



315 W. 3rd Street
Pittsburg, KS 66762
P 620-231-2230
F 620-231-0812
www.watcocompanies.com

MEDIA RELEASE

Date: June 25, 2014
From: Ed McKechnie
EVP, Chief Commercial Officer
620-232-4184

BLUE RIDGE SOUTHERN RAILROAD AGREES TO PURCHASE ASHEVILLE, N.C., LINES

Pittsburg, KS, June 25, 2014 – Blue Ridge Southern Railroad (BLU), a subsidiary of Watco Transportation Services (WTS) has reached a definitive agreement with the Norfolk Southern Corporation (NSC) to purchase three branch lines in North Carolina that feed into its terminal in Asheville. The lines are the T-Line, which runs west of Asheville; the W-Line, which runs south of Asheville; and the TR-Line which branches off the W-Line south of Asheville. BLU plans to file the appropriate paperwork with the Surface Transportation Board (STB) today, and could begin operations on July 26, 2014.

The BLU will operate 91.8 miles of track and will initially operate with 10 locomotives, seven SD40's and three GP39's.

"The Watco team is excited to go to work with our great partners the Norfolk Southern to deliver quality service to our Customers," said CEO Rick Webb.

"We see this cluster of rail lines around Asheville as a growth opportunity for Watco," said Stefan Loeb, Senior Vice President of Marketing for Watco. "We will have a marketing officer located in the community and will be looking to work with local communities to market the region.

"We pride ourselves in having a Customer First! focus on our short line railroads," Loeb continued. "This means listening to the Customer, understanding their transportation needs, and then working together to deliver that service."

BLU will immediately begin the hiring process to ensure uninterrupted service to the rail Customers. A series of meetings were held today and are scheduled to continue for WTS and BLU leaders to brief current NS employees on the transaction and explain the process for them to apply to become members of the BLU Team. The general manager and marketing officer will be named in the weeks ahead.

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“We want to assemble the best team of people possible to serve our new Customers,” Loeb said. “We want men and women who will make sure our Customers’ transportation needs are met on a daily basis. We are committed to doing our best every day to help our Customers be 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 30 short line railroads operating on more than 4,600 miles of track, as well as 27 industrial contract switching locations. Watco’s Mechanical Services division operates 15 railcar repair shops, 4 locomotive shops and 19 mobile mechanical 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.