



NEWS RELEASE

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MICHIGAN CENTRAL RAILWAY WILL INITIATE FREIGHT SERVICE IN MICHIGAN AND INDIANA

KALAMAZOO, MI. – The Michigan Central Railway will initiate freight rail service over 384 route miles of rail line in Michigan and Indiana in first-quarter 2008 under a joint venture to be formed by Norfolk Southern Railway Company and Watco Companies, the parent company of the newly formed Michigan Central.

“The new Michigan Central will preserve and enhance freight rail service in southern Michigan”, said David C. Eyermann, Michigan Central’s interim president. “The company will be headquartered in Kalamazoo and will employ approximately 118 people. In the first year alone we plan to invest more than \$6 million to improve track and equipment to capitalize on the rail-served economic development opportunities we envision for the region. A critical component of industrial growth and job creation is a vibrant freight rail network, and we are excited about the partnerships we will establish with shippers doing business in southern Michigan, as well as with state and local governments on the Michigan Central network.”

The new Michigan Central will operate over freight rail line segments between Ypsilanti and Kalamazoo; between Jackson and Lansing; and between Grand Rapids and Elkhart, Ind. The Michigan Central also will acquire Norfolk Southern’s trackage rights on the Amtrak-owned line between Kalamazoo and the Michigan/Indiana state line.

The transaction is subject to regulatory approval by the Surface Transportation Board (STB) in Washington, D.C. Norfolk Southern and Watco will make the required filings with the STB later this month.

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“Our focus will be to grow the business and add value for our customers and the Michigan economy,” Eyermann said. “We will have a marketing team based in Kalamazoo that will be tasked to move additional freight traffic by rail. These officers will be meeting with customers and communities on a daily basis to find ways to move more freight via the railroad.”

A major part of the transaction will be the investment of more than \$6 million in infrastructure in the first year, and more than \$20 million in the first three years of Michigan Central operation.

“The track investments reflect our belief in the future of this railroad,” Eyermann said. “Our goal is to work with the state of Michigan, communities, Amtrak, and most importantly our freight customers to make this a growing railroad that is even more a part of the Michigan economy.

“Overall, our top goal is safety. We are following a great heritage of safe operations in the Michigan area that has been led by Norfolk Southern. We will demand safe operations from all of our managers and team members, and we will invest the capital dollars necessary for the Michigan Central Railway to be the best railroad in Michigan.”

Norfolk Southern Corporation (NYSE: NSC) is one of the nation’s premier transportation companies. Its Norfolk Southern Railway subsidiary operates approximately 21,000 route miles in 22 states, the District of Columbia and Ontario, Canada, serving every major container port in the eastern United States and providing superior connections to western rail carriers. NS operates the most extensive intermodal network in the East and is North America’s largest rail carrier of metals and automotive products. More information about Norfolk Southern can be found at www.nscorp.com.

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Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 16 railroads in 14 states. Watco operates the Alabama Southern, Arkansas Southern, Eastern Idaho, Great Northwest, Kansas and Oklahoma, Kaw River, Louisiana Southern, Mission Mountain, Mississippi Southern, Palouse River and Coulee City, Pennsylvania Southwestern, South Kansas and Oklahoma, Stillwater Central, Timber Rock, Vicksburg Southern and Yellowstone Valley Railroads. Watco also operates industrial switching locations and mechanical locomotive shops across the United States and is the owner of Millennium Rail, Inc. (MRI), a fully-integrated provider of repair and maintenance services to the rail industry. MRI operates eight car repair shops across the United States. More information about Watco and MRI can be found at www.watcocompanies.com.

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