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MEDIA RELEASE • Watco Companies

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Watco announces successful start-up of Alabama's Autauga Northern Railroad

PITTSBURG, KANSAS – April 11, 2011 – Watco Transportation Services, LLC., (Watco) announces the successful start-up of the Autauga Northern Railroad (AUT), which began serving Customers on Saturday, April 9th at 12:01 a.m. The AUT is Watco's third railroad in Alabama continuing a strong partnership with both the state and its businesses.

In an agreement signed between Watco and Norfolk Southern (NS), Watco holds a 20 year lease with a 10 year renewal option to operate 43.62 miles of track running from Maplesville, Ala., to Autauga Creek, Ala. The line handles approximately 9,000 annual carloads and will be operated by the AUT on a six days a week schedule. Watco has a long history with this line segment, having provided contract switching services for the AUT's major Customer, International Paper in Prattville, Ala., for more than 20 years.

"This is an exciting opportunity to expand important relationships with our Customers," proclaimed Stefan Loeb, vice president of business development. "We look forward to serving the growing freight rail needs of our long-time Customer International Paper. Watco is also proud to strengthen its relationship with the NS and continually provide quality transportation value to all its Customers in the area."

In order to demonstrate its commitment to the line and its present and future Customers, Watco will invest approximately \$2.39 million in the first year of operations to upgrade the track to Class II standards (25 mph). The upgrade will include spending \$1.792 million on ties, \$443,000 on ballast and \$150,000 on bridge repairs.

"Our capital investment commitment shows our belief in AUT's Customers, the state of Alabama, and the continued positive trends of the rail industry," said Loeb. "Improving the infrastructure makes our operations safer and more efficient, but most importantly, the improvements are being made for the benefit of our Customers."

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Watco Companies, L.L.C., (Watco) is a Pittsburg, Kan., based transportation company serving transportation, mechanical, and transload/intermodal needs of Customers throughout the nation. Watco is the owner of Watco Transportation Services, L.L.C., (WTS), one of the largest short line railroad companies in the U.S. operating 23 short line railroads on more than 3,550 miles of track, as well as 23 industrial contract switching locations. Watco's Mechanical Services division operates 14 railcar repair shops, 4 locomotive shops and 19 mobile mechanical shops. The Transload/Intermodal Services division currently manages 12 transload facilities, 7 warehouses and 1 intermodal location. Watco also owns Greens Port Industrial Park in the Houston Ship Channel. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.