



NEWS

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STILLWATER CENTRAL RAILROAD EMPLOYEES REJECT BLET ORGANIZATION EFFORTS

PITTSBURG, KANSAS – May 18, 2006-- In April 2006, the train and engine service members of the Stillwater Central Railroad (SLWC) conducted a second vote, as directed by the National Mediation Board (NMB), for determination of possible union representation by the Brotherhood of Locomotive Engineers and Trainmen. As was the result seven months prior, the representation effort was voted down by a majority of the train service members. The Stillwater Central Railroad is owned and operated by Watco Companies, Inc. (Watco).

“We respect the desires of our team members in this regard and continue to stay focused on our customer’s needs as we move forward,” said Pat Cedeno, Chief Operating Officer of Watco’s Central region. “We feel vindicated based on the fact that we knew our previous actions were both fair and in the best interests of our team members and customers. The fact that the voting margin increased during the second vote speaks volumes about the actual environment that exists upon the Stillwater Central.”

Recently, the NMB had ruled that a second vote would take place based upon its belief that the SLWC influenced the voting process by offering water, approving scheduled wage increases and making changes in management to improve the quality of life for its train service team members.

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Cedeno added, “As we have stated before, we are a pro-customer railroad and will not sacrifice our foundation principles regardless of the situation. We will remain focused on our customers, team members and their needs and continue our efforts to improve each day.”

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 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 on their website at www.watcocompanies.com