



June 13, 2008

Watco Team:

This time last year we proudly welcomed Millennium Rail into our Watco Family and today I am proud to welcome Fitzgerald Railcar Services (Fitzgerald) to our family. Comprised of two railcar repair shops located in Fitzgerald, GA and Omaha, NE, Fitzgerald is a perfect fit for Watco.

We are very excited about the addition of Fitzgerald and its team of 150 people. Fitzgerald offers a variety of services including but not limited to inspection, general repairs, wreck repairs, exterior painting, interior lining and mobile repairs. The Georgia plant was built in 1981 and is one of the newest tank car shops in the United States. With a total car capacity of 400, 112 of those spots under roof, its state-of-the-art capabilities will increase our service offerings and give us even more tools to ensure our Customers receive the exact service they need to be successful. Both the Georgia and Nebraska shops increase our footprint and our ability to provide services across the United States.

As we continue to pursue excellence in our Foundation Principles of Improved Customer Satisfaction and Improved Profitability Over the Long Term, it is important for us to diversify and expand our service offerings. The addition of Fitzgerald will help us do just that and I look forward to the new successes that will result from this growth of our Watco Team. Watco is a full-service rail provider and we will continue to grow through acquisitions such as this, and become even stronger in the industry.

During the next few months we will be integrating Fitzgerald into our family and I look forward to meeting our new family members and sharing our vision. Please join me in welcoming them to our Watco Team and keep making great things happen.

Keep making great successes happen!

*Rich*