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MEDIA RELEASE

Date: November 29, 2011

From: Ed McKechnie
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Wisconsin & Southern Railroad to Sell Controlling Ownership to Watco Transportation Services, L.L.C.

PITTSBURG, KS, November 29, 2011 - Watco Transportation Services, L.L.C. (Watco) and The Wisconsin & Southern Railroad Co. (WSOR) announced today that they have mutually approved an agreement whereby Watco will acquire controlling ownership of the WSOR. The WSOR will join forces with Watco, who operates a family of short line and regional railroads across the nation and offers a multi-faceted transportation business model dedicated to providing the highest level of Customer satisfaction. The acquisition will allow the WSOR to expand its footprint throughout the Midwest, seek out new markets and cost effective routings for Wisconsin businesses, while maintaining the same level of service and commitment to the State of Wisconsin and its shippers that have defined its 30 year history.

The WSOR will remain an integral part of Wisconsin's economy and is expected to play an even greater role in moving commerce safely and efficiently with the expected merger. William Gardner will continue to serve as president for the WSOR and looks forward to the upcoming challenges.

"Our state's future prosperity depends on an efficient and well-maintained rail system with access to a multitude of markets for Wisconsin's own raw materials and finished products," stated Gardner. "Together, Watco and the WSOR will play a vital role in meeting the growing needs of our Customers and communities that rely upon rail as their primary means of transportation,"

Under the agreement, the WSOR will retain its existing corporate structure including its name and all operations to continue to serve its Customers and provide outstanding service to Wisconsin communities. WSOR headquarters will remain in Milwaukee, Wis., where dispatching, Customer service and other administrative functions will be operated out of. Correspondingly, any and all operating/grant agreements with state and local units of government will remain in effect.



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“This transaction is positive for all involved. Our employees, Customers, and the communities in which we operate will benefit from the synergies created between Watco and the WSOR,” stated James Lombard, vice president of marketing and sales at WSOR.

“We are thrilled to have the WSOR join our growing family of short line railroads and sharing a common vision of Customer satisfaction,” said Rick Webb, Watco’s chief executive officer. “Our Customer First! focus is the backbone of our business model and together our two Midwestern based companies will foster dynamic partnerships with various public and private sector partners engaged in moving freight safely and efficiently.”

“Our two organizations are going to be very complimentary working together as one,” Webb added. “The WSOR team has an excellent history of service to their Customers that everyone can and should learn from.”

Watco filed a change of control notice with the Surface Transportation Board today which is expected to become effective by the end of December. The projected date of the transaction is Jan. 1, 2012.

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The WSOR is a regional railroad operating over 600 miles of track throughout south central Wisconsin and northeastern Illinois. Headquartered in Milwaukee, Wis., WSOR directly connects within the state with the western Class I railroads BNSF, Canadian National, Canadian Pacific, and Union Pacific. With access to the Belt Railway of Chicago, WSOR connects with the eastern Class I railroads CSX and Norfolk Southern. WSOR also has access to harbor facilities on the Mississippi River at Prairie du Chien and maintains several transloading sites within its system. The WSOR has terminal offices in Madison, Janesville & Horicon and employs 250 people. The WSOR is Wisconsin’s second largest railroad.

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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.



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