



August 15, 2008

Watco Team:

Sometimes we are so focused on improvement and never satisfied with current performance so we bypass the reality of the great job and performance we do have in many areas across the Company. While some might say this is strength, it can also be discouraging to some as good performance is never recognized. Today I want to change this by sharing an e-mail I recently received from a new Timber Rock Railroad Customer regarding the service the Watco Team has provided his company. In his letter he explained his experiences dealing with railroads during the last 36 years and how his most recent experiences with the Timber Rock have impressed him.

Below is a portion of the letter that exemplifies the commitment and leadership of our great people, to not just the words of our Foundation Principles, but making them a reality. The ability to do so displays their thorough understanding of the meaning of these rules and how to put words into action. In the end, the TIBR Team was able to build a lasting relationship by delivering a high quality service, motivated in all respects to satisfy, with an intensity and focus to deliver results.

I want to congratulate the Gulf Team who worked on this project and thank them for doing everything possible to ensure this Customer received the services they need. This was achieved by following our Foundation Principles of Improved Customer Service and Improved Profitability Over the Long Term. We must continue to be guided by these principles Dick Webb created 25 years ago and measure our performance by providing service that is timely, accurate, safe and value-added.

Success takes more than words, systems and processes. We must have great people and Amy, Keith, Christopher and Bubba are just a few of our very best who work every day to provide quality service to our Customers across the United States. Although this new Customer is surprised about the service he received, I am proud to say I am not. Every day, somewhere, members of the Watco Team are working hard and creating examples just like this one below.

Thanks for everything you do for our Customers, People and Company.

A handwritten signature in black ink, appearing to read "Dick Webb".

*In the beginning stages of the Neuville, Texas project, and in pursuit of finding out who you guys were and what it was like doing business with you, I contacted several of your current and previous customers. In every case and without fail, they told me that all I had to do was put our mission statement in Amy Parady's hands and that: "Amy will make it happen". Coming from a Fortune 500 Company, that comment gained my attention.*

*I was also told that Keith Barksdale would manage things in a manner that would allow us to be very comfortable. His actions proved that statement to be true. Even Christopher Slasinsky, a new player on the scene here, surprised us. He apparently has some pretty extensive experience in the loading phase of rail operations. When Chris became engaged with our region I invited him to attend a (company) meeting. During that meeting, Chris made some suggestions that appear to have solved a really troublesome logistical problem for us.*

*The list continues. For me, Douglas Marshall was the surprise of all surprises. One day, I saw one of your crews working on the rail near Neuville. I stopped to visit with them to see if I could pick their brains about the various Timber Rock people we'd met. Even the laborers that work for you told us: "If you ever get this in Bubba Marshall's hands, you won't have to worry about anything; it will be a 'done deal'".*

*When the train left the quarry Doug communicated with me and provided arrival updates that were critical to our trucking and unloading arrangements. He continued to assure all of us that our fears regarding timing and possible demurrage weren't necessary and that things would be fine. Not only did he continue to keep us in the loop and assure us, he actually showed up on the job. He's the kind of guy that puts his words into visually observable actions that we can demonstrate to be true.*

*I don't know if this is the standard by which you guys operate or not. Only time will tell if this was just a lucky hit for us or if this is simply the way things work with your company. I only know that Amy and her team appear to be able to do anything and if they are as effective in providing us with the same kind of solutions to our needs with our export project that they did in getting Neuville started, we're all going to make a ton of cash.*

*Thanks to Amy for her leadership, to Keith for his planning, to Chris for his problem solving and especially Doug Marshall for meeting every single need I had. Great Job!*