR shall be responsible for all maintenance of the Line, including but not limited to track, bridges, signals, detectors and highway crossing equipment, as applicable. The Line shall be maintained to the standards set forth in **Attachment B**. Should AARR fail to maintain its track in compliance with such standards, NSR shall have the right, but not the obligation, to make repairs necessary to bring the Line into compliance, and AARR shall reimburse NSR for the cost of making such repairs.

(c) AARR shall operate and maintain any and all vehicular grade crossing signals located on the Line. AARR shall be solely responsible for all grade crossings within the leased premises, including compliance with FRA and local public utility regulations associated therewith.

14. INSPECTION OF LINE.

NSR shall, at NSR's sole risk and expense, have the right, upon giving twenty-four (24) hours' notice, to enter the Line to conduct inspections of the rail line, any supporting infrastructure and equipment and associated real property, provided that NSR shall comply with any instructions of AARR reasonably designed to ensure the safety of the personnel and property.

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this “Amendment”) is made this 15th day of January 2024, by and between, ANN ARBOR RAILROAD, INC (hereinafter referred to as “AARR”), and NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation, on behalf of itself and its railroad operating subsidiaries (hereinafter referred to as “NSR”). AARR and NSR are sometimes referred herein as the “Parties.”

WITNESSETH:

WHEREAS, the AARR and NSR entered into a Lease Agreement (“Lease”) dated June 14, 2013, for a certain line of railroad as described in Attachment A to the Lease (the “Line”);

WHEREAS, the Parties now desire to amend the Lease extend the Term;

WHEREAS, the Parties also desire to amend the Lease to make certain modifications and to and revise certain terms;

NOW, THEREFORE, in consideration of the premises, the mutual covenants, and the other good and valuable considerations set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Lease is hereby amended and the parties agree as follows:

1. Paragraph 3(a) is deleted in its entirety and replaced by the following:

3. TERM.

(a) Unless otherwise terminated pursuant to Section 3(b), 3(c) or 3(d) below, this Lease shall be for a term of ten (10) years from the Commencement Date of the Original Lease (the “Initial Term”). At the expiration of the Initial Term, this Lease will renew through June 14, 2028 (the “Additional Term”). The Initial Term and any Additional Term shall be collectively referred to herein as the “Term”.

2. Paragraph 3 is modified by adding the following as 3(f):

(f) In the event NSR is entitled to terminate this Lease pursuant to the foregoing provisions of this Section 3, NSR may, among its other remedies, and at its discretion, immediately terminate AARR’s right of possession and take control of the Line and operate the same.

equivalent systems; and (5) AARR shall consult with NSR about ongoing use of the PTC systems or equivalent systems.

AARR shall provide accurate electronic information (to include Electronic Data Interchange (“EDI”) 417, 418, 419 and 420 transaction sets) to NSR at least one hour prior to the interchange of traffic. Sequential order of railcars on the final interchange electronic transmission (EDI 418) shall be the same as the physical standing order of the traffic. To the extent AARR acts as a switching carrier for NSR, AARR shall participate in NSR’s EDI program that requires AARR to transmit electronically to NSR all switching settlement data. AARR may, at its own cost, elect to use the services of a third party provider. If requested by NSR, AARR shall electronically transmit any additional car records within 24 hours of NSR’s request.

6. Section 12 is deleted and replaced with the following: :

■ [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FD 36843

**WATCO HOLDINGS, INC.
— ACQUISITION OF CONTROL EXEMPTION —
GREAT LAKES CENTRAL RAILROAD, INC.**

PETITION FOR EXEMPTION

**EXHIBIT E
PUBLIC - REDACTED¹²
STOCK PURCHASE AGREEMENT**

¹² Numerous pages of the Stock Purchase Agreement that were included with the Highly Confidential version of this filing have been omitted from the attached, Public version (out of an interest in limiting file size), because those pages would have otherwise been presented here as redacted in their entirety.

CONFIDENTIAL

EXECUTION VERSION

SHARE PURCHASE AGREEMENT

by and among

FEDERATED RAILWAYS, INC.,

FEDERATED CAPITAL HOLDINGS, L.L.C.,

FEDERATED CAPITAL ACQUISITIONS, INC.,

██████████, solely in █████ capacity as the Federated Representative,

and

WATCO RAILROAD COMPANY HOLDINGS, INC.,

with respect to all of the issued and outstanding

shares of capital stock of

FEDERATED CAPITAL ACQUISITIONS, INC.

Dated as of February 28, 2025

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EXHIBITS:

Exhibit A	[REDACTED]
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SHARE PURCHASE AGREEMENT

This SHARE PURCHASE AGREEMENT, dated as of February 28, 2025 (this "Agreement"), is made and entered into by and among [REDACTED]; Federated Railways, Inc., a Michigan corporation ("Federated"); Federated Capital Holdings, L.L.C., a Michigan limited liability company ("FCH"); Federated Capital Acquisitions, Inc., a Michigan corporation ("FCA"); [REDACTED], solely in [REDACTED] capacity as the Federated Representative ("[REDACTED]"); and Watco Railroad Company Holdings, Inc., a Kansas corporation ("WRCHI").

RECITALS

[REDACTED] owns all of the issued and outstanding shares of capital stock of Federated, Federated owns all of the issued and outstanding common shares of FCH, FCH owns all of the issued and outstanding shares of capital stock of FCA (the "FCA Shares"), and WRCHI desires to purchase from FCH, and FCH desires to sell, and the Federated Parties desire to cause FCH to sell, to WRCHI, all of the FCA Shares, in accordance with the terms set forth in this Agreement.

THEREFORE, in consideration of the foregoing and the respective covenants and agreements hereinafter contained, the parties agree as follows:

ARTICLE I DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"AAR" means the Association of American Railroads.

"Accounting Principles" means the accounting policies, principles, practices, procedures, methodologies and assumptions used in the calculation of Historical Net Working Capital as set forth in Exhibit D and Closing Date Net Working Capital (and the components of each of Target Historical Net Working Capital and Closing Date Net Working Capital).

"Action" means any claim, action, suit, proceeding, labor dispute, investigation or audit by or before any court, tribunal or other Governmental Entity or arbitral body.

"Additional Environmental Investigations" has the meaning set forth in Section 5.10(c).

"Affiliate" means any Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with another Person with the term "control" meaning, for this purpose, the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities or partnership, membership or other ownership interests, or by contract or otherwise. For purposes of this Agreement, WRCHI and WTS shall not be deemed to be Affiliates of FCA or any of its Subsidiaries, except as specifically provided in Section 9.2(e). [REDACTED]

"Agreed Enterprise Value" has the meaning set forth in Section 2.1(a).

"Agreement" has the meaning set forth in the introductory paragraph to this Agreement.

"Balance Sheet" means the consolidated balance sheet of Federated and its Subsidiaries as of September 30, 2024 as set forth in Section 3.7 of the Disclosure Schedule.

"Business" means the operation by FCA and its Subsidiaries of an approximate 400-mile Class III regional railroad entirely in the State of Michigan, including ownership and use of certain passenger railcars and related Equipment and Machinery, the Owosso Rail Yard and any leased and/or owned property along the corridor.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in Owosso, Michigan, are closed generally.

"Cap" has the meaning set forth in Section 9.2(c).

"Capital Expenditure Reimbursement Amount" means the following:

[REDACTED]

"CARES Act" means the Coronavirus Aid, Relief, and Economic Security Act, as amended, and the statutes, rules and regulations promulgated thereunder and any successor to such statutes, rules or regulations.

"CARES Act Programs" has the meaning set forth in Section 3.10.

"Cash" means the net aggregate amount of cash and cash equivalents, as adjusted for additions of any deposits in transit and checks received but not deposited, and deductions for outstanding checks, in each case, of FCA and its Subsidiaries (on a consolidated basis), as determined in accordance with GAAP and without giving effect to the consummation of the transactions contemplated by this Agreement, and which may result in a positive or negative amount.

"Closing" has the meaning set forth in Section 2.2.

"Closing Date" has the meaning set forth in Section 2.2.

"Closing Date Net Working Capital" has the meaning set forth in Section 2.5.

"Closing Payment Amount" has the meaning set forth in Section 2.1(c).

