

Watco Companies, Inc. Announcement

Date: February 4, 2009
To: Watco Team
Subject: Watco Announces Organizational Changes

(PITTSBURG, KS) – Watco Companies, Inc. announced today several organizational changes designed to continue Watco’s focus on improving service to our Customers.

There are two major facets to this announcement:

First, the business development group has been strengthened and authority broadened to include all acquisition projects for the company. This has included adding Allan Roach as Senior Vice President of Business Development to help lead the growth of the Company. He will report to Ed McKechnie, Chief Commercial Officer, and will join a very strong team that has been industry leaders in quality growth.

The second aspect will be the enhancement and restructuring of the Sales & Marketing group that will report directly to the Regional Chief Operating Officers with support from Kirk Hawley, who has been designated Senior Vice President of Marketing, Sales and Service Assurance.

In this expanded role, Hawley will be responsible for leading the Watco Transportation Services, Inc. Sales & Marketing Team efforts and Customer Service departments. Hawley will report directly to Terry Towner, President and COO.

Hawley joined Watco in 1991 as the Marketing Manager for the South Kansas and Oklahoma Railroad (SKOL). In 1996 he was promoted to Director of Marketing, in 1999 to VP of Marketing, and in 2003 to SVP Marketing. In this position, he was responsible for overseeing marketing efforts for Watco’s railroads in the Midwest, Gulf and East Regions. In 2006 he was promoted to Senior VP Service Assurance working closely with Customers, customer service and operations to assure the service delivered matched the needs of our Customers.

“Most of my career at Watco has been involved with marketing and focusing on our growing customer base,” says Hawley. “Being involved the last two years with service assurance has allowed me to understand even more about the needs of our railroad and switching customers and how we can provide them with additional value added transportation related services.”

Our Marketing and Customer Service team members will work in conjunction with our Operations Teams on a daily basis and provide quality service that creates long term value

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Transportation

Mechanical

Intermodal / Transload

for our customers and our company. Delivering the right car, at the right time, in the right condition and at the right price, safely and with value added, has developed many lasting partnerships with our customers.

Identification of value added transportation opportunities with our existing customers, and providing those services; be it in freight railcar movements, transloading, intermodal, warehousing, storage or switching services, will continue to strengthen our business relationships with our customers.

Hawley will continue to work from the Pittsburg, Kans., office and can be reached at 620-231-2230 or khawley@watcocompanies.com. He and his wife Debbie live in Pittsburg. They have one son, Kris, who is a senior at Kansas State University in Manhattan.

Other specific changes in roles:

- With the approval of the Grand Elk Railroad in Michigan, Shasta Stump will assume the role of Vice President of Sales & Marketing for the Grand Elk Railroad and will report to Rodney Gordon, General Manager of the Grand Elk.
- Pat Cedenó will assume the role of Vice President of Sales & Marketing for the Central Region, reporting to Mitch Becker, Central & Gulf/East Region COO.
- Amy Parady, will assume the role of Vice President of Sales & Marketing for the Gulf Region, reporting to Mitch Becker, Central & Gulf/East Region COO.
- Becky Fearmonti, will assume the role of Senior Marketing Manager for the South Kansas and Oklahoma Railroad, reporting to Pat Cedenó.
- Ron Spencer, will assume the role of Manager of Customer Service, reporting to Kirk Hawley.

Watco Companies, Inc. (WCI), a Pittsburg, Kansas, based company, owns Watco Transportation Services (WTS) who owns 19 railroads in 16 states. WTS railroads are: the Alabama Southern, Austin Western, Arkansas Southern, Baton Rouge Southern, Eastern Idaho, Great Northwest, Kansas and Oklahoma, Kaw River, Louisiana Southern, Mission Mountain, Mississippi Southern, Pacific Sun, 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. Watco Mechanical Services operates 14 car repair shops in Coffeyville, KS; Council Bluffs, IA; Fitzgerald, GA; Hockley, TX; Houston, TX; Hollidaysburg, PA; Jacksonville, FL; Junction City, KS; Marshall, TX; Neodesha, KS; Omaha, NE; Pittsburg, KS; Zwolle, LA and Wood River, IL. Watco owns a transloading subsidiary, Reload Inc. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.