BIRMINGHAM TERMINAL RAILWAY, A SUBSIDIARY OF
WATCO TRANSPORTATION SERVICES AGREES TO PURCHASE
BIRMINGHAM SOUTHERN RAILROAD

PITTSBURG, KANSAS, December 1, 2011 – Birmingham Terminal Railway (BHRR), a subsidiary of Watco Transportation Services (WTS) has reached a definitive agreement to purchase the assets of Birmingham Southern Railway (BSRR). BHRR plans to file the appropriate paperwork with the Surface Transportation Board (STB) later this month, and could begin operations as early as Feb. 1, 2012.

“This is truly one of the great short line railroads in America,” said WTS Chief Executive Officer Rick Webb. “The opportunity to bring our Customer First! focus to Birmingham and work to create value for each of our new Customers and for the community of Birmingham is very exciting for us.”

The BSRR serves Alabama’s largest steel-making and manufacturing region and provides rail service to Port Birmingham, a rail-to-barge and barge-to-rail transfer facility located on the Black Warrior River. The BSRR operates 75 miles of track and provides service to more than 20 Customers. The railroad interchanges with three Class I railroads; the CSXT, the Norfolk Southern and the Burlington Northern Santa Fe.

“This acquisition fits nicely with our continued business expansion in Alabama,” said Ed McKechnie, WTS Chief Commercial Officer. “Birmingham Terminal will join our Alabama Warrior Railway, Autauga Northern Railroad and the Alabama Southern Railroad that operate in Alabama. Combined, these four railroads will move more than 100,000 rail cars a year which contributes significantly to the Alabama economy.”

BHRR will immediately begin the hiring process to ensure uninterrupted service to the rail Customers. A series of meetings began today and are scheduled to continue tomorrow for WTS and BHRR leaders to brief current Birmingham Southern employees on the transaction and explain the process for them to apply to become
members of the BHRR Team. The BHRR will be under the leadership of Rodney Gordon who currently serves as general manager of the Grand Elk Railroad in Kalamazoo, Michigan.

“We want to assemble the best team of people possible to serve our new Customers,” Gordon said. “We want men and women who will make sure our Customers’ transportation needs are met on a daily basis. We realize the number of Customer jobs that depend on this railroad and we are committed to doing our best every day to make these Customers more competitive in the global economy.”

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Watco Companies, L.L.C., (Watco) is a Pittsburg, Kan., based transportation company providing transportation, mechanical, and transload/intermodal solutions for Customers throughout the nation. Watco is the owner of Watco Transportation Services, L.L.C., (WTS), one of the largest short line railroad holding companies in the U.S. with 23 short line railroads operating on more than 3,700 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 16 transload facilities, 7 warehouses and 1 intermodal location. Watco also owns Greens Port Industrial Park on the Houston Ship Channel. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.