



December 21, 2007

Watco Team:

I'm sure many of you are asking yourself the same question I am—"Where did the year go?" It seems that each year passes faster than the one before.

2007 has been a spectacular year for Watco. We continue to grow both in the number of team members and in the number of operations we have. I expect nothing less than continued growth for 2008. There are many opportunities available to us, some we've been working on for some time and others we have just learned about. As always we will evaluate each opportunity to see if it will add value. Just as we focus on improving each day, we expect to improve each year.

As we all prepare for Christmas and other holidays around the corner, it's important that we take a moment to realize all of our blessings and to be thankful. Some of our team will be home spending time with family, but in our industry there is always someone working. I hope you will take time to thank our team members who will be working this Christmas and also thank your family for the support they offer you. Each and every team member is responsible for Watco's success and our families play a large role in our personal success.

Continue to focus on making Watco successful by doing the best for our Customers and each other. Have a very Merry Christmas and a Happy New Year.

A handwritten signature in black ink, appearing to read 'J. D. [unclear]'. The signature is written in a cursive style with a long horizontal stroke at the end.