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**WATCO TRANSPORTATION SERVICES, L.L.C., A SUBSIDIARY OF  
WATCO COMPANIES, L.L.C. AGREES TO MAKE A PREFERRED INVESTMENT IN  
FEDERATED CAPITAL HOLDINGS, LLC.**

**PITTSBURG, KANSAS**, November 18, 2013 – Watco Transportation Services, L.L.C. (WTS), a Kansas limited liability company and subsidiary of Watco Companies, L.L.C., has reached a definitive agreement to make a preferred equity investment in Federated Capital Holdings, LLC (FCH), a Michigan limited liability company. FCH's holdings include the Great Lakes Central Railroad Inc. (GLCR), a 400 mile regional railroad operating entirely in the state of Michigan and Federated Railcars, Inc. (FRI), owner of a fleet of refurbished passenger cars.

"This partnership between two entrepreneurial companies will help insure the long-term success of local rail service in Michigan and also provides a mechanism for the continual growth and improvement of our transportation assets to help grow Michigan's manufacturing and agricultural interests," said Louis Ferris, FCH's President. "We also believe that this partnership provides significant benefits to the Michigan Department of Transportation's passenger efforts. We look forward to working with Watco's team for years to come," added Ferris.

The GLCR stretches from Ann Arbor, Mich., north to Cadillac with branches to Thompsonville, Traverse City, and Petoskey. The primary commodities hauled by GLCR include grain, sand, and plastic. The railroad interchanges with the Canadian National and Huron Eastern in Durand, CSXT at Anne Pere and Howell, the Ann Arbor Railroad at Ann Arbor, and the Mid-Michigan Railroad at Alma. FRI, through the GLCR's shops in Owosso, rehabs and upgrades its passenger car fleet to be used for the Michigan Department of Transportation's proposed "WALLY" service as well as for other potential commuter agencies.



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“The Watco team is extremely proud and honored to enter into a long-term strategic partnership with the excellent team at FCH,” said WTS Chief Executive Officer Rick Webb. “We look forward to the opportunity to work with FCH to create extraordinary value for rail shippers in Michigan.”

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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 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 30 short line railroads operating on more than 4,400 miles of track, as well as 28 industrial contract switching locations. Watco’s Mechanical Services division operates 16 railcar repair shops, 23 railroad repair shops, 8 locomotive shops and 5 private railcar shops. The Terminal and Port Services division currently manages 25 terminals, 10 warehouses and 2 port locations. More information about Watco and its subsidiaries can be found at [www.watcocompanies.com](http://www.watcocompanies.com).