



January 1, 2010

As the year comes to a close we should look back on 2009 and recognize the many great things for which we are thankful and recall the events that will mark 2009 indelibly in our memory.

First and foremost, we mourned the loss of our Company patriarch Dick Webb. Watco will be his enduring legacy as Dick blazed the way by not only leaving with us the Company he started from nothing, but the examples he set for all of us by his leadership, sacrifice and hard work. Dick's ability to make a reality from his dream is an accomplishment reserved for less than 1% of all the brave souls who embark on such a journey. For this we are truly grateful.

Second is the realization of another vision in the form of our People. The vision was that through the establishment of processes and systems coupled with the best People, in the right positions, doing the right things, the success of Watco would be encompassed within the Company rather than centralized within the minds of a select few. Despite the challenges we faced in 2009, we witnessed the ability of our People to rise to the occasion and take the challenge head on. It was truly gratifying to witness the birth of our People becoming the driving force of our many successes. The ability of our People to generate success by applying the resources and learning in an entrepreneurial manner was the central reason why we responded so quickly and successfully to the economic decline in 2009.

Third is the improvement in safety performance we achieved in 2009. Preliminary data indicates that we reached a milestone in safety by realizing a 50% decline in personal injuries and improvement in our safety statistics. Again this success lays at the feet of our leaders as safety begins with a strong commitment from those who set and maintain the standards for performance. These results mean that half as many of our good People had to endure the burden of physical

injuries in serving our Customers. This is a fantastic accomplishment for which we are gratified and look to build on in 2010.

Fourth is the ability to achieve revenue growth in the teeth of the worst economic decline since the Great Depression. At a time when most of our industry peers saw revenues decline by 15 to 20%, Watco was able to increase revenues in the low single digits. This not only is a testament to the ability of our People, but is a significant confirmation of the validity of our Watco Foundation Principles. Improvements in service and safety coupled with cost management and building enduring relationships with our Customers and People proved once again that our dedication to these fundamentals will generate success in all environments over the long term.

Finally, we should be thankful for our great country and the opportunities it provides for anyone to rise up to levels that are only limited by our own will to achieve. No other country in the world is open to all nationalities and race and affords it's citizens the freedom to live as they choose like the United States. We should also recognize and thank the many men and women, past and present serving in our military. It is their sacrifice and willingness to risk their life and limbs whom we owe a debt of gratitude for the freedoms we too often take for granted. We must always remember that the path of freedom is stained by the blood and sweat of these great people.

As always, I want to close by thanking all of you for the many things you all do every day to care so well for our Customers, our People and our Communities. We should all remember 2009 as a year in which we grieved but endured in a manner that our Founder would have been proud.

Happy New Year and thank you once again!

A handwritten signature in black ink, appearing to read "T. Stone", is located at the bottom left of the page.