

WATCO
COMPANIES, INC.
"Your Transportation Specialists"

215015

October 19, 2005

The Honorable Roger P. Nober
Chairman
Surface Transportation Board
1925 K. Street, N.W.
Washington, D.C. 20423-0001

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Re: STB Ex Parte No. 658
The 25th Anniversary of the Staggers Rail Act of 1980
A Review and Look Ahead

Dear Chairman Nober:

Though I am unable to attend today's public hearing and discussion of The Staggers Rail Act of 1980 (Staggers), I would like to share my thoughts on the impact this act has had on the rail industry.

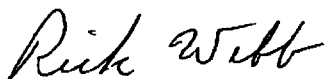
Staggers has been beneficial to both railroads and customers of the railroad industry. As the Chief Operating Officer of Watco Companies, Inc., (Watco), a privately held shortline railroad company my father founded 22 years ago, I have witnessed first-hand the changes since the implementation of the act. Today, Watco owns and operates 16 railroads in 15 states. Many of these railroads are the result of Class I spin-offs, which were not possible prior to Staggers.

Watco's core values are three-fold: 1) Improved customer service 2) Improved profitability 3) Long-term vision. Staggers has served as a tool to assist Watco maintain those core values by enabling us to offer greater service, increase traffic volume and do so in a safer manner, ensuring our longevity. Staggers enabled Watco to be successful because it allowed us, and all members of the railroad industry, to reinvest dollars to improve infrastructure and equipment, upgrade systems, improve safety and lower rates.

Although Staggers has made a substantial impact, there is still a need for additional rail capacity. I, along with other shippers in the industry, would like the STB to promote a federal regulatory policy that would not inhibit railroads from making necessary investments to expand their rail infrastructure to accommodate the forecasted demand in growth. This kind of policy would further ensure the future of the railroad industry.

I would be glad to speak in support of this topic at a future date if needed.

Sincerely yours,

A handwritten signature in cursive script that reads "Rick Webb".

RICK WEBB
Chief Executive Officer
Watco Companies, Inc.