



NEWS

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CONTACT: Julie Fortman
620-231-2230
jfortman@watcocompanies.com

Watco's South Kansas & Oklahoma Railroad Chosen as *Railway Age Magazine Regional Railroad of the Year*

PITTSBURG, KS – March 18, 2008 – *Railway Age Magazine*, the transportation industry's oldest trade magazine, announced the South Kansas & Oklahoma Railroad (SKOL) has been named the magazine's 2008 Regional Railroad of the Year. The SKOL is a wholly-owned subsidiary of Watco Companies, Inc. (Watco).

“This is a great honor for us,” said Pat Cedeno, Chief Operating Officer for Watco's Central Region. “Few railroads have the opportunity to say they are the Railroad of the Year so we are very proud of our Team. Unfortunately it took a natural disaster for us to earn this award, but that disaster allowed our Team to show their tenacity and dedication to our Company and our Customers. They exhibited a stellar performance for which we are all grateful.”

Consisting of 404 mainline track miles across southern Kansas, the SKOL was recognized for a successful turnaround after massive flooding struck the railroad last summer, resulting in 38 miles of submerged track and an embargo stopping traffic on 250 miles of the railroad. Service to all Customers on the railroad was impacted with service to many Customers ceasing entirely due to floodwaters.

SKOL implemented a three-phase emergency reopening and repair plan, designed first to free existing traffic trapped by floodwaters and then expanding from there. Phase I emergency repairs were completed in just 23 days, allowing traffic flow over the entire railroad. Phase II, involving

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more detailed repairs, immediately followed. Phase III is ongoing during the 2008 construction season and will result in the SKOL's restoration of all track to 25 mph standards, with rehabilitation of signals, bridges, grade crossings, ditches, and debris removal.

The award will be presented May 5 at the American Shortline & Regional Railroad Association's (ASLRRA) Annual Convention in San Antonio, TX. The SKOL will also be featured in *Railway Age's* April 2008 issue.

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 17 railroads in 15 states. Watco operates the Alabama Southern, Austin Western, Arkansas Southern, Eastern Idaho, Great Northwest, Kansas and Oklahoma, Kaw River, Louisiana Southern, Mission Mountain, Mississippi Southern, Palouse River and Coulee City, Pennsylvania Southwestern, South Kansas and Oklahoma, Stillwater Central, Timber Rock, Vicksburg Southern and Yellowstone Valley Railroads. Watco also operates industrial switching locations and mechanical locomotive shops across the United States and is the owner of Millennium Rail, Inc. and Reload Inc. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.

Railway Age is the transportation industry's oldest trade magazine, and celebrated its 150th anniversary in 2006. The monthly magazine is circulated at the management levels of North American freight and passenger railroads. Emphasis is placed on technology, operations, strategic planning, marketing, and other issues such as legislative and labor/management developments of interest to railway management, railway suppliers, and consultants.

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