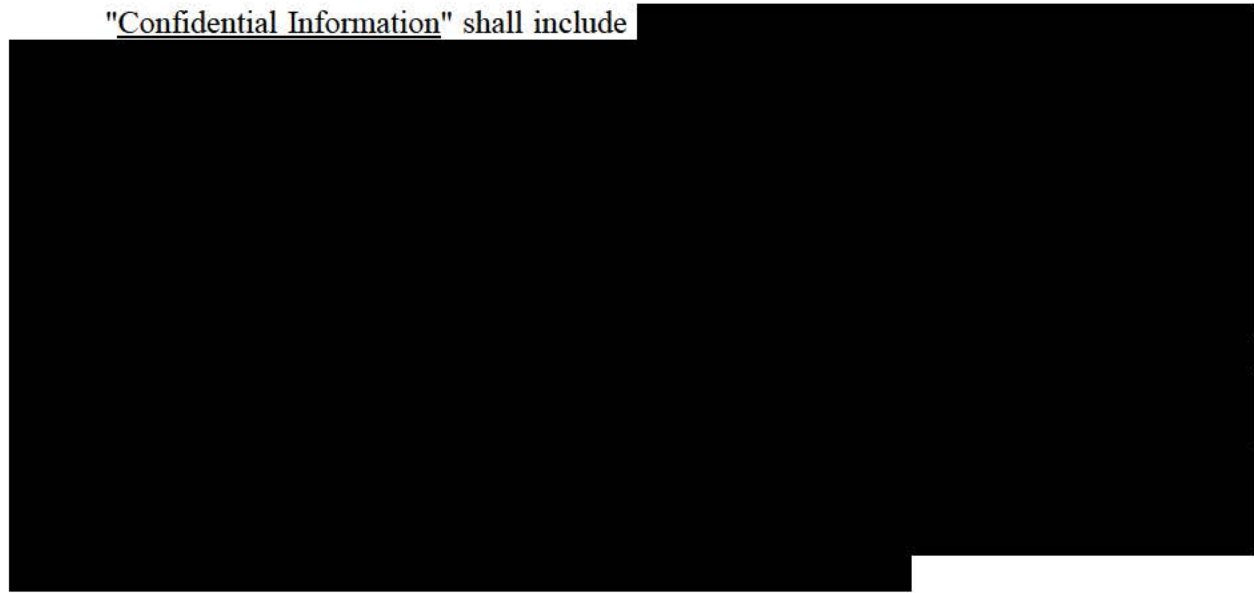
"Closing Report" has the meaning set forth in Section 2.3(a).

"Closing Statement" has the meaning set forth in Section 2.3(a).

"COBRA" has the meaning set forth in Section 3.19(h).

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidential Information" shall include



"Contracts" means



[REDACTED]

[REDACTED]

"Current Assets" means [REDACTED]

[REDACTED]

"Current Liabilities" means [REDACTED]

[REDACTED]

"Disclosure Schedule" means the Disclosure Schedule delivered by the Federated Parties to WRCHI concurrently with the execution and delivery of this Agreement.

"Due Diligence Period" has the meaning set forth in Section 5.10(a).

"Effective Time" has the meaning set forth in Section 2.2.

"Environmental Claim" means any written claim, action, demand, or notice by or on behalf of any Governmental Entity or Person alleging liability or potential liability under, or a violation of, any Environmental Law, or liability or potential liability arising out of the Release or presence of or exposure to any Materials of Environmental Concern.

"Environmental Investigations" has the meaning set forth in Section 5.10(c).

"Environmental Laws" means any and all Laws regulating or imposing liability concerning protection of the environment or occupational health or safety, or natural resource damages, including Laws relating to the use, handling, generation, transportation, presence or Release of, or exposure to, Materials of Environmental Concern in effect as of the Effective Time.

"Environmental Permits" means any and all permits, licenses, approvals, registrations, notifications, and any other written authorization pursuant to or required under any Environmental Law.

"Environmental Real Property" has the meaning set forth in Section 5.10(b).

"Environmental Remediation Notice" has the meaning set forth in Section 5.10(c).

"Environmental Report" means any report, study, assessment, audit or other similar document that addresses any environmental or occupational health issue, including any issue of actual or potential noncompliance with, actual or potential liability under or cost arising out of, or actual or potential impact on business in connection with, any Environmental Law, that may affect Federated and its Subsidiaries.

"Equipment and Machinery" means all the material equipment, machinery, furniture, fixtures and improvements, tooling, spare parts, supplies and vehicles (including all locomotives, railcars, tractors, trailers, vans and all other transportation rolling stock) owned, leased or used (except third-party locomotives and rolling stock used pursuant to AAR interchange rules) by FCA or its Subsidiaries.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" has the meaning set forth in Section 3.19(b).

"Escrow Agent" has the meaning set forth in Section 2.1(d).

"Escrow Agreement" has the meaning set forth in Section 2.1(d).

"Escrow Fund" has the meaning set forth in Section 2.1(d).

"Estimated Capital Expenditure Reimbursement Amount" means Federated's estimate of the amount of the Capital Expenditure Reimbursement Amount, and shall include any changes known to Federated between the date the estimate is made and the Closing Date.

"Estimated Net Working Capital" means Federated's estimate of the amount of Closing Date Net Working Capital, and shall include any changes known to Federated between the date the estimate is made and the Closing Date, including the effect of any transactions excluded as described in Section 2.6 and Section 5.9.

"Excluded Assets" has the meaning set forth in Section 2.6.

"Excluded Liabilities" has the meaning set forth in Section 2.6.

"Existing Policies" has the meaning set forth in Section 3.20.

"FCA" has the meaning set forth in the introductory paragraph to this Agreement.

"FCA Shares" has the meaning set forth in the Recitals to this Agreement.

"FCA Transaction Expenses" has the meaning set forth in Section 13.6.

"FCH" has the meaning set forth in the introductory paragraph to this Agreement.

"Federated" has the meaning set forth in the introductory paragraph to this Agreement.

"Federated Indemnitees" has the meaning set forth in Section 9.3.

"Federated Marks" has the meaning set forth in Section 6.1.

"Federated Parties" means, individually and collectively, [REDACTED], Federated, FCH and FCA.

"Federated Representative" has the meaning set forth in Section 13.8.

"Federated Shares" means all of the issued and outstanding shares of capital stock of Federated.

"FELA Claims" means claims made under the Federal Employers Liability Act, as amended from time to time. [REDACTED]

[REDACTED]

[REDACTED]

"Financial Statements" has the meaning set forth in Section 3.7.

"FRA" means the U.S. Federal Railroad Administration.

"FRL" means Federated Railcars, LLC, a Michigan limited liability company and direct wholly-owned Subsidiary of FCA.

"Fundamental Representations, Warranties and Covenants of Federated Parties" means t

[REDACTED]

"Fundamental Representations, Warranties and Covenants of WRCHI" means

[REDACTED]

"GAAP" means U.S. generally accepted accounting principles as in effect from time to time.

"GLCR" means Great Lakes Central Railroad, Inc., a Michigan corporation and direct wholly-owned Subsidiary of FCA.

[REDACTED]

"Governmental Entity" means any national, federal, state, provincial, local or international governmental or public body, court, agency or regulatory authority or commission, or other governmental authority or instrumentality.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity.

[REDACTED]

"Historical Net Working Capital" shall mean [REDACTED]

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"Indebtedness" means, [REDACTED]

"Indemnification Escrow Amount" has the meaning set forth in Section 2.1(d).

"Indemnified Party" has the meaning set forth in Section 9.1.

"Indemnifying Party" has the meaning set forth in Section 9.1.

"Independent Accounting Firm" has the meaning set forth in Section 2.3(a).

"Initial Environmental Investigations" has the meaning set forth in Section 5.10(b).

"Intellectual Property" means all of the following owned or licensed by FCA or any of its Subsidiaries, as licensee or licensor, or used in the Business: (i) registered and material unregistered trademarks and service marks and trade names, and all goodwill associated therewith,

"Losses" means any damages, demands, claims, liabilities, obligations, losses, costs, Taxes, expenses (including, without limitation, the fees and disbursements of attorneys, accountants, consultants and engineers), deficiencies, interest, penalties, impositions, assessments or fines of any kind or nature, whether known or unknown, fixed or contingent.

[REDACTED]

"Material Adverse Effect" means

[REDACTED]

"Material Contracts" has the meaning set forth in Section 3.18(a)(xviii).

"Materials of Environmental Concern" means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products, hazardous substances, polychlorinated biphenyls, urea-formaldehyde insulation, asbestos, molds, pollutants, contaminants, radioactivity and any other materials, substances or wastes of any kind, regulated pursuant to, or that would reasonably be expected to give rise to any liability under, any Environmental Law.

"MDOT" means the Michigan Department of Transportation.

[REDACTED]

[REDACTED]

"Multiemployer Plans" has the meaning set forth in Section 3.19(a).

"Non-Foreign Affidavits" means non-foreign affidavits, which may include Form W-9 (Request for Taxpayer Identification Number and Certification) to the extent allowable under the Code and Regulations, in a form reasonably acceptable to WRCHI, demonstrating that such person is not a foreign person, provided by each Person that WRCHI reasonably requests in connection with the transactions described herein or ancillary to this Agreement, pursuant to Subchapter A of Chapter 3 of the Code, and in each case any similar state tax withholdings.

