



January 22, 2008

Watco Team:

As 2008 gets underway, we continue to focus on our foundation principles of Improved Customer Service and Profitability Over the Long Term. There are many facets to Watco Companies and the services we provide and we began this year with another acquisition that will give us opportunities to practice our foundation principles.

January 2, we welcomed Reload Inc. and 73 new team members. Reload Inc. has been in business 25 years and offers a multitude of distribution services such as transloading, warehousing and rail logistics. We are excited about the synergies between Reload Inc. and Watco. This is an opportunity for us to provide quality rail service to even more Customers across the United States.

Like years before, there are many opportunities for us to grow. As we do grow and serve more Customers we must remember where we come from and that at the end of the day our goal is to provide the best service possible to our Customers. Whether a new Customer or one who's been around for many years, we must offer the same level of quality to them all. By working together and integrating our new team members to understand and follow our foundation principles we will be successful.

Welcome to Reload Inc. and thanks to everyone for being part of our team.

A handwritten signature in black ink, appearing to read 'T. D. Stone'.