



News Release

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For Immediate Release: September 5, 2006

BOISE CASCADE AND WATCO AGREE TO DISCONTINUE AGREEMENT TO SELL MD&W RAILWAY

Boise, Idaho - Boise Cascade and Watco Companies, Inc., announced today that all of the conditions for the sale of Boise's Minnesota, Dakota & Western (MD&W) Railway to Watco were not met within the time frame specified under the purchase and sale agreement the companies had reached in July. As a result, Boise will retain ownership of the railway and MD&W's portion of an international rail and toll bridge that links the communities of International Falls, Minnesota, and Fort Frances, Ontario, Canada. Watco will continue to provide service to Boise at its paper mills in DeRidder, Louisiana, and Wallula, Washington.

Originally established in 1910, MD&W was purchased by a Boise subsidiary in 1965 and has been operated by the company since that time.

"MD&W employees have continued to maintain their historically high levels of safety, professionalism, and operating performance during this period of uncertainty," said Brett Norseth, director of transportation. "We also appreciate Watco's continuing support of our operations' transportation needs and look forward to continuing this excellent relationship."

About Boise Cascade

Boise, headquartered in Boise, Idaho, manufactures engineered wood products, plywood, lumber, and distributes a broad line of building materials, including wood products manufactured by the company. Boise also manufactures a wide range of specialty and premium paper products, including imaging papers for the office and home and papers for pressure-sensitive applications, as well as printing and converting

papers, containerboard and corrugated boxes, newsprint, and market pulp. Visit Boise's website at www.bc.com.

About Watco Companies, Inc.

Watco Companies, Inc. is a Pittsburg, Kansas-based company operating 16 railroads in 14 states. Watco operates the Alabama Southern, 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 and locomotive shops across the United States. More information about Watco can be found at www.watcocompanies.com.

Forward-Looking Statement

This news release may include forward-looking statements under the federal securities laws. These statements are subject to a number of risks and uncertainties that could cause our results to differ materially from our expectations. Forward-looking statement should be read in conjunction with the company's reports filed with the Securities and Exchange Commission. These reports contain a discussion of the company's businesses and the various factors that affect them.