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MEDIA RELEASE

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Watco Companies, L.L.C. Announces Creation of Compliance Services Division

PITTSBURG, KS, December 23, 2011 – Watco Companies, L.L.C. (Watco) announces the creation of a new service division named Watco Compliance Services. Team members of this division will be tasked with providing a uniform and standardized approach to compliance, training and operational excellence throughout Watco.

The new division will be headed up by James Rader, senior vice president, and Tom DeLafosse, vice president. Rader and DeLafosse will lead a group of Watco team members who have been instrumental in establishing compliance protocols and guiding team members in safety practices including Jim Moore, quality assurance director; Mark Arsenault, AAR/quality assurance director; Jeff Baum, EHS director and Ron Withers, safety director mechanical.

Watco Compliance Services will continue Watco's focus on the evaluation and assessment of quality and compliance with a broad range of technical specifications, legal, regulatory and safety rules and the development of standard operating procedures for compliance with applicable engineering specifications, regulations and rules. Regulatory areas of focus include environmental, DOT, AAR, FRA, OSHA and NDT as applied to freight transportation services including rail freight services, railcar repair and maintenance, transloading, intermodal, motor carrier services, industrial switching, railcar and bulk storage and handling of hazardous and non-hazardous materials.

Rader said, "The creation of the compliance centered division within Watco Companies will enable the company to achieve standardization and operational excellence in environmental safety, health and railroad transportation programs. This new division will bring together team members from the various divisions within the company into a holistic group focusing on the Customer First Foundation Principles of Improved Customer Satisfaction, Improved Profitability while building long-term relationships all in a safe manner."

"We are extremely excited to have Jim Rader and Tom DeLafosse join our team to establish and lead the Watco Compliance Services group," said Terry Towner, Watco president. "Jim and Tom have clearly distinguished themselves by their expertise and knowledge in the fields of environmental, health and safety as applied specifically to certain industry purposes. Our goal for Watco Compliance



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Services is to improve our own quality of service, safety and compliance to the highest level in the industry. With their leadership we expect to set the standard for quality in the markets we serve.”

To contact the Watco Compliance Services division, please call Terry Towner, president or Gary Lundy, executive vice president, support services, at our home office at 620-231-2230.

Watco Companies, LLC (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, LLC (WTS), the largest privately-held short line railroad company in the U.S. operating 23 short line railroads on more than 3,700 miles of track as well as 24 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 16 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 .