



NEWS

FOR IMMEDIATE RELEASE

Contact: Julie Fortman
620-235-9692
jfortman@watcocompanies.com

South Kansas and Oklahoma Railroad Suspends Service Due to Flooding

PITTSBURG, KANSAS – July 1, 2007 – Severe rain and flooding across Kansas and Oklahoma has led to approximately 15 miles of the South Kansas and Oklahoma Railroad (SKOL) to be underwater, resulting in a suspension of service for most SKOL customers. Other areas that are not underwater are located near rising rivers, making accessibility impossible. The SKOL is a wholly-owned subsidiary of Watco Companies, Inc. (Watco).

Service will be suspended on most of the SKOL through Thursday with daily inspections that could affect the resumption of service. Service from and including Bartlesville, Okla., south to Tulsa has not been impacted and daily switching service will continue for those Customers. Watco's railcar repair shop in Neodesha, Kan., is also underwater. Due to the water, the shop will be out of service until Thursday. At that time a team will be sent in to evaluate damage and begin clean up. It is not known when the shop will begin serving Customers.

Affected areas on the SKOL include Pittsburg, Kan., west to Winfield, Kan., including the towns of Coffeyville, Neodesha, Chanute, Humboldt and Fredonia; and from Cherryvale, Kan., south to Tulsa, Okla., including the towns of Independence, Kan. Many counties in which the SKOL operates have been declared in a State of Disaster Emergency by Governor Kathleen Sebelius.

Rick Webb, Watco CEO, said he appreciated the efforts by everyone involved in this event.

-- more --

“I am proud of the Watco Team and the hard work they have done this weekend,” he said. “They have dedicated their weekend hours to help us get our railroad up and running, sacrificing their own time and many of them are affected by the floodwaters themselves. We have an outstanding Team and I am certain we will have the SKOL serving Customers as quickly as possible.”

Track crews have been trying to reach effected areas during the weekend to access damage and develop contingency plans to allow for the speedy re-opening of the railroad. Many areas cannot be reached, but at this time 15 miles are confirmed under water and two bridges near Independence, Kan., are confirmed damaged. Damage assessment will continue as much as possible, but the majority of assessments must be done after waters recede. At this time, it is estimated that service will not be restored until late in the week, dependent on when the water recedes, as some rivers have not crested.

Pat Ceden, Watco COO, Central Region, said safety is paramount.

“We always focus on safety, but this situation requires extra safety,” he said. “The safety of our Team is our first priority. Our second priority is getting the railroad back up and running. Our Team will do the best they can to allow us to start serving Customers quickly, but we must ensure our Team does so without personal risk.”

The SKOL Customer Service Team is maintaining regular contact with Customers, many of which are out of electricity and underwater themselves. Kirk Hawley, Senior Vice President, Service Assurance, said communication is vital.

“In a situation like this where Customers are also facing challenges such as power outages, it is crucial that we do our best to maintain as much contact with them as we can,” he said. “Our customer service team has been making phone calls and sending e-mails to our Customers’ offices to ensure they are informed.”

-- more --

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 16 railroads in 14 states including 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 and is the owner of Millennium Rail, Inc. (MRI), a fully-integrated provider of repair and maintenance services to the rail industry. MRI operates eight car repair shops across the United States. More information about Watco and MRI can be found on their website at www.watcocompanies.com.

###