



NEWS

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Watco Companies acquires Fitzgerald Railcar Services, Inc.

PITTSBURG, KS, June 3, 2008—Watco Companies, Inc. (Watco) announced that effective today it has acquired the operations of Fitzgerald Railcar Services, Inc. (FRSI). FRSI's shops will become a part of Watco Mechanical Services effective immediately.

FRSI serves the rail industry by providing comprehensive railcar repair and maintenance services in two locations, Fitzgerald, GA and Omaha, NE. The Fitzgerald shop is served by CSX Transportation and the Omaha shop is served by Union Pacific Railroad.

Rick Webb, Watco CEO, said FRSI will positively supplement Watco's current operations.

“The Fitzgerald shops are a great fit with our current mechanical portfolio,” he said. “Mechanical is a large part of our core business and we are excited about this acquisition. Our goal is to improve our business by providing quality service and value to our Customers, and one way we do that is to continue diversifying our services and strengthening our existing service offerings to our Customers. The FRSI shops give us opportunities to expand our Customer reach in Mechanical services and the Fitzgerald, GA. shop provides an opportunity to expand our repair services in the southeast part of the US, which is one of the fastest growing regions in the country. ”

Dick Webb, Watco founder, agreed the FRSI shops are a valuable addition.

“We have spoken with two of our major tank car Customers and they are pleased with this acquisition,” he said. “Each of them has a lot of work to be completed in those areas and plan to

send cars to these shops for Watco to provide services. The Georgia plant was built in 1981 and I believe it is one of the newest tank car shops in the United States. It contains state of the art features, especially in paint and lining. These shops will be a valuable addition to the Watco family and will help us serve our many Customers even better.”

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 17 railroads in 15 states. Watco operates the Alabama Southern, Austin Western, 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 locomotive shops across the United States. Watco car repair shops are in Coffeyville, KS; Houston, TX; Jacksonville, FL; Lewiston, ID; Oklahoma City, OK; and Pittsburg, KS. Watco is the owner of Millennium Rail, Inc., which has car repair shops in Hollidaysburg, PA; Council Bluffs, IA; Junction City, KS; Neodesha, KS; Marshall, TX; Zwolle, LA; Hockley, TX; and Wood River, IL. Watco owns a transloading subsidiary, Reload Inc. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.

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