



NEWS

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Watco Companies acquires Millennium Rail, Inc.

PITTSBURG, KS—May 1, 2007—Watco Companies, Inc. (Watco) announced that effective today it has acquired the operations of Millennium Rail, Inc. (MRI). MRI will be a wholly owned subsidiary of Watco.

MRI is a fully-integrated provider of repair and maintenance services to the rail industry providing services such as fleet management, general repair and maintenance, specialty freight car manufacturing and program work. MRI has eight shops located in Hollidaysburg, PA; Council Bluffs, IA; Junction City and Neodesha, KS; Marshall and Hockley, TX; Zwolle, LA; and Wood River, IL.

Rick Webb, Watco CEO, said the addition of MRI is an exciting move that follows Watco's foundation principles.

“Our goal is to improve our business by providing quality service and value to our Customers,” Webb said. “We always want to provide our Customers with the right car, at the right time, in the right condition and at the right price. The services that MRI offers will help us meet those requirements for current Customer relationships and provide a base for many new Customer relationships.”

“Car repair was one of our founding businesses, starting with our car repair shop in Coffeyville (KS) in 1985,” Webb said. “In addition to Coffeyville, we also currently operate car repair shops in

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Pittsburg (KS), Jacksonville (FL) and Houston (TX). By making this acquisition, we are strengthening a very important part of our business that positions us well because of MRI's capabilities in tank car repair. This will be significant with the future role of Ethanol in rail transportation."

David Turner, MRI President and CEO, said Watco is a great fit with MRI.

"I've known Watco and Dick Webb for more than 25 years and am familiar with the quality of service and relationships Watco offers," he said. "This acquisition is good for everyone—Customers, team members and all stakeholders—because MRI's goals are aligned with Watco's—being Customer focused and striving to provide innovative solutions to Customer car repair problems. Together, our goal will continue to be providing the best value and the best service in the railcar repair industry."

"This is an acquisition that is a revenue growth platform," Webb said. "Our intention is to improve the business in an orderly, yet aggressive manner. I would expect that we will be hiring additional people at each of the eight shops, making investments to handle the additional work and working with our Customers on a daily basis to meet their needs."

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

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