"Options" has the meaning set forth in Section 3.13(d).

"Outside Date" has the meaning set forth in Section 12.1(c).

"Owned Intellectual Property" means Intellectual Property owned by FCA or any of its Subsidiaries.

"Owned Real Property" has the meaning set forth in Section 3.12(a).

"PBGC" has the meaning set forth in Section 3.19(b).

"Permitted Liens" means [REDACTED]

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization or Governmental Entity.

"Personal Property" means all furniture, fixtures, Equipment and Machinery, receivables, and other items of tangible personal property.

"Plans" has the meaning set forth in Section 3.19(a).

"PPP Loan" means any loan from, or liability or obligation of Federated and/or any of its Subsidiaries to, the Small Business Administration or any other Person under the CARES Act,

"Paycheck Protection Program", "Economic Stabilization Fund" or other Small Business Administration loan program.

"Pre-Closing Tax Period" [REDACTED]

"Purchase Price" has the meaning set forth in Section 2.1(a)(iii).

"Rail Facilities" has the meaning set forth in Section 3.27.

"Railroad Assets" means all assets, properties and rights (including the Rail Facilities), real and personal, of FCA and its Subsidiaries.

"Real Property" has the meaning set forth in Section 3.13(e).

"Regulations" means the Treasury Regulations (including Temporary Regulations) promulgated by the United States Department of Treasury with respect to the Code or other federal tax statutes.

"Release" means disposing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, or placing into the environment.

"Release Date" has the meaning set forth in Section 9.6(b).

"Releasing Person" has the meaning set forth in Section 6.3.

"Required Tax Return Records" has the meaning set forth in Section 3.9(x).

"Resolved Loss Amounts" has the meaning set forth in Section 9.6(b).

"Schedule Supplement" has the meaning set forth in Section 5.11(a).

"Securities Act" means the United States Securities Act of 1933, as amended, and all rules and regulations of the United States Securities and Exchange Commission promulgated thereunder.

"STB" means the U.S. Surface Transportation Board.

"Straddle Period" [REDACTED]

"Subsidiary" means, with respect to any Person, any other Person (i) of which the first Person owns directly or indirectly 50% or more of the equity interest in the other Person; (ii) of which the first Person or any other Subsidiary of the first Person is a general partner; or (iii) of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors, managers or other persons performing similar functions with respect to the other Person are at the time owned by the first Person and/or one or more of the first Person's

Subsidiaries. For purposes of this definition, for the avoidance of doubt, FCH, FCA, FRL and GLCR are Subsidiaries of Federated.

"Target Net Working Capital Amount" [REDACTED]

"Tax Claim" has the meaning set forth in Section 11.3(a).

"Taxes" means [REDACTED]

"Tax Return" means any report, return, declaration, statement, information return, filing, election, claim for refund or other information, including any schedules or attachments thereto, and any amendments to any of the foregoing required to be supplied to a taxing authority in connection with Taxes.

"Term" has the meaning set forth in Section 6.4.

"Third-Party Claim" has the meaning set forth in Section 9.5(a).

"Threshold" has the meaning set forth in Section 9.2(a).

"Title Investigations" has the meaning set forth in Section 5.10(a).

"Title Objection Notice" has the meaning set forth in Section 5.10(a).

"Total Claimed Loss Amounts" has the meaning set forth in Section 9.6(b).

"Unresolved Loss Amounts" has the meaning set forth in Section 9.6(b).

"WRCHI" has the meaning set forth in the introductory paragraph to this Agreement.

"WRCHI Confidentiality Parties" has the meaning set forth in Section 13.15.

"WRCHI Indemnitees" has the meaning set forth in Section 9.2(a).

"WTS" means Watco Transportation Services, L.L.C., a Kansas limited liability company, [REDACTED]

"WTS Shares" means [REDACTED]

"\$" means United States Dollars.

ARTICLE II PURCHASE AND SALE OF FCA SHARES
AND OTHER PAYMENTS AT CLOSING

Section 2.1 Purchase Price for FCA Shares. Subject to the terms and conditions set forth in this Agreement and in reliance upon the representations and warranties of Federated Parties set forth below, on the Closing Date and effective as of the Effective Time:

(a) [REDACTED]

(i) [REDACTED]

(ii) [REDACTED]

(iii) [REDACTED]

(b) [REDACTED]

[Redacted]

(c)

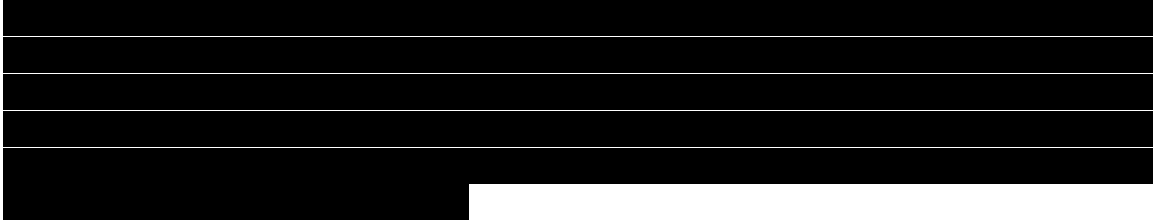
[Redacted]

(d)

[Redacted]

(e)

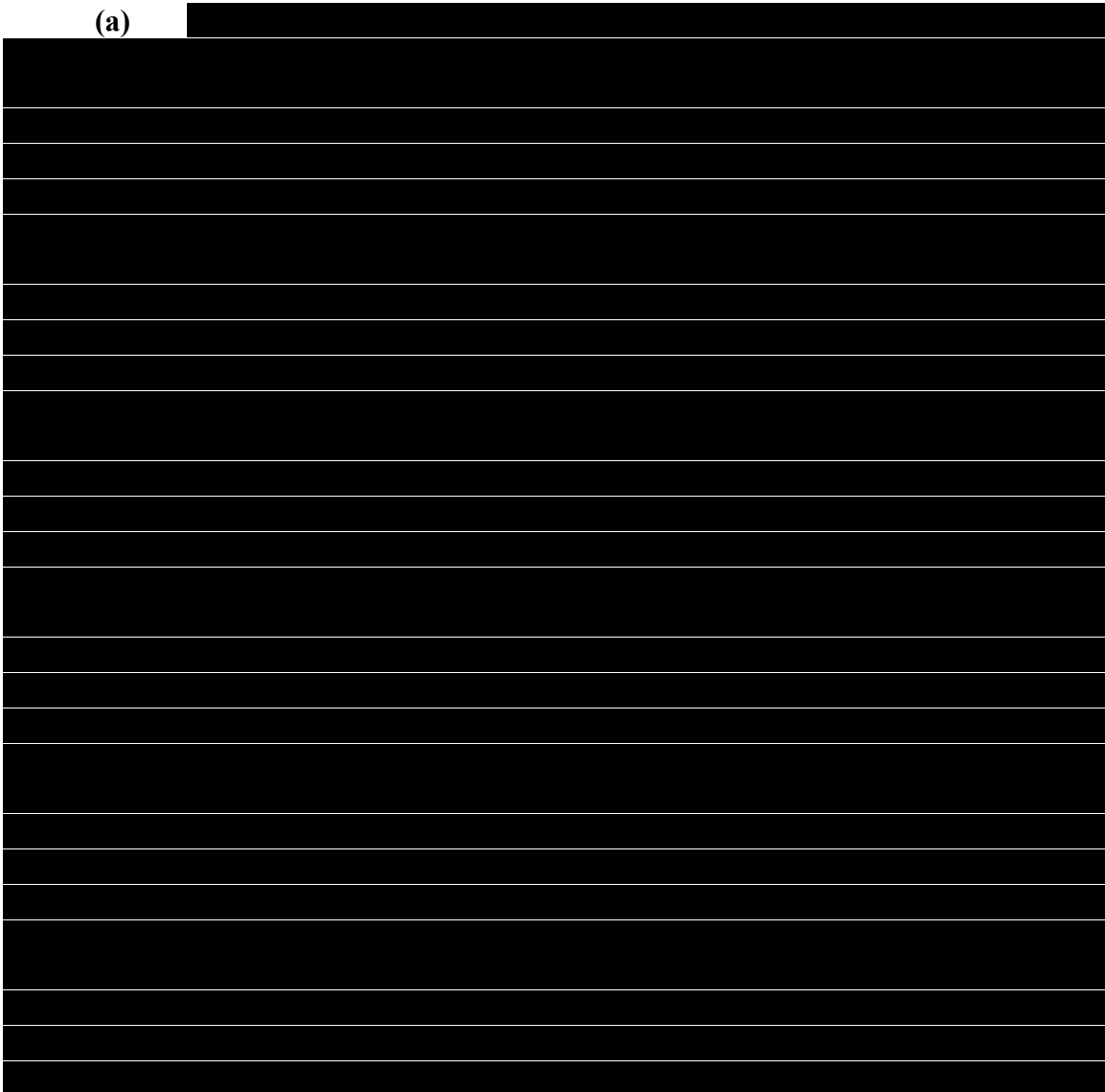
[Redacted]



Section 2.2 Closing. The closing (the "Closing") for the consummation of the transactions contemplated by this Agreement shall take place on such date as may be mutually agreed by the parties hereto in writing after all conditions precedent to Closing as provided for in this Agreement have been satisfied, with such date not to exceed ten (10) Business Days after such satisfaction of conditions precedent (the "Closing Date"), and will take effect as of 12:01 a.m. Eastern time on the Closing Date (the "Effective Time").

