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MEDIA RELEASE

Date: January 29, 2013

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WATCO ANNOUNCES PURCHASE OF ANN ARBOR RAILROAD, INC.

PITTSBURG, KANSAS, January 29, 2013 – Watco Railroad Company Holdings, Inc. (Watco), announces the purchase of Ann Arbor Railroad, Inc. (AA). On December 27, 2012, a Notice of Exemption was filed with the Surface Transportation Board (STB) for Watco to purchase the railroad company's stock. The Acquisition of Control Exemption became effective on January 26, 2012.

Watco Executive Vice President and COO Rick Baden said, "We are excited to welcome the Ann Arbor Railroad into the Watco family and look forward to building a relationship with the Customers of the Ann Arbor. We plan to continue the excellent service they've been receiving and to pursue opportunities to build economic value for the communities, states and Customers we serve."

Ann Arbor serves southeastern Michigan and the Toledo, Ohio markets, focusing mostly on the automobile and manufacturing industries. The AA operates 50 miles of mainline track between Ann Arbor, Mich., and Toledo as well as significant rail terminals in the Toledo area focused on automobile loading for industry leaders Chrysler, General Motors, and Ford. The railroad interchanges with Class I railroads Canadian National, CSXT, and Norfolk Southern as well as short lines Great Lakes Central, Indiana & Ohio and Wheeling & Lake Erie.

"We're glad to have Ann Arbor join the Watco family of short lines," said Mitch Becker, senior vice president of transportation services. "Their existing focus on Customer service is aligned with Watco's Customer First Foundation Principles and the mentality of high service expectations is already ingrained in the AA Team."

"As Watco's second short line in the state of Michigan, the Ann Arbor looks forward to continue performing a vital role in creating value for both our Michigan and Ohio customers, " said Bob Billings, Ann Arbor general



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manager. “The resources that will be available to us as part of the Watco Team will allow us to pursue additional opportunities that will further benefit our customers.”

“Together, Watco and the Ann Arbor Railroad will continue to meet the growing needs of our Customers and the communities we serve,” said Jim Erickson, senior vice president, strategic planning, of the Ann Arbor Railroad. “We will continue to build on that high expectation of service, and look forward to working together with the rest of the Watco team.”

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Watco Companies, L.L.C., (Watco) is a Pittsburg, Kan., based transportation company providing transportation, mechanical, terminal & port and compliance solutions to Customers throughout North America and Australia. Watco is the owner of Watco Transportation Services, L.L.C., one of the largest short line railroad holding companies in the U.S. with 30 short line railroads operating on more than 4,500 miles of track. Watco also provides service to 27 industrial contract switching locations. Watco’s Mechanical Services division operates 16 railcar repair shops, 23 railroad repair shops, 8 locomotive shops and 4 private railcar shops. The Terminal and Port Services division currently manages 21 transload facilities, 10 warehouses and 2 port locations. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.