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WATCO AGREES TO PURCHASE
ANN ARBOR RAILROAD, INC.

PITTSBURG, KANSAS, December 27, 2012 – Watco Railroad Company Holdings, Inc. (Watco), a subsidiary of Watco Companies, L.L.C. has reached a definitive agreement to purchase the stock of the Ann Arbor Railroad, Inc. (AA). The transaction will close into a voting trust, the trustee of which will control the railroad until the Surface Transportation Board (STB) approves the transaction, which is expected to be in late January or early February.

“The Ann Arbor is a true short line success story,” said Watco Executive Vice President and COO Rick Baden. “We look forward to the opportunity of working with the Ann Arbor team to serve its strong Customer base in an important economic region of the country and build off of the tremendous value the Ann Arbor creates for its Customers.”

The AA 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.

“This acquisition expands our rail network in the State of Michigan and allows us to build stronger relationships with our customers while also giving Watco the opportunity to serve the State of Ohio and its important industrial base,” said Ed McKechnie, Watco chief commercial officer.
“The Ann Arbor Railroad team has prided itself in delivering high quality service to our Customers,” said Jim Erickson, president of the Ann Arbor Railroad. “We are going to continue to build on that high expectation of service, and look forward to working together with the rest of the Watco team.”

“We look forward to performing a vital role in creating value for both the Michigan and Ohio economies,” added Stefan Loeb, Watco vice president of business development.

The transaction before the STB will place the AA into a voting trust to allow the transaction to close once all approvals are received from the STB. The voting trust is a standard process to manage the purchase of railroads in the regulatory process.

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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 for Customers throughout North America and Australia. 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 29 short line railroads operating on more than 4,500 miles of track. Watco also has 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 20 transload facilities, 10 warehouses and 2 port locations. More information about Watco and its subsidiaries can be found at www.watcocompanies.com.