Section 2.3 Post-Closing Determination.

(a)



[REDACTED]

(b) [REDACTED]

Section 2.4 Post-Closing Adjustment.

(a) [REDACTED]

(b) [REDACTED]

(c) [REDACTED]

(d)

[REDACTED]

Section 2.5 Closing Date Net Working Capital.

[REDACTED]

Section 2.6 Excluded Assets and Excluded Liabilities.

[REDACTED]

[REDACTED]

Section 2.7 Amount of Taxes included in Net Working Capital. [REDACTED]

[REDACTED]

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE FEDERATED PARTIES

[REDACTED]

The Federated Parties represent and warrant to WRCHI, as of the date of this Agreement and continuing through the Effective Time and thereafter as contemplated or provided in this Agreement, subject to such information that is disclosed in the Disclosure Schedule, as follows:

Section 3.1 [REDACTED] Federated, FCH and FCA.

(a) Authority of [REDACTED], Federated, FCH and FCA. Federated, FCH, FCA and [REDACTED] have the requisite power and authority to enter into this Agreement, to consummate the transactions contemplated hereby and to

carry out its obligations hereunder. The execution and delivery of this Agreement by [REDACTED], Federated, FCH and FCA and the consummation of the transactions contemplated hereby has been duly authorized by all necessary trust, corporate or limited liability company action, as applicable, on the part of [REDACTED], Federated, FCH and FCA and no other trust, corporate, limited liability company or other proceedings on the part of [REDACTED], Federated, FCH or FCA are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions contemplated hereby.

[REDACTED], and is [REDACTED]. This Agreement

has been duly executed and delivered by [REDACTED], Federated, FCH and FCA and, assuming the due authorization, execution and delivery of this Agreement by WRCHI, this Agreement constitutes the valid and binding obligation of [REDACTED], Federated, FCH and FCA, enforceable against [REDACTED], Federated, FCH and FCA in accordance with its terms.

(b) Ownership of FCA Shares. FCH owns of record, legally and beneficially, all of the FCA Shares, free and clear of all Liens.

Section 3.2 Organization, Authority and Qualification of Federated, FCH and FCA.

(a) Each of Federated and FCA is a corporation, duly organized, validly existing and in good standing under the Laws of the State of Michigan, and FCH is a limited liability company, duly organized, validly existing and in good standing under the Laws of the State of Michigan. Each of Federated, FCH and FCA has all requisite power and authority to own, operate or lease the assets or properties now owned or leased by it, and to conduct its business as now conducted, and is duly licensed or qualified to do business as a foreign entity and is in good standing in each jurisdiction in which the character of the properties and assets owned or leased by it or the nature of the business conducted by it makes such licensing or qualification necessary or desirable, except that the failure to be so licensed or qualified and in good standing would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect. All corporate, limited liability company or other organizational actions, as applicable, taken by Federated, FCH and FCA have been duly authorized, and none of Federated, FCH or FCA has taken any action that in any respect conflicts with, constitutes a default under, or results in a violation of, any provision of its Articles of Incorporation or Organization, bylaws or limited liability company agreement, or similar organizational documents.

(b) Section 3.2(b) of the Disclosure Schedule sets forth a true and complete list of Federated's Subsidiaries, listing for each Subsidiary its name, type of entity, the jurisdiction and date of its incorporation, its authorized capital, the number and type of its issued and outstanding shares of capital stock, and the current ownership of such shares. Copies of the Articles of Incorporation and By-laws (or comparable organizational

documents, as applicable) of Federated's Subsidiaries, with all amendments thereto to the date hereof, have been furnished to WRCHI or its representatives, and such copies are accurate and complete.

(c) Each of Federated's Subsidiaries is a corporation or limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation and has all requisite power and authority to own, operate or lease the assets or properties now owned or leased by it, and to conduct its business as now conducted, and is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the character of the properties and assets owned or leased by it or the nature of the business conducted by it makes such licensing or qualification necessary or desirable (each of which jurisdictions so licensed or qualified with respect to each of Federated's Subsidiaries is listed in Section 3.2(c) of the Disclosure Schedule), except that the failure to be so licensed or qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect.

(d) Other than Federated's Subsidiaries listed in Section 3.2(b) of the Disclosure Schedule, there are no other corporations, limited liability companies, partnerships, joint ventures, associations or other entities in which Federated, FCH or FCA owns, of record or beneficially, any direct or indirect equity interest or any right (contingent or otherwise) to acquire the same, except as set forth in Section 3.2(d) of the Disclosure Schedule. Except as set forth in Section 3.2(b) and Section 3.2(d) of the Disclosure Schedule, neither Federated nor any of its Subsidiaries is a member of (nor is any part of the Business conducted through) any partnership nor is Federated nor any of its Subsidiaries a participant in any joint venture or similar arrangement.

Section 3.3 No Conflict or Violation; Authority and Validity.

(a) The execution, delivery and performance by ██████████, Federated and its Subsidiaries of this Agreement and the transactions contemplated hereby do not and will not (i) violate or conflict with any provision of the trust agreements or organizational documents, as applicable, of ██████████ or Federated or its Subsidiaries, (ii) violate any order, judgment or decree of any Governmental Entity applicable to ██████████ or Federated or any of its Subsidiaries or their Railroad Assets or Business, or (iii) except as set forth on Section 3.3(a) of the Disclosure Schedule, violate, conflict with or result in a breach of or constitute (with or without due notice or lapse of time or both) a default, require consent under, or give to others any rights of termination, amendment, suspension, revocation or cancellation of, or result in the creation or imposition of any Lien upon any of the Railroad Assets, properties or rights of Federated or any of its Subsidiaries under, any Material Contract to which Federated or any of its Subsidiaries is a party or by which it is bound or to which any of its Railroad Assets is subject, or result in the acceleration of any Indebtedness created thereunder or give rise to a right thereunder to require any payment to be made by Federated or any of its Subsidiaries.

(b) To the Knowledge of Federated Parties, there is no pending or threatened Action before any Governmental Entity by or against ██████████ or Federated or any of its Subsidiaries relating to (i) ██████████ ownership of the Federated Shares or

[REDACTED]

(b)

[REDACTED]

Section 3.6 Indebtedness. Except as set forth in Section 3.6 of the Disclosure Schedule, none of Federated or any of its Subsidiaries has any Indebtedness.

Section 3.7 Financial Statements.

[REDACTED]

[REDACTED]

Section 3.8 Conduct in the Ordinary Course; Absence of Certain Changes, Events and Conditions.

(a) Except as set forth in Section 3.8(a) of the Disclosure Schedule, for 180 days prior to the execution of this Agreement, Federated and its Subsidiaries have not suffered any effects, changes, events or developments which have had or would reasonably be expected to have a Material Adverse Effect;

(b) Except as set forth in Section 3.8(b) of the Disclosure Schedule, since the date of the Balance Sheet, Federated and its Subsidiaries have operated and conducted the Business in the ordinary course of business consistent with past practice and have not:

(i) [REDACTED]

(ii) [REDACTED]

(iii) [REDACTED]

(iv) [REDACTED]

(v) [REDACTED]

(vi) [REDACTED]

(vii) [REDACTED]

(viii) [REDACTED]

(ix) [REDACTED]

(x) [REDACTED]

(xi) [REDACTED]

(xii) [REDACTED]

(xiii) [REDACTED]

(xiv) [REDACTED]

(xv) [REDACTED]

(xvi) [REDACTED]

(xvii) [REDACTED]

(xviii) [REDACTED]

[Redacted]

(xix)

[Redacted]

(xx)

[Redacted]

(xxi)

[Redacted]

(xxii)

[Redacted]

(xxiii)

[Redacted]

(xxiv)

[Redacted]

(xxv)

[Redacted]

(xxvi)

[Redacted]

(xxvii)

[Redacted]

(xxviii)

[Redacted]

(xxix)

[Redacted]

