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NEWS

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Watco Companies Announces Acquisition of Montana Railroad

PITTSBURG, KANSAS and FORT WORTH, TEXAS – December 27, 2004

– The Mission Mountain Railroad, a wholly owned subsidiary of Watco Companies, will begin operations of 40 miles of track in Montana Tuesday morning, Dec. 28, 2004.

Acquired through a lease and purchase agreement with The Burlington Northern and Santa Fe Railway Company (BNSF), the Mission Mountain Railroad (MMT) consists of two separate lines. The north line begins at Eureka and extends south to Stryker. The south line begins at Columbia Falls and extends southwest to Kalispell. Interchanges with the BNSF are located at Stryker and Columbia Falls.

Primarily moving forest products and grain, the MMT will serve 12 customers at 15 locations, and is expected to move more than 9,000 rail cars the first year.

“The Mission Mountain Railroad is a great addition to our operations in the Pacific Northwest. We currently serve customers in Idaho, Washington State and Oregon on our Eastern Idaho, Palouse River and Coulee City and Great Northwest Railroads,” said Watco CEO Rick Webb. “Job One for us on the Mission Mountain Railroad will be to provide the customer with the right car, at the right time, in the right condition and at the right price.

“That service commitment we make to the Customer every day will provide a great platform to grow the business and provide additional economic stimulus to the

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economy in northwest Montana. By providing, quality, dependable, safe and affordable service, we believe rail transportation in the Mission Mountain area can add value to local businesses and make Montana products more competitive in the national and world market,” Webb said.

“We have an excellent relationship with the BNSF that is built upon mutual respect. The BNSF continues to lead the industry in providing customer service and expanding services to meet our customers’ needs. We very much appreciate the opportunity to do business with one of America’s great railroads,” Webb said.

“BNSF continuously reviews its network to ensure the most efficient use of assets and to provide the most effective service for its customers,” said BNSF’s Pete Rickershauser, vice president, Network Development. “We have a longstanding relationship with the Watco Companies, and Watco consistently meets and exceeds the expectations of customers as well as working with BNSF and government agencies not only to preserve but also to enhance local rail service.”

The Mission Mountain is a new company with offices located in Columbia Falls, MT. The general manager is Norm Brown, who has worked for the PCC Railroad based in Palouse, Washington, for the past eight years. The MMT office is located at 720 3rd Street West in Columbia Falls. The local phone number is (406) 892-3293, and the FAX number (406) 892-3294.

Printable maps of the MMT are available at www.watcocompanies.com ; click on Railroads and then Mission Mountain Railroad.

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates nine other short line railroads and operates in 23 states. The Mission Mountain joins Watco’s other railroads, the South Kansas and Oklahoma Railroad, the Kansas and Oklahoma Railroad, the KAW Railroad, the Stillwater Central Railroad, the Timber Rock Railroad, the Eastern Idaho Railroad, the Palouse River and Coulee City Railroad, the Pennsylvania Southwestern and the Great Northwest Railroad. Watco also operates

industrial switching locations and mechanical and locomotive shops across the United States.

A subsidiary of Burlington Northern Santa Fe Corporation (NYSE:BNI), BNSF operates one of the largest railroad networks in North America, with about 32,500 route miles covering 28 states and two Canadian provinces. The railway is among the world's top transporters of intermodal traffic, moves more grain than any other American railroad, transports the components of many of the products we depend on daily, and hauls enough low-sulphur coal to generate about ten percent of the electricity produced in the United States. BNSF is an industry leader in Web-enabling a variety of customer transactions at www.bnsf.com.

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