



NEWS

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Appalachian & Ohio Railroad Achieves Successful Start-up

PITTSBURG, KANSAS – March 28, 2005 – The Appalachian and Ohio Railroad (A&O), a wholly owned subsidiary of Watco Companies, Inc., (Watco) achieved a successful start-up this Easter weekend. Watco took over operations of the former CSXT line segment at 12:01am Friday, March 25.

The A&O's 158-mile segment of track runs from Grafton to Cowen, West Virginia, on former B&O territory. Also included in the 158 miles is the former Pickens Subdivision, running from Hampton, south to Alexander West Virginia. Ninety percent of the railroads traffic is comprised of coal.

Kirk Hawley, Senior Vice President of Watco said the start-up was a success. "As expected, the start-up went smoothly and we are looking forward to a successful future for the A&O. Our focus will now turn to better understanding the Customer's needs and growing the business."

Several unit-trains of coal were shipped from A&O origins to interchange with the CSXT at Grafton and travel on to various destinations over the weekend.

A&O management credits the employees for the successful start-up. Many A&O employees not only have years of railroad experience, but have many years of experience working for the CSXT.

"When we began seeking employees for this railroad, our first priority was to find men and women who would provide the best service for our customers," Hawley said.

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“We found those people in former CSXT employees and other local folks.”

The A&O’s management team has a tremendous amount of experience with this specific rail line and has been employed by CSXT for most, if not all, of their railroad careers. Their expertise in the rail industry and in the specific geographical area makes them the ideal customer service team. Collectively, the general manager, trainmaster and road foreman of engines has 93 years of rail experience with CSXT.

All affected CSXT employees were given the opportunity to apply for positions with the A&O. Also, CSXT gave specific employees from the affected area the opportunity to apply for permanent transfers to other specified CSXT locations.

“The A&O found its perfect Customer Service team in the immediate area. Ninety-five percent of the A&O employees are local hires and nearly fifty percent of them are former CSXT employees,” Hawley said.

Rick Webb, Watco CEO said he was proud of the work the A&O team accomplished.

“I want to share my appreciation for the effort and energy the A&O team put forth during the start-up of the A&O. I am certain the A&O will be successful under the leadership of our experienced Customer Service team and that they will take every action needed to meet the needs of our customers. Customers are our first priority and we will not rest until we fulfill every transportation need.”

The A&O office is located at 54 North Kanawha in Buckhannon, West Virginia. The phone number is 304-472-3710. General Manager James “Buddy” Harr can be reached at this office or by e-mail at jharr@watcocompanies.com

Printable maps of the A&O are available at www.watcocompanies.com ; click on Railroads and then Appalachian and Ohio Railroad.

Watco, a Pittsburg, Kansas, based company, operates 10 other short line railroads and operates in 19 states. The A&O joins Watco’s other railroads, the Mission Mountain Railroad, South Kansas and Oklahoma Railroad, the Kansas and Oklahoma Railroad, the KAW River 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 shops across the United States.

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