Section 3.9 Tax Matters. Section 3.9 of the Disclosure Schedule includes a schedule of each periodic tax filing, each tax registration, and the jurisdiction for each such filing or registration, for FCA and each of its Subsidiaries. Except as set forth on Section 3.9 of the Disclosure Schedule:

(a)

[Redacted]

(b)

[Redacted]

(c)

[Redacted]

(d)

[Redacted]

(e)

[Redacted text block]

(f)

[Redacted text block]

(g)

[Redacted text block]

(h)

[Redacted text block]

(i)

[Redacted text block]

(j)

[Redacted text block]

(k)

[Redacted text block]

(l)

[Redacted text block]

(m)

[Redacted text block]

[Redacted]

(n)

[Redacted]

(o)

[Redacted]

(p)

[Redacted]

(q)

[Redacted]

(r)

[Redacted]

(s)

[Redacted]

(t)

[Redacted]

(u)

[Redacted text block]

(v)

[Redacted text block]

(w)

[Redacted text block]

(x)

[Redacted text block]

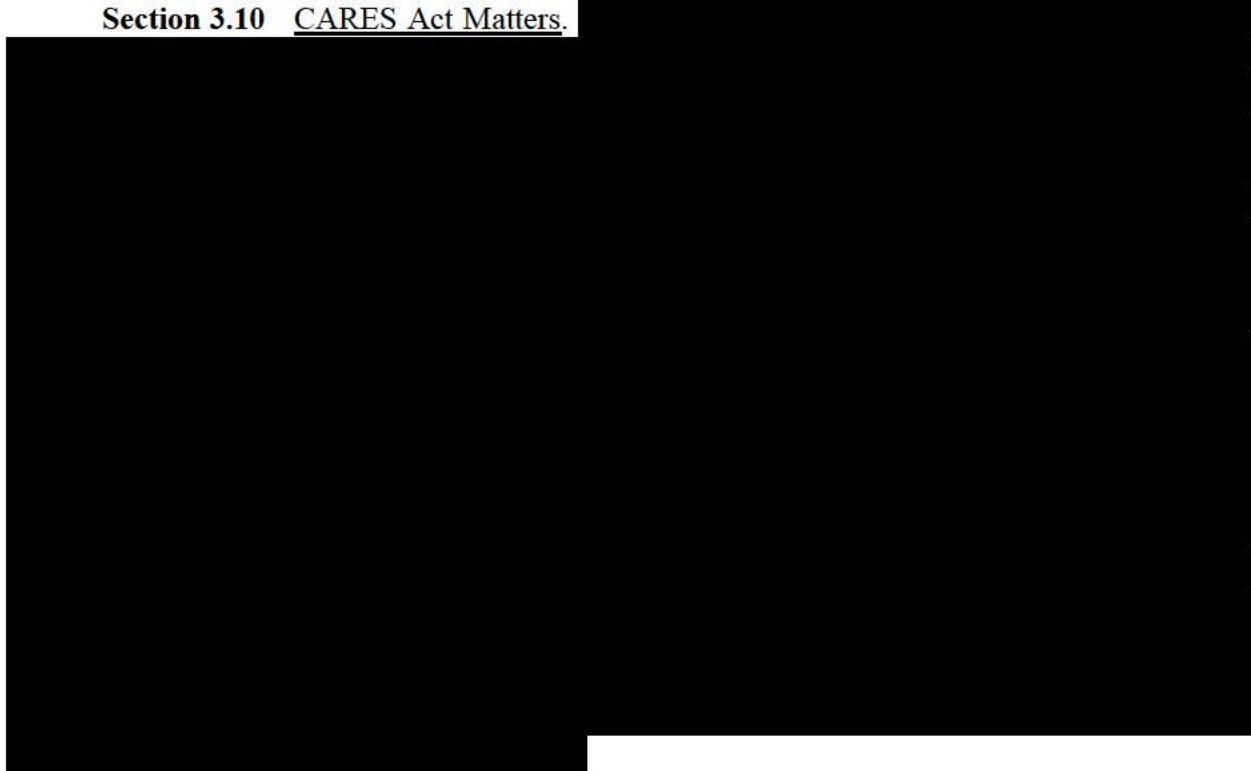
(y)

[Redacted text block]

[Redacted text block]



Section 3.10 CARES Act Matters.



Section 3.11 Absence of Undisclosed Liabilities. Except as and to the extent set forth in the Balance Sheet or on Section 3.11 of the Disclosure Schedule, none of FCA or any of its Subsidiaries has any Indebtedness or liabilities which would be required to be disclosed on FCA's balance sheet prepared in accordance with GAAP, except for liabilities as shall have been incurred or accrued in the ordinary course of business consistent with past practice since the date of the Balance Sheet and which, in the aggregate, are not material to FCA and its Subsidiaries. Except as set forth on the Balance Sheet, none of FCA or any of its Subsidiaries is directly or indirectly liable upon or with respect to (by discount, repurchase agreement or otherwise), or obliged in any other way to provide funds in respect of, or to guarantee or assume, any Indebtedness of any Person.

Section 3.12 Owned Real Property.

(a) Section 3.12(a) of the Disclosure Schedule sets forth a list, which is complete and accurate, of the real property owned by FCA or its Subsidiaries (the "Owned

Real Property"). To the Knowledge of Federated Parties, it has not received notice of any pending or contemplated rezoning, eminent domain or condemnation proceeding affecting Owned Real Property. To the Knowledge of Federated Parties, each parcel of Owned Real Property is properly zoned (or a special use permit has been granted or a legal nonconforming use has been established) to permit the current use and operation of such parcels.

(b) To the Knowledge of Federated Parties, all streets, easements, utilities and related services necessary for access to and operation of each parcel of Owned Real Property for its current use have been obtained. To the Knowledge of Federated Parties, no facts or conditions exist or are expected which would result in the termination of the current access from any parcel of the Owned Real Property to any presently existing public highway or road adjoining such parcel.

(c) To the Knowledge of Federated Parties, no work has been performed or is in progress by Federated or any of its Subsidiaries at, and no materials have been furnished to, any parcel of the Owned Real Property which might give rise to mechanics', materialmen's or other Liens against any parcel of the Owned Real Property.

(d) To the Knowledge of Federated Parties, FCA and its Subsidiaries are in peaceful and undisturbed possession of each parcel of Real Property, and none of Federated or any of Federated's Subsidiaries has received written notice of any uncured violation of any contractual or legal restrictions that preclude or restrict the ability to use the Real Property for the purposes for which it is currently being used. The Owned Real Property and the buildings thereon, are in good operating condition and repair and have been reasonably maintained consistent with standards generally followed in the railroad industry in the United States. To the Knowledge of Federated Parties, there are no structural defects in any of the buildings or other improvements to the Real Property. Except as set forth on Section 3.12(d) of the Disclosure Schedule, none of Federated or any of its Subsidiaries has leased any parcel or any portion of any parcel of Owned Real Property to any other Person and no other Person has any rights to the use, occupancy or enjoyment thereof pursuant to any lease, sublease, license, occupancy or other agreement to which Federated or any of its Subsidiaries is a party, nor has FCA or any of its Subsidiaries assigned its interest under any Lease listed on Section 3.13(a) of the Disclosure Schedule to any third party.

(e) To the Knowledge of Federated Parties, neither [REDACTED] nor Federated or any of its Subsidiaries has received written notice that any of the improvements on the Real Property or any of the current uses and conditions thereof violate any applicable deed restrictions or other applicable covenants, restrictions, agreements, existing site plan approvals, zoning or subdivision regulations or urban redevelopment plans as modified by any duly issued variances.

(f) To the Knowledge of Federated Parties, all improvements on any Real Property are wholly within the lot or boundary limits of such Real Property and do not encroach on any adjoining premises and there are no encroachments on any Real Property or any easement or property right or benefit appurtenant thereto by any improvements

located on any adjoining premises that have not been previously disclosed to WRCHI in writing.

(g) None of the Real Property is subject to any option, right of first refusal or other contractual right to purchase, acquire, sell, assign or dispose any part thereof or any interest therein.

(h) To the Knowledge of Federated Parties, the existing water, sewer, gas and electricity lines, storm sewer and other utility systems on the Owned Real Property are adequate to serve the current utility needs of the Owned Real Property.

Section 3.13 Leased Real Properties; Sufficiency.

(a) Section 3.13(a) of the Disclosure Schedule sets forth a list of all leases, subleases, licenses and occupancy agreements, together with all amendments and supplements thereto (including the name of the lessor and lessee), with respect to all real properties in which FCA or any of its Subsidiaries has a leasehold interest, whether as lessor or lessee (each, a "Lease" and collectively, the "Leases"; the property covered by Leases under which FCA or any of its Subsidiaries is a lessee is referred to herein as the "Leased Real Property").

