



NEWS

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Successful Emergency Reopening Allows South Kansas & Oklahoma Railroad to Move Online Traffic; Embargo Still in Effect

PITTSBURG, KANSAS – July 11, 2007 – Crews successfully completed Phase One emergency repairs to the flood-damaged South Kansas and Oklahoma Railroad (SKOL), allowing existing online traffic to move to destinations on the railroad. However, the embargo that stops service to many Customers is still in effect. The SKOL is a wholly-owned subsidiary of Watco Companies, Inc. (Watco).

Completion of the Phase One repairs means existing traffic that was trapped by floodwaters and track damage can now move slowly to destinations on the SKOL. Trains will move at walking speed, less than 10mph, until Phase Two repairs can be made.

“We have made steady progress during the last 24 hours,” said Pat Cedeno, Chief Operating Officer for Watco’s Central Region. “We are ahead of schedule in reaching this point where we are able to move online traffic and that is all because of the hard work of our crews. Without their dedication, we would not have reached this point so quickly.”

The interchanges that remain open are Pittsburg, Kan. (KCS), Columbus, Kan. (BNSF), and Tulsa, Okla. (BNSF and UP). The major interchanges for the railroad, Winfield, Kan. (BNSF and UP) and Coffeyville, Kan. (UP) remain closed.

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Customers who need to identify locations of railcars on the SKOL may call Customer Service 24 hours a day at 866-889-2826.

The goal of Phase One repairs was to complete repairs that would allow train service to run safely, at restricted speeds. Phase Two repairs will include more aggressive repairs being made to return the railroad to pre-flood conditions and normal non-restricted speeds of 25mph. The Final Phase will include rehabilitation of bridges and cleaning of ditches to support the railroad for the long term.

In an additional effort to aid SKOL Customers, Watco has a limited number of trucks, trailers, drivers, and warehouse space that can be used by Customers affected by flooding. Please contact Ron Close or Allan Roach at 620-231-2230 for more information.

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.

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