



NEWS

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Heavy Rain Leads Stillwater Central Railroad to Impose Traffic Embargo

PITTSBURG, KANSAS – August 20, 2007 – An embargo has been issued on the Stillwater Central Railroad (SLWC) due to flood damage to the Canadian River Bridge near Tuttle, Okla., approximately 25 miles southwest of Oklahoma City. The bridge received structural damage from flood waters that are a result of recent heavy rains brought on by Tropical Storm Erin. The SLWC is a wholly-owned subsidiary of Watco Companies, Inc. (Watco)

The bridge damage effectively severs the railroad, as the bridge is located along a key route for traffic flow. Traffic received west of the bridge is unable to travel east and all traffic received east of the bridge is unable to travel west. Any traffic received at the Union Pacific (UP) interchange at Midwest City and Burlington Northern Santa Fe (BNSF) interchange at Oklahoma City or the BNSF interchange at Tulsa destined for locations west of Mustang are embargoed. Additionally, any traffic received at the BNSF interchange at Altus, Okla. destined for locations east of Tuttle are also embargoed.

“The Canadian River Bridge is vital to the Stillwater Central Railroad,” said Kirk Hawley, Senior Vice President of Service Assurance. “Oklahoma City is the main interchange point for traffic on the railroad, so not being able to move traffic between the south half of the railroad and Oklahoma City will have a huge impact on our Customers. We are working with connecting rail lines to identify rerouting options so we can move Customer traffic.”

Traffic from the Tulsa, Midwest City and Oklahoma City interchanges will be able to travel as far west as Wheatland. Traffic from the Altus interchange will be able to travel as far east as Tuttle.

Today teams are surveying the area and will begin to assess damage. However, flood waters must recede before a full inspection can be made. Additionally, track washouts have been identified on the SLWC and continue to occur as floodwaters flow.

“The Midwest in general has suffered a variety of weather-related challenges this year,” said Pat Cedeno, Watco’s Chief Operating Officer for the Central Region. “We have encountered late freezes, drought, record heat and record flooding and much of this has affected our railroads either by impacting the commodities we move or track infrastructure. Specifically flooding has had the largest impact on infrastructure. We are still recovering from flooding in Kansas and Oklahoma that affected the South Kansas and Oklahoma Railroad and resulted in millions of dollars of damage. We will continue to make repairs on that railroad and equally turn our attention to the Stillwater Central Railroad so that we and our Customers can operate.”

SLWC officials are working with Class I officials to identify re-routing of traffic, as the bridge is expected to be out of service for up to two weeks. Public updates will be made as operation plans change.

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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