(b) Each Lease is in full force and effect and no Lease has been modified or amended except pursuant to an amendment referred to in Section 3.13(a) of the Disclosure Schedule. Neither FCA or any of its Subsidiaries nor any other party to a Lease has given to the other party written notice of, or has made a claim with respect to, any breach or default. None of FCA or any of its Subsidiaries is in default under any Lease and, to the Knowledge of Federated Parties, no other party to a Lease is in default. There are no events which with the passage of time or the giving of notice or both would constitute a default by FCA or any of its Subsidiaries or, to the Knowledge of Federated Parties, by any other party to such Lease.

(c) The rental amount set forth in each Lease is the actual rental amount being paid, and except for lease amendments or rent side letters which have been provided to WRCHI, there are no separate agreements or understandings with respect to the same. The amount of such rent payable under such Leases is set forth in Section 3.13(c) of the Disclosure Schedule. No tenant under any Leases of Owned Real Property has paid base monthly rent more than one month in advance.

(d) None of Federated or any of its Subsidiaries has waived, or taken any action or failed to take any action that would nullify or void the full right to exercise, any unexpired option, right of first offer or right of first refusal contained in any such Lease or sublease, including any such option or right pertaining to purchase, expansion, renewal, extension or relocation (collectively, "Options") contained in the Leases on the terms and conditions contained therein.

(e) The Owned Real Property and the Leased Real Property taken together represent all of the real property used in the Business (the "Real Property").

Section 3.14 Intellectual Property.

(a) Section 3.14(a) of the Disclosure Schedule sets forth a complete and correct list of the Intellectual Property (the "Listed Intellectual Property") filed by, used or issued or registered to FCA or any of its Subsidiaries in connection with the Business. FCA and its Subsidiaries own or have a valid and enforceable license or otherwise have the right to use all Intellectual Property used in the Business as currently conducted and such use does not violate or conflict with the rights of any third party. Except as set forth in Section 3.14(a) of the Disclosure Schedule, all Listed Intellectual Property is owned by FCA or its Subsidiaries, free and clear of all Liens. To the Knowledge of Federated Parties, there has not been communicated to Federated or any of its Subsidiaries the threat of any claim that the holder of such Listed Intellectual Property is in violation or infringement of any Intellectual Property right of any third party, or challenging FCA's or any of its Subsidiaries' ownership or use of, or the validity or enforceability of, any of the Listed Intellectual Property.

(b) Section 3.14(b) of the Disclosure Schedule sets forth a complete list of all material licenses, sublicenses and other agreements in which FCA or any of its Subsidiaries or any sublicensee of FCA or any of its Subsidiaries has granted to any Person the right to use the Listed Intellectual Property. Except as set forth in Section 3.14(b) of the Disclosure Schedule, none of FCA or any of its Subsidiaries is under any obligation to pay royalties or other payments in connection with any material license, sublicense or other agreement, nor is FCA or any of its Subsidiaries restricted from assigning its rights under any sublicense or agreement respecting the Listed Intellectual Property, nor will FCA or any of its Subsidiaries otherwise be, as a result of Federated Parties' execution and delivery of this Agreement, in breach of any material license, sublicense or other agreement relating to the Listed Intellectual Property.

Section 3.15 Licenses and Permits.

[REDACTED]

Section 3.16 Compliance with Law.

[REDACTED]

Section 3.17 Litigation.

[REDACTED]

Section 3.18 Contracts.

(a) Section 3.18(a) of the Disclosure Schedule lists all written and oral Contracts to which FCA or any of its Subsidiaries (or any other Federated Party to the extent related to the Business) is a party or by which its assets or properties are bound (as in effect on the date hereof):

(i) [REDACTED]

(ii) [REDACTED]

(iii) [REDACTED]

(iv) [REDACTED]

(v) [REDACTED]

(vi) [REDACTED]

(vii) [REDACTED]

(viii) [REDACTED]

(ix) [REDACTED]

(x) [REDACTED]

(xi) [REDACTED]

(xii) [Redacted]

(xiii) [Redacted]

(xiv) [Redacted]

(xv) [Redacted]

(xvi) [Redacted]

(xvii) [Redacted]

(xviii) [Redacted]

(b) [Redacted]

(c) [Redacted]

Section 3.19 Employee Plans.

(a) [Redacted]

[Redacted]

(b)

[Redacted]

(c)

[Redacted]

(d)

[Redacted]

(e)

[Redacted]

(f)

[Redacted]

(g)

[Redacted]

(h)

[Redacted]

(i)

[Redacted]

(j)

[Redacted]

(k)

[Redacted]

(l)

[Redacted]

[REDACTED]

Section 3.23 Environmental Matters.

(a) To the Knowledge of Federated Parties, except as would not reasonably be expected to have a Material Adverse Effect on FCA or its Subsidiaries or as set forth in Section 3.23 of the Disclosure Schedule:

(i) [REDACTED]

(ii) [REDACTED]

(iii) [REDACTED]

(iv) [REDACTED]

[REDACTED]

(v) [REDACTED]

(vi) [REDACTED]

(vii) [REDACTED]

(viii) [REDACTED]

(ix) [REDACTED]

(b) Federated has provided to WRCHI or its representatives true and complete copies of all material Environmental Reports that are in the possession or reasonable control of Federated or any of its Subsidiaries.

Section 3.24 Railroad Assets.

(a) [REDACTED]

[REDACTED]

(b)

[REDACTED]

ood operating condition and repair and are suitable for the purposes for which they are used.

Section 3.25 Relations with Customers.

[REDACTED]

Section 3.26 Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of [REDACTED] or Federated or any of its Subsidiaries.

Section 3.27 Rail Facilities and Related Contracts.

(a)

[REDACTED]

(b)

[Redacted text block]

Section 3.28 Condition of Lines; Personal Property.

(a)

[Redacted text block]

(b)

[Redacted text block]

Section 3.29 Certain Business Practices. [REDACTED]

[REDACTED]

Section 3.30 Interchange Commitments. [REDACTED]

[REDACTED]

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF WRCHI

WRCHI represents and warrants to Federated Parties as follows:

Section 4.1 Organization. WRCHI is a corporation duly organized, validly existing, and in good standing under the Laws of the state of Kansas, and has all requisite power and authority to own its properties and assets and to conduct its business as now conducted, and is duly licensed or qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the character of the assets owned or leased by it or the nature of the business conducted by it makes such licensing or qualification necessary or desirable, except where the failure to be so licensed or qualified and in good standing would not, individually or in the aggregate, materially impair WRCHI's ability to perform any of its obligations under this Agreement.

Section 4.2 Authorization and Validity. WRCHI has the necessary power and authority to enter into this Agreement and any other agreements related thereto to which WRCHI is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby. The execution and delivery by WRCHI of this Agreement and the performance by WRCHI of its obligations hereunder have been duly authorized by all necessary corporate action of WRCHI, and no other corporate proceedings on the part of WRCHI are necessary to authorize such execution, delivery and performance. This Agreement has been duly executed and delivered by WRCHI and, assuming the due authorization, execution and delivery of this Agreement by [REDACTED], Federated, FCH and FCA, this Agreement constitutes WRCHI's valid and binding obligation, enforceable against WRCHI in accordance with its terms.

Section 4.3 No Conflict or Violation. The execution, delivery and performance by WRCHI of this Agreement and the transactions contemplated hereby do not and will not (i) violate or conflict with any provision of the Articles of Incorporation of WRCHI, (ii) violate any order, judgment or decree of any Governmental Entity applicable to WRCHI or (iii) violate, conflict with or result in a breach of or constitute (with due notice or lapse of time or both) a default, termination or right of termination under any contract, lease, loan agreement, mortgage, security agreement, trust indenture or other agreement or instrument to which WRCHI is a party or by which it is bound or to which any of its properties or assets are subject, or result in the acceleration of any Indebtedness created thereunder or give rise to a right thereto or require any payment to be made by WRCHI, or result in the creation or imposition of any Lien upon any of the assets, properties or rights of WRCHI.

Section 4.4 Consents and Approvals. Neither the execution and delivery of this Agreement by WRCHI nor the consummation of the transactions contemplated hereby by WRCHI require any consent, waiver, approval, license, authorization or permit of, or filing with or notification to, any Person, except for any consents or waivers required to be obtained from the STB.

Section 4.5 Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of WRCHI.

Section 4.6 Financing. [REDACTED]

ARTICLE V PRE-CLOSING COVENANTS

Section 5.1 Conduct of Business by Federated Pending the Closing. [REDACTED]

Section 5.2 Access to Information and Employees. [REDACTED]



Section 5.3 Financial Statements and Tax Information.

(a)



(b)



[Redacted]

(c)

[Redacted]

(d)

[Redacted]

(e)

[Redacted]

Section 5.4 Employee Benefit Plans.

[Redacted]

[REDACTED]

Section 5.5 Reasonable Best Efforts to Consummate Transaction; Notification.

(a)

[REDACTED]

(b)

[REDACTED]

(c)

[REDACTED]

(i)

[REDACTED]

[REDACTED]

(ii)

[REDACTED]

(iii)

[REDACTED]

Section 5.6 No Control of the Other Party's Business.

[REDACTED]

Section 5.7 Notification of Certain Matters.

[Redacted]

Section 5.8 Director Resignations.

[Redacted]

Section 5.9 Excluded Assets and Excluded Liabilities.

[Redacted]

Section 5.10 Real Property Investigations.

(a)

[Redacted]

[Redacted]

(b)

[Redacted]

(c)

[Redacted]

[REDACTED]

(d)

[REDACTED]

(e)

[REDACTED]

Section 5.11 Supplements to Disclosure Schedule.

(a)

[REDACTED]

[REDACTED]

(b)

[REDACTED]

Section 5.12 Federated 401(k) Matters.

[REDACTED]

ARTICLE VI POST-CLOSING COVENANTS

Section 6.1 Use of Intellectual Property. From and after the Closing, the names or related names, car marks or other marks, initials and logos listed on Section 6.1 of the Disclosure Schedule (all of such names, marks, initials and logos being the "Federated Marks") shall be owned by FCA and its Subsidiaries and none of [REDACTED] Federated or any of their respective Affiliates will contest the ownership or validity of any rights of WRCHI or FCA or any of its Subsidiaries in or to Federated Marks. From and after the Closing, none of [REDACTED], Federated or any of their respective Affiliates shall use any of the Owned Intellectual Property or any of the Licensed Intellectual Property.

Section 6.2 Further Assurances. From time to time after the Closing, without additional consideration, [REDACTED] and Federated will (or, if appropriate, cause their respective Affiliates to) execute and deliver such further instruments and take such other action as may be necessary to make effective the transactions contemplated by this Agreement. If any party to this Agreement shall following the Closing have in its possession any asset or right that under this Agreement should have been delivered to the other, such party shall promptly deliver such asset or right to the other. Without limiting the foregoing, [REDACTED] and Federated will (or if appropriate, cause their respective Affiliates or representatives to) furnish or otherwise make reasonably available to WRCHI or its representatives (for inspection or copying) such books and records (as may be in the possession or control of [REDACTED], Federated or their respective Affiliates or representatives) as WRCHI or its representatives may reasonably request from time to time relating to FCA or its Subsidiaries or the Business.

Section 6.3

[REDACTED]

[REDACTED]

Section 6.4 Employment Matters.

[REDACTED]

ARTICLE VII RESERVED

ARTICLE VIII CONDITIONS PRECEDENT

Section 8.1 Conditions to Each Party's Obligation to Close. The obligations of the parties to consummate the transactions contemplated by this Agreement on the Closing Date are subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a)

[REDACTED]

(b)

[REDACTED]

[REDACTED]

(c)

[REDACTED]

(d)

[REDACTED]

(e)

[REDACTED]

(f)

[REDACTED]

Section 8.2 Additional Conditions to Obligations of WRCHI. The obligations of WRCHI to consummate the transactions contemplated by this Agreement on the Closing Date are also subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a)

[REDACTED]

(b)

[REDACTED]

[Redacted]

(c)

[Redacted]

(d)

[Redacted]

(e)

[Redacted]

(f)

[Redacted]

(g)

[Redacted]

(h)

[Redacted]

Section 8.3 Additional Conditions to Obligation of Federated Parties. The obligation of the Federated Parties to consummate the transactions contemplated by this Agreement on the Closing Date is also subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a)

[Redacted]

(b)

[Redacted]

[Redacted]

(c)

[Redacted]

ARTICLE IX INDEMNIFICATION

Section 9.1 Survival.

[Redacted]

Section 9.2 Indemnification by the Federated Parties.

(a)

[Redacted]

[Redacted]

(i)

[Redacted]

(ii)

[Redacted]

(iii)

[Redacted]

(iv)

[Redacted]

(v)

[Redacted]

(b)

[Redacted]

(c)

[Redacted]

[REDACTED]

(d)

[REDACTED]

(i)

[REDACTED]

(ii)

[REDACTED]

(e)

[REDACTED]

Section 9.3 Indemnification by WRCHI.

[REDACTED]

[Redacted]

(a)

[Redacted]

(b)

[Redacted]

Section 9.4 Limitation on Losses.

[Redacted]

Section 9.5

(a)

[Redacted]

(b)

[Redacted]

[REDACTED]

[REDACTED]

(a)

[REDACTED]

[REDACTED]

(b)

[REDACTED]

Section 9.7

[REDACTED]

ARTICLE X CLOSING DELIVERIES

Section 10.1 Closing Deliveries by WRCHI.

(a) At the Closing, WRCHI shall deliver to the Federated Representative:

(i)

[REDACTED]

(ii)

[REDACTED]

(iii)

[REDACTED]

(iv)

[REDACTED]

(v)

[REDACTED]

(vi)

[REDACTED]

(b) [Redacted]

Section 10.2 Closing Deliveries by the Federated Parties. At the Closing, the Federated Parties shall have delivered or caused to be delivered to WRCHI:

(a) [Redacted]

(b) [Redacted]

(c) [Redacted]

(d) [Redacted]

(e) [Redacted]

(f) [Redacted]

(g) [Redacted]

(h) [Redacted]

(i) [Redacted]

[Redacted]

(j)

[Redacted]

(k)

[Redacted]

(l)

[Redacted]

(m)

[Redacted]

(n)

[Redacted]

ARTICLE XI TAX MATTERS

The following provisions shall govern the allocation of responsibility between WRCHI and the Federated Parties for certain tax matters following the Closing Date:

Section 11.1 Tax Returns.

(a)

[Redacted]

[REDACTED]

(b)

[REDACTED]

(c)

[REDACTED]

(d)

[Redacted]

Section 11.2 Tax Cooperation.

[Redacted]

Section 11.3 Procedures Relating to Indemnification of Tax Claims.

(a)

[Redacted]

(b)

[Redacted]

[REDACTED]

Section 11.4 Transfer Taxes. [REDACTED]

[REDACTED]

Section 11.5 Tax Treatment. [REDACTED]

[REDACTED]

Section 11.6 Section 45G of the Code. [REDACTED]

[REDACTED]

Section 11.7 Refunds. [REDACTED]

[REDACTED]

[REDACTED]

Section 11.8 Post-Closing Actions. [REDACTED]

[REDACTED]

Section 11.9 Tax-Sharing Agreements. [REDACTED]

[REDACTED]

Section 11.10 Coordination with ARTICLE IX. [REDACTED]

[REDACTED]

ARTICLE XII TERMINATION, AMENDMENT AND WAIVER

Section 12.1 Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to Closing:

(a) [REDACTED]

(b) [REDACTED]

(c) [REDACTED]

(d) [REDACTED]

(e) [REDACTED]

(f)

[REDACTED]

Section 12.2 Effect of Termination.

[REDACTED]

ARTICLE XIII MISCELLANEOUS

Section 13.1 Successors and Assigns. Except as otherwise provided in this Agreement, no party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto and no assignment shall relieve any party of any obligation or liability under this Agreement.

Section 13.2 GLCR Name. WRCHI agrees that while WRCHI is the majority shareholder of Federated (directly or indirectly), the corporate name of GLCR will remain as Great Lakes Central Railroad, Inc., subject to any name change required by any Governmental Entity, Governmental Order, or Law.

Section 13.3 Governing Law; Jurisdiction.

[REDACTED]

[REDACTED]

Section 13.4

[REDACTED]

Section 13.5

[REDACTED]

Section 13.6

[REDACTED]

Section 13.7 Severability. In the event that any part of this Agreement is declared by any court or other judicial or administrative body to be null, void or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect.

Section 13.8 Federated Representative.

(a)

[Redacted]

(i)

[Redacted]

(ii)

[Redacted]

(iii)

[Redacted]

(iv)

[Redacted]

(v)

[Redacted]

(vi)

[Redacted]

(vii)

[Redacted]

[Redacted]

(b)

[Redacted]

(c)

[Redacted]

Section 13.9 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of service if served personally on the party to whom notice is to be given, (ii) on the first Business Day after delivery to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service or (iii) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, delivery charges prepaid and properly addressed, to the party as follows:

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[REDACTED]

[REDACTED]

Section 13.10 Amendments; Waivers. This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall not be deemed to be nor construed as a further or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

Section 13.11 Public Announcements. The parties agree that no party shall make any press release or public announcement concerning this transaction without the prior approval of the other party or parties hereto unless a press release or public announcement is required by Law or the rules of any securities exchange on which such party's securities are listed. Before a party to this Agreement makes any such announcement or other disclosure, it agrees to give the other parties hereto prior notice and an opportunity to comment on the proposed disclosure.

Section 13.12 Entire Agreement. This Agreement (including the Disclosure Schedule and the other Schedules attached hereto) contains the entire agreement and understanding among the parties hereto with respect to the transactions contemplated hereby and supersedes and replaces all prior agreements and understandings, oral or written with regard to such transactions. All Disclosure Schedule, schedules and exhibits hereto and any documents and instruments delivered pursuant to any provision hereof are expressly made a part of this Agreement as fully as though completely set forth herein.

Section 13.13

[REDACTED]

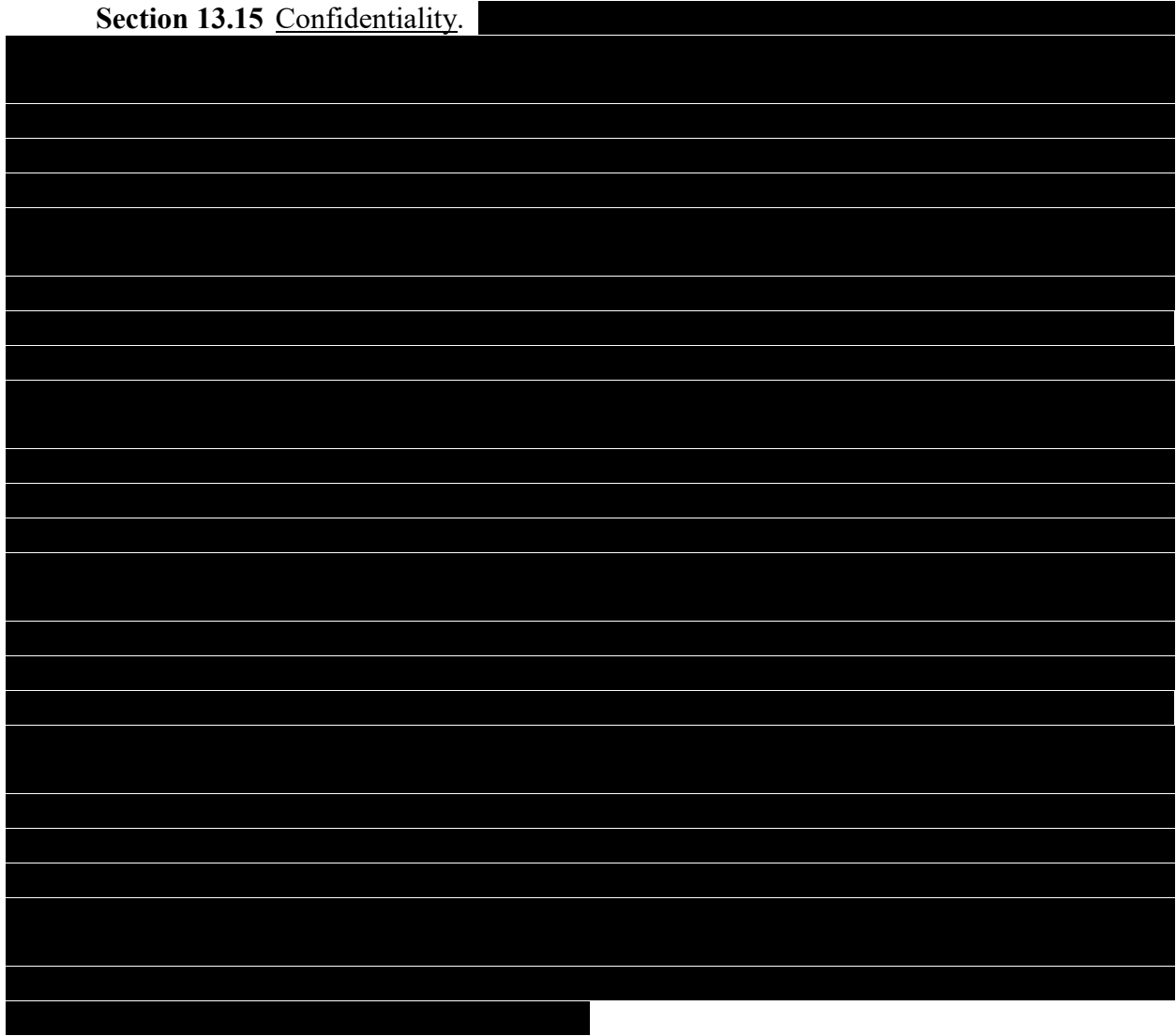
Section 13.14 Section and Paragraph Headings; Neutral Construction.

(a) The Section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(b) The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this

Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

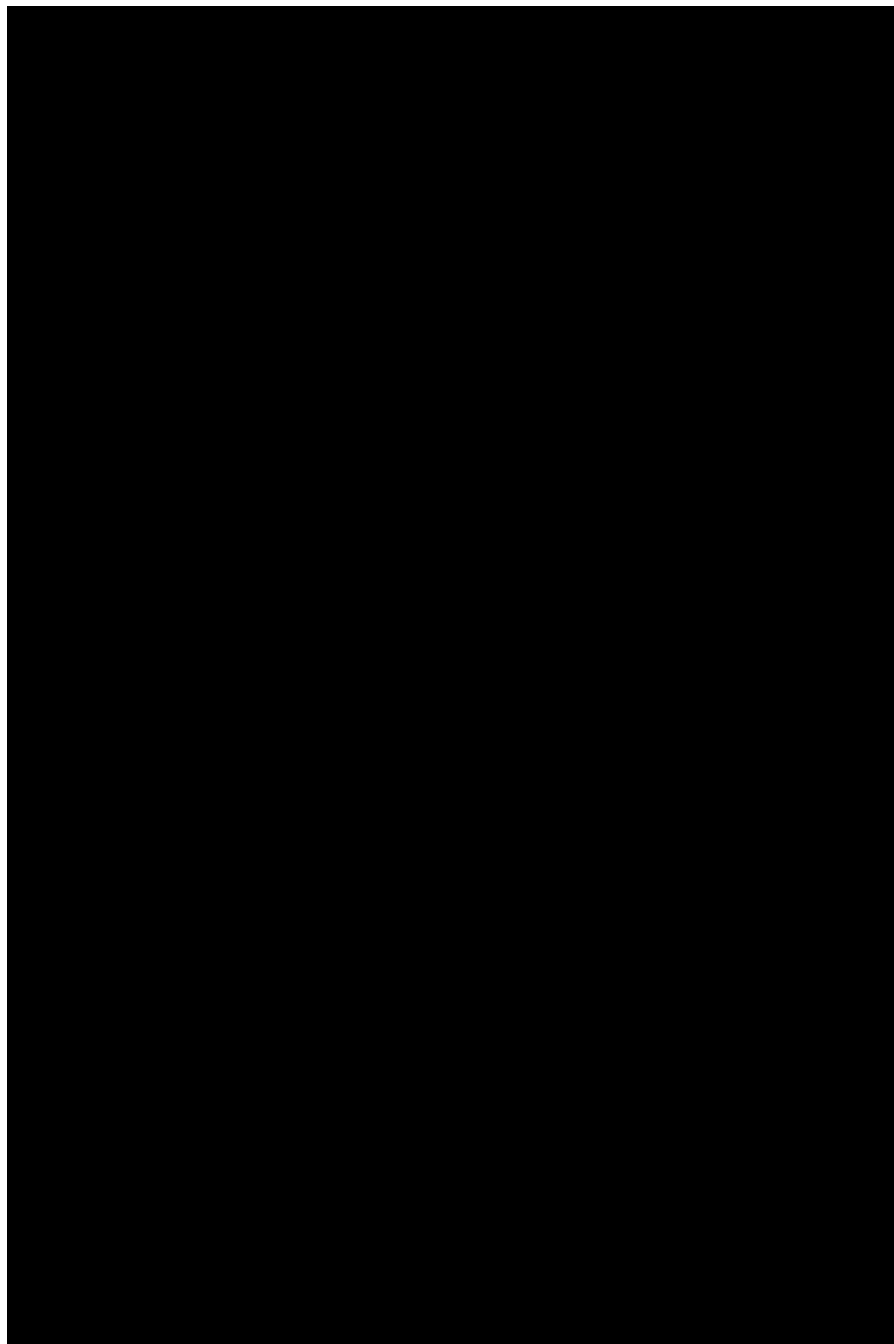
Section 13.15 Confidentiality.



Section 13.16 Counterparts. This Agreement may be executed and delivered in counterparts, including by DocuSign, email, facsimile, pdf, or other electronic means, each of which shall be deemed an original, but all of which shall constitute the same instrument.

[Signatures on following pages.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.



**[SIGNATURE PAGE TO SHARE PURCHASE AGREEMENT
DATED AS OF FEBRUARY 28, 2025]**